

ANGLOGOLD ASHANTI LTD

Form 20-F

May 05, 2009

As filed with the Securities and Exchange Commission on May 5, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934 OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2008

Commission file number: 1-14846

AngloGold Ashanti Limited

(Exact Name of Registrant as Specified in its Charter)

Republic of South Africa

(Jurisdiction of Incorporation or Organization)

76 Jeppe Street, Newtown, Johannesburg, 2001

(P.O. Box 62117, Marshalltown, 2107)

South Africa

(Address of Principal Executive Offices)

Lynda Eatwell, Company Secretary, Telephone: +27 11 6376128, Facsimile: +27 11 6376677

E-mail: leatwell@anglogoldashanti.com, 76 Jeppe Street, Newtown, Johannesburg, 2001, South Africa

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

American Depositary Shares

New York Stock Exchange

Ordinary Shares

New York Stock Exchange*

* Not for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of

the Securities and Exchange Commission

Securities registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the

period covered by the annual report:

Ordinary Shares of 25 ZAR cents each

353,483,410

E Ordinary Shares of 25 ZAR cents each

3,966,941

A Redeemable Preference Shares of 50 ZAR cents each

2,000,000

B Redeemable Preference Shares of 1 ZAR cent each

778,896

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes

No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

(Check one): Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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PRESENTATION OF INFORMATION

AngloGold Ashanti Limited

In this annual report on Form 20-F, unless the context otherwise requires, references to AngloGold or AngloGold Ashanti, the Company, the company and the group, are references to AngloGold Ashanti Limited or, as appropriate, subsidiaries and associate companies of AngloGold Ashanti.

US GAAP financial statements

The audited consolidated financial statements contained in this annual report on Form 20-F for the years ended December 31, 2008, 2007 and 2006 and as at December 31, 2008 and 2007 have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP).

IFRS financial statements

As a company incorporated in the Republic of South Africa, AngloGold Ashanti also prepares annual audited consolidated financial statements and unaudited consolidated quarterly financial statements in accordance with International Financial Reporting Standards (IFRS). These financial statements (referred to as IFRS statements) are distributed to shareholders and are submitted to the JSE Limited (JSE), as well as the London, New York, Australian and Ghana stock exchanges and Paris and Brussels bourses and are submitted to the US Securities and Exchange Commission (SEC) on Form 6-K.

Currency

AngloGold Ashanti presents its consolidated financial statements in United States dollars.

In this annual report, references to rands, ZAR and R are to the lawful currency of the Republic of South Africa, references to US dollars, dollar or \$ are to the lawful currency of the United States, references to € are to the lawful currency of the European Union, references to C\$ are to the lawful currency of Canada, references to ARS and peso are to the lawful currency of Argentina, references to AUD and A\$ are to the lawful currency of Australia, references to BRL are to the lawful currency of Brazil and references to GHC, cedi or ¢ are to the lawful currency of Ghana.

See “Item 3A.: Selected financial data – Exchange rate information” for historical information regarding the US dollar/South African rand exchange rate. On April 29, 2009 the interbank US dollar/South African rand exchange rate as reported by OANDA Corporation was R8.8039/\$1.00.

Non-GAAP financial measures

In this annual report on Form 20-F, AngloGold Ashanti presents the financial items “total cash costs”, “total cash costs per ounce”, “total production costs” and “total production costs per ounce” which have been determined using industry guidelines and practices promulgated by the Gold Institute and are not US GAAP measures. An investor should not consider these items in isolation or as alternatives to production costs, net income/(loss) applicable to common shareholders, income/(loss) before income tax provision, net cash provided by operating activities or any other measure of financial performance presented in accordance with US GAAP. While the Gold Institute has provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See “Glossary of selected terms – Financial terms – Total cash costs” and – “Total production costs” and “Item 5A.: Operating results – Total cash costs and total production costs”.

Shares and shareholders

In this annual report on Form 20-F, references to ordinary shares, ordinary shareholders and shareholders/members, should be read as common stock, common stockholders and stockholders, respectively, and vice versa.

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CERTAIN FORWARD-LOOKING STATEMENTS

Certain statements contained in this document, other than statements of historical fact, contain forward-looking statements regarding AngloGold Ashanti's operations, economic performance or financial condition, including, without limitation, those concerning: AngloGold Ashanti's strategy to reduce its gold hedging position including the extent and effect of the hedge reduction, the economic outlook for the gold mining industry, expectations regarding spot and received gold prices, production, cash costs and other operating results, growth prospects and outlook of AngloGold Ashanti's operations individually or in the aggregate, including the completion and commencement of commercial operations of certain of AngloGold Ashanti's exploration and production projects and the completion of acquisitions and dispositions, including the disposition of AngloGold Ashanti's interest in the Boddington project, AngloGold Ashanti's liquidity and capital resources and expenditure, and the outcome and consequences of any pending litigation proceedings.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in gold prices and exchange rates, business and operational risk management and other factors as determined in "Item 3D.: Risk factors" and elsewhere in this annual report. These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's 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 future results.

AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of the annual report or to reflect the occurrence of unanticipated events. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein.

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GLOSSARY OF SELECTED TERMS

The following explanations are not intended as technical definitions but should assist the reader in understanding terminology used in this annual report. Unless expressly stated otherwise, all explanations are applicable to both underground and surface mining operations.

Mining terms

BIF

Banded Ironstone Formation. A chemically formed iron-rich sedimentary rock.

By-products

Any products that emanate from the core process of producing gold, including silver, uranium and sulfuric acid.

Calc-silicate rock

A metamorphic rock consisting mainly of calcium-bearing silicates such as diopside and wollastonite, and formed by metamorphism of impure limestone or dolomite.

Carbon-in-leach (CIL)

Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to carbon granules in the same circuit.

The carbon granules are separated from the slurry and treated in an elution circuit to remove the gold.

Carbon-in-pulp (CIP)

Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the

CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated

from the slurry and treated in an elution circuit to remove the gold.

Comminution

Comminution is the crushing and grinding of ore to make gold available for treatment. (See also 'Milling').

Contained gold

The total gold content (tons multiplied by grade) of the material being described.

Cut-off Grade (Surface Mines)

The minimum grade at which a unit of ore will be mined and treated to achieve a desired economic outcome.

Depletion

The decrease in quantity of ore in a deposit or property resulting from extraction or production.

Development

The process of accessing an orebody through shafts and/or tunneling in underground mining operations.

Diorite

An igneous rock formed by the solidification of molten material (magma).

Doré

Impure alloy of gold and silver produced at a mine to be refined to a higher purity, usually consisting of 85 percent gold on average.

Electro-winning

A process of recovering gold from solution by means of electrolytic chemical reaction into a form that can be smelted easily into gold bars.

Elution

Recovery of the gold from the activated carbon into solution before zinc precipitation or electro-winning.

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Grade

The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore (oz/t), or grams per metric tonne (g/t).

Greenschist

A schistose metamorphic rock whose green color is due to the presence of chlorite, epidote or actinolite.

Leaching

Dissolution of gold from crushed or milled material, including reclaimed slime, prior to adsorption on to activated carbon.

Life-of-mine (LOM)

Number of years that the operation is planning to mine and treat ore, and is taken from the current mine plan.

Metallurgical plant

A processing plant erected to treat ore and extract gold.

Milling

A process of reducing broken ore to a size at which concentrating can be undertaken. (See also 'Comminution').

Mine call factor

The ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing with the amount estimated in the ore based on sampling. The ratio of contained gold delivered to the metallurgical plant divided by the estimated contained gold of ore mined based on sampling.

Mineral deposit

A mineral deposit is a concentration (or occurrence) of material of possible economic interest in or on the Earth's crust.

Ore Reserve

That part of a mineral deposit which could be economically and legally extracted or produced at the time of the Ore Reserve determination.

Ounce (oz) (troy)

Used in imperial statistics. A kilogram is equal to 32.1507 ounces. A troy ounce is equal to 31.1035 grams.

Pay limit

The grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the total cash cost, as well as Ore Reserve development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses).

Precipitate

The solid product of chemical reaction by fluids such as the zinc precipitation referred to below.

Probable Reserve

Ore Reserves for which quantity and grade are computed from information similar to that used for Proven Reserves, but the sites for inspection, sampling, and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Proven Reserves, is high enough to assume continuity between points of observation.

Productivity

An expression of labor productivity based on the ratio of grams of gold produced per month to the total number of employees in underground mining operations.

Proven Reserve

Ore Reserves for which the (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes;

grade is computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are

spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of the Ore Reserves are well established.

Project capital

Capital expenditure to either bring a new operation into production; to materially increase production capacity; or to materially

extend the productive life of an asset.

Reclamation

In the South African context, reclamation describes the process of reclaiming slimes (tailings) dumps using high-pressure

water cannons to form slurry which is pumped back to the metallurgical plants for processing.

Recovered grade

The recovered mineral content per unit of ore treated.

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Reef

A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold.

Refining

The final purification process of a metal or mineral.

Rehabilitation

The process of reclaiming land disturbed by mining to allow an appropriate post-mining use. Rehabilitation standards are

defined by country-specific laws including, but not limited to the South African Department of Minerals and Energy, the

US Bureau of Land Management, the US Forest Service, and the relevant Australian mining authorities, and address among

other issues, ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.

Seismic event

A sudden inelastic deformation within a given volume of rock that radiates detectable seismic waves (energy) which results

from mining activities.

Shaft

A vertical or sub-vertical excavation used for accessing an underground mine; for transporting personnel, equipment and

supplies; for hoisting ore and waste; for ventilation and utilities; and/or as an auxiliary exit.

Skarn

A rock of complex mineralogical composition, formed by contact metamorphism and metasomatism of carbonate rocks.

Smelting

A pyro-metallurgical operation in which gold is further separated from impurities.

Stope

Underground excavation where the orebody is extracted.

Stoping

The process of excavating ore underground.

Stripping ratio

The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore

tonnes

mined.

Syngenetic

Formed contemporaneously with the deposition of the sediment.

Tailings

Finely ground rock of low residual value from which valuable minerals have been extracted.

Tailings dam (slimes dam)

Dam facilities designed to store discarded tailings.

Tonne

Used in metric statistics. Equal to 1,000 kilograms.

Ton

Used in imperial statistics. Equal to 2,000 pounds. Referred to as a short ton.

Tonnage

Quantity of material measured in tons or tonnes.

Waste

Material that contains insufficient mineralization for consideration for future treatment and, as such, is discarded.

Yield

The amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams

per metric tonne.

Zinc precipitation

Zinc precipitation is the chemical reaction using zinc dust that converts gold in solution to a solid form for smelting into unrefined gold bars.

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Financial terms

Average number of employees

The monthly average number of production and non-production employees and contractors employed during the year, where contractors are defined as individuals who have entered into a fixed-term contract of employment with a group company or subsidiary.

Capital expenditure

Total capital expenditure on tangible assets.

Discontinued operations

An operation that, pursuant to single plan, has been disposed of or abandoned or is classified as held-for-sale until conditions precedent to the sale have been fulfilled.

Effective tax rate

Current and deferred taxation as a percentage of profit before taxation.

Monetary asset

An asset which will be settled in a fixed or easily determinable amount of money.

Region

Defines the operational management divisions within AngloGold Ashanti and these are South Africa, Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, Tanzania and United States of America.

Related party

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Significant influence

The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decision of an entity so as to obtain economic benefit from its activities.

Total cash costs

Total cash costs include site costs for all mining, processing and onsite administration, reduced by contributions from by-products and are inclusive of royalties and production taxes. Depreciation, depletion and amortization, rehabilitation, corporate administration, employee severance costs, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.

Total production costs

Total cash costs plus depreciation, depletion and amortization, employee severance costs, rehabilitation and other non-cash costs. Corporate administration and exploration costs are excluded. Total production costs per ounce are the attributable total production costs divided by the attributable ounces of gold produced.

Weighted average number of ordinary shares

The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year,

weighted on a time basis for the period during which they have participated in the income of the group and increased by share options that are virtually certain to be exercised.

Currencies

\$, US\$ or dollar

United States dollars

ARS Argentinean peso

A\$ or AUD

Australian dollars

BRL Brazilian real

€ or Euro

European Euro

C\$ Canadian dollars

CHF Swiss francs

GHC, cedi or ¢

Ghanaian cedi

HKD

Hong Kong dollar

N\$ or NAD

Namibian dollars

Tsh Tanzanian Shillings

ZAR, R or rand

South African rands

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Abbreviations

ADS

American Depositary Share

ADR American Depositary Receipt

ASX

Australian Stock Exchange

bn Billion

capex Capital expenditure

CDI

Chess Depositary Interests

CLR

Carbon Leader Reef

FCFA

Francs Communauté Financière Africaine

FIFR

Fatal injury frequency rate per million hours worked

g Grams

g/t

Grams per tonne

g/TEC

Grams per total employee costed

GhDS

Ghanaian Depositary Share

GhSE

Ghana Stock Exchange

JORC

Australasian Code for Reporting Exploration results, Mineral Resources and Ore Reserves

JIBAR

Johannesburg interbank agreed rate

JSE

JSE Limited (the stock exchange in Johannesburg, South Africa)

King Code

the Code of Corporate Practices and Conduct representing the principles of good governance as laid out in the King Report on Corporate Governance for South Africa 2002

kg Kilograms

LSE

London Stock Exchange

LIBOR

London interbank offer rate

LOM Life-of-mine

LTIFR

Lost-time injury frequency rate per million hours worked

(1)

m²/TEC

Square meters per total employee costed

M or m

Meter or million, depending on the context

Moz Million ounces

Mt Million tonnes or tons

Mtpa

Million tonnes/tons per annum
NOSA
National Occupational Safety Association
NPSE
Normal Purchase Normal Sales Exemption
NYSE
New York Stock Exchange
oz Ounces (troy)
oz/t
Ounces per ton
RIFR
Reportable injury frequency rate per million hours worked
SAMREC
South African Code for the Reporting of Mineral Resources and Mineral Reserves
SEC
United States Securities and Exchange Commission
SRP
South African Securities Regulation Panel
SOX
Sarbanes-Oxley Act of 2002
t
Tons (short) or tonnes (metric)
tpm
Tonnes/tons per month
tpa
Tonnes/tons per annum
tpd
Tonnes/tons per day
VCR
Ventersdorp Contact Reef
VCT
Voluntary counseling and testing

(1) Note that AngloGold Ashanti utilizes the strictest definition in reporting Lost-Time Injuries in that it includes all Disabling Injuries (where an individual is unable to return to his place of regular work the next calendar day after the injury) and Restricted Work Cases (where the individual may be at work, but unable to perform full or regular duties on the next calendar day after the injury) within this definition.

Rounding of figures in this report may result in computational discrepancies.

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PART I

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2: OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3: KEY INFORMATION

3A.

SELECTED FINANCIAL DATA

The selected financial information set forth below for the years ended December 31, 2006, 2007 and 2008 has been derived

from, and should be read in conjunction with, the US GAAP financial statements included under Item 18 of this annual report.

The selected financial information for the years ended December 31, 2004 and 2005 and as at December 31, 2004 and 2005

has been derived from the US GAAP financial statements not included in this annual report.

12

Year ended December 31,

2004

(1)(2)

2005

2006

2007

(3)

2008

(4)

\$ **\$**

\$

\$

\$

(in millions, except share and per share amounts)

Consolidated statement of income

Sales and other income

2,151

2,485

2,715

3,095

3,730

Product sales

(5)

2,096

2,453

2,683

3,048

3,655

Interest, dividends and other

55

32

32

47

75

Costs and expenses

2,176

2,848

2,811

3,806

4,103

Operating costs

(6)

1,517

1,842

1,785

2,167

2,452

Royalties

27

39

59
70
78
Depreciation, depletion and amortization
445
593
699
655
615
Impairment of assets
3
141
6
1
670
Interest expense
67
80
77
75
72
Accretion expense
8
5
13
20
22
(Profit)/loss on sale of assets, realization of loans, indirect taxes and other
(14)
(3)
(36)
10
(64)
Mining contractor termination costs
-
9
-
-
-
Non-hedge derivative loss
123
142
208
808
258
Loss from continuing operations before income tax equity income, minority interests and cumulative effect of accounting change
(25)
(363)

(96)			
(711)			
(373)			
Taxation benefit/(expense)			
132			
121			
(122)			
(118)			
(22)			
Minority interest			
(22)			
(23)	(29)	(28)	(42)
Equity income/(loss) in affiliates			
23			
39			
99			
41			
(149)			
Income/(loss) from continuing operations before cumulative effect of accounting change			
108			
(226)			
(148)			
(816)			
(586)			
Discontinued operations			
(11)			
(44)			
6			
2			
23			
Income/(loss) before cumulative effect of accounting change			
97			
(270)			
(142)			
(814)			
(563)			
Cumulative effect of accounting change			
–			
(22)			
–			
–			
–			
Net income/(loss) – applicable to common stockholders			97
(292)			
(142)			
(814)			
(563)			
Basic earnings/(loss) per common share (in \$)			
(7)			
From continuing operations			

0.43	(0.85)	
(0.54)		
(2.93)		
(1.86)		
Discontinued operations		
(0.04)		
(0.17)		
0.02		
0.01		
0.07		
Before cumulative effect of accounting change		0.39
(1.02)		
(0.52)		
(2.92)		
(1.79)		
Cumulative effect of accounting change		
–		
(0.08)		
–		
–		
–		
Net income/(loss) – applicable to common stockholders		0.39
(1.10)		
(0.52)		
(2.92)		
(1.79)		
Diluted earnings/(loss) per common share (in \$)		
(7)		
From continuing operations		
0.42	(0.85)	
(0.54)		
(2.93)		
(1.86)		
Discontinued operations		
(0.04)		
(0.17)		
0.02		
0.01		
0.07		
Before cumulative effect of accounting change		0.38
(1.02)		
(0.52)		
(2.92)		
(1.79)		
Cumulative effect of accounting change		
–		
(0.08)		
–		
–		
–		
Net income/(loss) – applicable to common stockholders		0.38

(1.10)

(0.52)

(2.92)

(1.79)

Dividend per common share (cents)

76

56

39

44

13

13

As at December 31,

2004

(1)(2)

2005 2006

2007

(3)

2008

(4)

\$

\$

\$

\$

\$

(in millions, except share and per share amounts)

Consolidated balance sheet data (as at period end)

Cash and cash equivalents and restricted cash

302

204

482

514

619

Other current assets

1,115

1,197

1,394

1,599

2,328

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

6,654

6,439

6,266

6,807

5,579

Goodwill and other intangibles, net

591

550

566

591

152

Materials on the leach pad (long-term)

22

116

149

190

261

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

712

607

656

680

512

Total assets

9,396

9,113

9,513

10,381

9,451

Current liabilities

1,469

1,874

2,467

3,795

3,445

Provision for environmental rehabilitation

209

325

310

394

302

Deferred taxation liabilities

1,518

1,152

1,275

1,345

1,008

Other long-term liabilities, and derivatives

2,295

2,539

2,092

2,232

1,290

Minority interest

59

60

61

63

84

Stockholders' equity

3,846

3,163

3,308

2,552

3,322

Total liabilities and stockholders' equity

9,396

9,113

9,513

10,381

9,451

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

10

10

10

10

12

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

264,462,894

264,938,432 276,236,153

277,457,471 353,483,410

Net assets

3,905

3,223

3,369

2,615

3,406

(1) *includes the results of operations and financial condition of Ashanti as of April 26, 2004. See "Item 4A.: History and development of the company".*

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

See "Item 4A.: History and development of the company".

(3) *Includes the acquisition of 15 percent minority interest acquired in the Iduapriem and Teberebie mine with effect from September 1, 2007. See "Item 4A.: History and development of the company".*

(4) *2008 results include the acquisition of the remaining 33 percent shareholding in the Cripple Creek and Victor Gold Mining Company with effect from July 1, 2008. In prior years, the investment was consolidated as a subsidiary. The 2008 treatment is*

therefore consistent with that of prior years. See "Item 4A: History and development of the company".

(5) *Product sales represent revenue from the sale of gold.*

(6) *Operating costs include production costs, exploration costs, related party transactions, general and administrative, market development costs, research and development, employment severance costs and other.*

(7) *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". Amounts reflected exclude E Ordinary shares.*

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Annual dividends

The table below sets forth the amounts of interim, final and total dividends paid in respect of the past five years in cents per ordinary share. In respect of 2008, AngloGold Ashanti's board of directors declared an interim dividend of 50 South African cents per ordinary share on July 30, 2008, with a record date of August 22, 2008, and a payment date of August 29, 2008, and a final dividend of 50 South African cents per ordinary share on February 6, 2009, with a record date of March 6, 2009 and a payment date of March 13, 2009.

Interim	Final	Total			
Interim	Final	Total			
Year ended December 31					
(South African cents per ordinary share)					
(US cents per ordinary share					
(1)					
)					
2004					
170	180	350	25.62	30.37	55.99
2005					
170					
62	232	26.09	9.86	35.95	
2006					
210	240	450	29.40	32.38	61.78
2007					
90					
53	143	12.44	6.60	19.04	
2008					
50			50		
100					
6.449					
4.999					
11.448					

(1) Dividends for these periods were declared in South African cents. US dollar cents per share figures have been calculated based on exchange rates prevailing on each of the respective payment dates.

Future dividends will be dependent on AngloGold Ashanti's cash flow, earnings, planned capital expenditures, financial condition and other factors. AngloGold Ashanti will continue to manage capital expenditure in line with profitability and cash flow, and its approach to the dividend on the basis of prudent financial management. Under South African law, AngloGold Ashanti may declare and pay dividends from any capital and reserves included in total shareholders' equity calculated in accordance with IFRS, subject to its solvency and liquidity. Dividends are payable to shareholders registered at a record date that is after the date of declaration.

Dividends may be declared in any currency at the discretion of the AngloGold Ashanti board or AngloGold Ashanti shareholders at a general meeting. Currently, dividends are declared in South African rands and paid in Australian dollars, South African rands, British pounds and Ghanaian cedis. Dividends paid to registered holders of AngloGold Ashanti ADSs are paid in US dollars converted from South African rands by The Bank of New York, as depositary, in accordance with the deposit agreement. Exchange rate fluctuations may therefore affect the value of the dividends received by registered shareholders and distributions paid by the relevant depositary to investors holding AngloGold Ashanti securities.

Moreover, fluctuations in the exchange rates of the British pound and the US dollar may have affected and are likely to affect the US dollar price of the ADSs on the NYSE and the US dollar equivalents of the United Kingdom pound price of the ordinary shares on the London Stock Exchange (LSE). For details on taxation and exchange controls applicable to holders of ordinary shares or ADSs, see “Item 10D.: Exchange controls” and “Item 10E.: Taxation – Taxation of dividends”.

Exchange rate information

The following table sets forth, for the periods and dates indicated, certain information concerning US dollar/South African rand exchange rates expressed in rands per \$1.00. On April 29, 2009, the interbank rate between South African rands and US dollars as reported by OANDA Corporation was R8.8039/\$1.00.

Year ended December 31

High

Low

Year end

Average

(1)

2004

(2)

7.31

5.62

5.65

6.39

2005

(2)

6.92

5.64

6.33

6.35

2006

(2)

7.94

5.99

7.04

6.81
2007
(2)
7.49
6.45
6.81
7.03
2008
(2)
11.27
6.74
9.30
8.26
2009
(3)
10.70
8.58
—
9.74
(1)

The average rate of exchange on the last business day of each month during the year.

(2) Based on the noon buying rate in New York City for cable transfers as certified for customs purposes by the Federal Reserve

Bank of New York.

*(3)
Through April 29, 2009 based on the interbank rate as reported by OANDA Corporation.*

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Exchange rate information for the months of**High****Low**

October 2008

(1)

11.27 8.27

November 2008

(1)

10.64 9.63

December 2008

(1)

10.47 9.30

January 2009

(2)

10.26 9.35

February 2009

(2)

10.23 9.58

March 2009

(2)

10.54 9.45

April 2009

(2)(3)

9.67 8.58

(1) *Based on the noon buying rate in New York City for cable transfers as certified for customs purposes by the Federal Reserve*

Bank of New York.

(2)

Based on the interbank rate as reported by OANDA Corporation.

(3)

Through April 29, 2009.

3B.**CAPITALIZATION AND INDEBTEDNESS**

Not applicable.

3C.**REASONS FOR THE OFFER AND USE OF PROCEEDS**

Not applicable.

3D.

RISK FACTORS

The following sections describe many of the risk factors that could affect AngloGold Ashanti. There however may be additional risks unknown to AngloGold Ashanti and other risks, currently believed to be immaterial that could turn out to be material.

These risks, either individually or simultaneously, could significantly affect the group's business and financial results.

The risk factors highlight the group's exposure to risk without explaining how these exposures are managed and mitigated or how some of the risks are also potential opportunities. The risk factors set out in this document have been organized into three categories:

- risks related to the gold mining industry generally;
- risks related to AngloGold Ashanti's operations; and
- risks related to AngloGold Ashanti's ordinary shares and American Depositary Shares (ADSs).

Risks related to the gold mining industry generally

Global economic conditions could adversely affect the profitability of AngloGold Ashanti's operations.

AngloGold Ashanti's operations and performance depend significantly on worldwide economic conditions. The current turmoil affecting the banking system and financial markets has resulted in major financial institutions consolidating or going out of business, the tightening of credit markets, significantly lower liquidity in most financial markets, and extreme volatility in fixed income, credit, currency and equity markets. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty regarding corporate earnings.

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These disruptions in the financial markets and the global economic downturn may have follow-on effects on AngloGold

Ashanti's business. For example:

- The insolvency of key suppliers could result in a supply chain break-down;
- The failure of hedging and derivative counterparts and other financial institutions may negatively impact AngloGold Ashanti's operations and financial condition;
- Other income and expense could vary materially from expectations depending on gains or losses realized on the sale or exchange of financial instruments and impairment charges may be incurred with respect to AngloGold Ashanti's investments;
- Other amounts realized in the future on AngloGold Ashanti's financial instruments could differ significantly from the fair values currently assigned to them;
- AngloGold Ashanti's defined benefit pension fund may not achieve expected returns on its investments, which could require AngloGold Ashanti to make substantial cash payments to fund any resulting deficits;
- The absence of available credit may make it more difficult for AngloGold Ashanti to obtain, or may increase the cost of obtaining finance for AngloGold Ashanti's operations; and
- A credit downgrading of companies, including AngloGold Ashanti, could adversely affect the ability of AngloGold Ashanti to raise new financing and could also impact the market value of AngloGold Ashanti securities.

Uncertainty regarding current global economic conditions may also increase the volatility of the market value of the AngloGold Ashanti's securities.

Commodity market price fluctuations could adversely affect the profitability of AngloGold Ashanti's operations.

AngloGold Ashanti predominately sells gold as its main product, but also some silver and uranium. The market prices for these

commodities fluctuate widely. These fluctuations are caused by numerous factors beyond AngloGold Ashanti's control. Causes

of gold price fluctuations include the following:

- 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 jewellery 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
- the cost of gold production in major gold-producing nations in which AngloGold Ashanti has 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 aboveground 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. In addition, the current significant instability in the financial markets may heighten these fluctuations. The adjacent graph presents the annual high, low and average afternoon fixing prices over the past decade, expressed in dollars, for gold per ounce on the London Bullion Market.

The market price of gold has experienced significant volatility in recent months. During the fourth quarter of 2008, the gold price traded from a high of \$918 per ounce to a low of \$693 per ounce. On April 29, 2009, the afternoon fixing price of gold on the London Bullion Market was \$898.25 per ounce. A sustained period of significant gold price volatility may adversely affect AngloGold Ashanti's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

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

In addition to the spot price of gold, a portion of AngloGold Ashanti's gold sales is determined at prices in accordance with the various hedging contracts that it has 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, AngloGold Ashanti may experience losses and be forced to curtail or suspend some or all of its 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 its dividend payment policies.

In addition, it would have to assess the economic impact of low gold prices on its ability to recover any losses that may be incurred during that period and on its ability to maintain adequate cash reserves.

The profitability of AngloGold Ashanti's operations, and the cash flows generated by these operations, are significantly affected by the fluctuations in input production prices, many of which are linked to the prices of

oil and steel.

Fuel, energy 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 some degree to the price of oil. The price of oil has been extremely volatile in recent months, reaching a high of \$147 per barrel and a low of \$44 per barrel in 2008.

AngloGold Ashanti has estimated that for each \$1 per barrel rise in the oil price, the average cash costs of all its operations increases by about \$0.50 per ounce with the cash costs of certain of its 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.

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

HIGH PRICE

340

317

298

347

417

456

538

725

845

1011

LOW PRICE

252

262

253

278

320

371

412

525

602

713

AVERAGE PRICE

278

279

271

310

364

410

445

604

697

872

0

200

400

600

800

1000

1200

GOLD PRICE

(US\$perounce)

YEAR:

GOLD PRICE MOVEMENTS

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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. AngloGold Ashanti has no influence over the price of fuel, chemical reagents, explosives, steel and other commodities used in its mining activities.

AngloGold Ashanti's 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 in recent years, the global mining industry has experienced an increase in production capacity both in terms of expansions at existing, as well as the development of new, production facilities. There are recent indications however that this trend has now changed with a sharp decline in demand for most commodities.

This increase in production capacity expansion 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, AngloGold Ashanti 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, AngloGold Ashanti has 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 production delays and production shortfalls. Increases in prices result in an increase in both operating costs and the capital expenditure to maintain and develop mining operations.

While the recent decline in demand for most commodities may alleviate shortages of, and delivery times for strategic spares, critical consumables, heavy mining equipment and metallurgical plant, AngloGold Ashanti and other gold mining companies, individually, have limited influence over manufacturers and suppliers of these items. In addition, the supply chain for these items could be disrupted by global economic conditions. If AngloGold Ashanti experiences shortages, or increased lead times in delivery of strategic spares, critical consumables, heavy mining and certain processing equipment, its results of operations

and its financial condition could be adversely affected.

Mining 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 to 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.

From time-to-time, AngloGold Ashanti evaluates the acquisition of Ore Reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Its decisions to acquire these properties have historically been based on a variety of factors including historical operating results, 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.

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As a result of these uncertainties, the exploration programs and acquisitions engaged in by AngloGold Ashanti may not result in the expansion or replacement of the current production with new Ore Reserves or operations. This could adversely affect its results of operations and its financial condition.

Development risks

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

AngloGold Ashanti's 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, uranium and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold, uranium and other metals 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 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;
- availability and cost of skilled labor, power, water and transportation facilities;
- availability and cost of appropriate smelting and refining arrangements;
- 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.

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 changes in the prices of commodities consumed in the construction and operation of mining projects. Accordingly, AngloGold Ashanti's 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.

Ore reserve estimation risks

There are numerous uncertainties inherent in Ore Reserve estimation and assumptions that are valid at the time of estimation but may change significantly with new information. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may result in the reserves being restated. Those changes could impact depreciation and amortization rates, asset-carrying values, and provisions for closedown, restoration and environmental clean-up costs.

AngloGold Ashanti undertakes annual revisions to its Mineral Resource and 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 prevailing exchange rates. Mineral Resource and 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 its Ore Reserve estimates, which could adversely affect the life-of-mine plans and consequently the total value of AngloGold Ashanti's mining asset base and, as a result, have an adverse effect upon the market price of AngloGold Ashanti's 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 the company's 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
- other natural phenomena, such as floods or inclement weather conditions.

Seismic activity is of particular concern to the gold mining industry in South Africa mainly because of the extent and depth of mining. Despite the implementation of technology and modifications to mine layouts and support technology with a view to minimizing the incidence and impact of seismic activity, seismic events have and could cause the death of, or personal injury to, miners and other employees. Seismic activity may also cause the loss of mining equipment, damage to, or destruction of, mineral properties or production facilities, 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 AngloGold Ashanti's operational results and its financial condition.

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, such as AngloGold Ashanti, 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. Such 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 these pressures include reputational damage, legal suits and social spending obligations. All of these factors could have a material adverse effect on AngloGold Ashanti's results of operations and its financial condition.

Mining companies are subject to extensive health, safety and environmental 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.

In South Africa in particular, recent fatalities in the mining industry have caused the government to introduce compulsory shutdown of operations to enable investigations into the cause of the accident. Should compliance with new standards require a material increase in expenditure, AngloGold Ashanti's results of operations and its financial condition could be adversely affected.

The South African Department of Minerals and Energy has embarked on an audit strategy with the primary aim of helping mines to develop programs to improve health and safety. Audits have been conducted and a number of working places 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.

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

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If AngloGold Ashanti's environmental compliance obligations alter as a result of changes in laws and regulations, or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions arise at its operations, its expenses and provisions would increase. If material, these expenses and provisions could adversely affect AngloGold Ashanti's results and financial condition.

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 become 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 AngloGold Ashanti's financial condition.

Costs associated with rehabilitating land disturbed by the mining processes and addressing the environmental, health and community issues are estimated and financial provision made based upon information available currently. Estimates may however be insufficient and further environmental issues may be identified at any stage. Any underestimated or unidentified rehabilitation costs would reduce earnings and could materially and adversely affect AngloGold Ashanti's asset values, earnings and cash flows.

AngloGold Ashanti's operations result in the emission of greenhouse gases such as carbon dioxide and methane. Currently a number of legislative and regulatory measures to address greenhouse gas emissions, including the Kyoto Protocol, are in various phases of discussion or implementation. Such measures could result in increased costs for AngloGold Ashanti to:

- (i) operate and maintain its mines, (ii) install new emission controls, and (iii) administer and manage any greenhouse gas emissions program.

Risks related to AngloGold Ashanti's operations.

AngloGold Ashanti faces many risks related to its operations that may affect its cash flows and overall profitability.

AngloGold Ashanti's level of indebtedness could adversely affect its business.

As at December 31, 2008, AngloGold Ashanti had gross borrowings of approximately \$1.9 billion. This level of indebtedness could have adverse effects on its flexibility to do business. For example, AngloGold Ashanti may be required to utilize a large portion of its cash flow to pay the principal and interest on its 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 its borrowing facilities from its banks AngloGold Ashanti is obliged to meet certain financial and other covenants. AngloGold Ashanti's ability to continue to meet these covenants will depend upon its future financial performance which will be affected by its operating performance as well as by financial and other factors, certain of which are beyond its control.

AngloGold Ashanti's level of indebtedness may make it vulnerable to economic cycle downturns, which are beyond its control, because during such downturns AngloGold Ashanti cannot be certain that its future cash flows will be sufficient to allow it to pay principal and interest on its debt and also to meet its other obligations.

Should the cash flow from operations be insufficient, AngloGold Ashanti could breach its financial and other covenants and may be required to refinance all or part of its existing debt, use existing cash balances, issue additional equity or sell assets. AngloGold Ashanti cannot be sure that it will be able to do so on commercially reasonable terms, if at all.

On November 20, 2008, AngloGold Ashanti Limited entered into a \$1 billion term facility agreement with Standard Chartered Bank to refinance its convertible bond. The term facility is for an initial one-year period from the date of the first drawdown in February 2009 and the term facility is extendable, if required, at the option of AngloGold Ashanti until November 30, 2010. Amounts drawn under the term facility currently bear an interest margin of 4.25 percent. See "Item 5.: Operating and Financial Review and Prospects – Liquidity" for additional information regarding the \$1 billion term facility agreement.

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AngloGold Ashanti's interest expense will increase substantially as a result of the higher interest rates and fees associated with the term facility. Based on an assumed cost of funds of 100 basis points and assuming that the term facility is fully drawn, the effective borrowing cost (including fees and applicable margin) on the term facility is estimated at approximately 10 percent per annum. The actual interest expense in 2009 will depend upon the lenders' actual costs of funds and prevailing LIBOR rates and will be partially mitigated by the application of the proceeds from the sale of AngloGold Ashanti's interest in the Boddington project to repay a portion of the term facility.

Amounts outstanding under the term facility may be prepaid at any time prior to the maturity date. AngloGold Ashanti intends to refinance the term facility through one or more of the following: the proceeds from the sale of AngloGold Ashanti's interest in the Boddington project and other asset sales, long-term debt financing and/ or the issuance of an equity-linked instrument. The nature and timing of the refinancing of the term facility will depend upon market conditions. AngloGold Ashanti cannot be sure that it will be able to refinance the term facility on commercially reasonable terms if at all.

If AngloGold Ashanti does not complete the sale of its interest in the Boddington Gold Mine then it may have less cash available, including to repay amounts outstanding under the \$1 billion term facility.

The sale of AngloGold Ashanti's interest in the Boddington Gold Mine is subject to the fulfilment of all conditions precedent on or prior to June 30, 2009 or such later date as the parties may mutually agree. At the date of this document all but one of the conditions precedent to the transaction have been fulfilled. If the last condition precedent is not fulfilled to the satisfaction of AngloGold Ashanti, and AngloGold Ashanti and Newmont Mining Corporation are unable to agree on an acceptable resolution, the transaction may not complete. In that event, AngloGold Ashanti will not receive the approximately \$1.1 billion transaction consideration and will remain responsible for its share of the Boddington project's capital expenditures. This will reduce the cash available to AngloGold Ashanti in the near-term, including to repay amounts outstanding under the \$1 billion term facility.

AngloGold Ashanti uses gold hedging instruments and has entered into long-term sales contracts, which may prevent the company from realizing potential gains resulting from subsequent commodity price increases in the future. AngloGold Ashanti's reported financial condition could be adversely affected as a result of the need to fair value all of its hedge contracts.

AngloGold Ashanti has used gold hedging instruments to protect and fix the selling price of some of its anticipated production. The use of such instruments prevents full participation in subsequent increases in the market price for the commodity with respect to covered production. Since 2001, AngloGold Ashanti has been reducing its hedge commitments through hedge buy-backs (limited to non-hedge derivatives), deliveries into contracts and restructuring in order to provide greater participation in a rising gold price environment. As a result of these measures, AngloGold Ashanti has, and expects to continue to have, substantially less protection against declines in the market price of gold as compared with previous years.

AngloGold Ashanti continues to use gold hedging instruments to fix the selling price of a portion of its 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 AngloGold Ashanti 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.

In 2008, AngloGold Ashanti used part of the proceeds from its \$1.7 billion rights offer to undertake a major restructuring of the hedge book. This hedge restructuring resulted in hedge commitments reducing by 5.29 million ounces (or 47 percent) from 11.28 million ounces as at December 31, 2007 to 5.99 million ounces as at December 31, 2008. Although this hedge restructuring has significantly reduced the exposure to the hedge book, a rising gold price may result in a gap between the spot price and AngloGold Ashanti's received price of gold for ounces still hedged, and this may continue as AngloGold Ashanti closes out its existing hedge positions by delivering into contracts.

A significant number of AngloGold Ashanti's 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 AngloGold Ashanti fail to settle these contracts by physical delivery, then it 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 AngloGold Ashanti's reported financial condition.

As the global financial crisis continues, some of AngloGold Ashanti's hedge counterparts may either be unable to perform their obligations under the applicable derivative instrument or in certain cases elect to terminate their contracts early in 2010, which may result in the company being called upon to immediately meet any obligation under the hedge contracts with such hedge counterparts. If exercised, the early termination options under certain of the company's hedging contracts could adversely affect AngloGold Ashanti's financial position through an acceleration of potentially material cash outflows associated with the early closure of these hedging contracts and the accounting for these settlements in the income statement.

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Power stoppages, fluctuations and energy cost increases could adversely affect AngloGold Ashanti's results of operations and its financial condition.

In South Africa, AngloGold Ashanti's 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 warned that South Africa 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 impacting upon Eskom's coal stockpiles, Eskom's generating capacity was severely impaired. As a result, the incidence of power outages increased substantially to the point that, in January 2008, Eskom warned that it could no longer guarantee the availability of its supply of electrical power to the South African mining industry. Consequently, AngloGold Ashanti, along with other mining companies with South African operations, was forced temporarily to suspend mining operations at its South African mines. Following meetings between industry-wide representatives, including AngloGold Ashanti, and Eskom, agreement was reached whereby mines were able to resume their power consumption to 90 percent 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 later in January 2008 at AngloGold Ashanti's mines, and since then, power supply to the South African operations has been at 90 percent of average capacity.

AngloGold Ashanti cannot give assurance that power supply to its South African operations will not experience future interruptions as the national grid system in South Africa continues to face emergency failure conditions. In the third quarter of 2008, Eskom applied for a tariff review and the National Energy Regulator of South Africa (NERSA) granted an additional 20 percent increase for the nine remaining months of the Eskom financial year (July 2008 to March 2009). In addition, it was indicated that the increase of electricity rates for the next three years could be in the order of 20-25 percent per annum. The company understands that Eskom is compiling an application for tariff increases to NERSA for the 2009 increase. Should the power outages continue to increase, or should AngloGold Ashanti be unable to achieve its production or cost targets due to the current constraint, any additional power outages or any power tariff increases, then its future profitability and financial condition may be adversely affected.

All of AngloGold Ashanti's mining operations in Ghana are dependant 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 AngloGold Ashanti also has 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 AngloGold Ashanti's power supply to its 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 AngloGold Ashanti's results of operations and its financial condition. In order to address this problem and to supplement the power generated by the VRA, AngloGold Ashanti has, together with the other three principal gold producers in Ghana, acquired (and equally funded) 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. In July 2008, the government of Ghana informed mining companies operating in the country that they would now pay an increased rate per kilowatt hour of power resulting in an increase at Obuasi from 9.2 to 15.45 US cents per kilowatt hour and for Iduapriem from 9.2 to 17.81 US cents per kilowatt hour. The mining companies in Ghana, including AngloGold Ashanti are in negotiation with the government to seek a reduction in power rates. AngloGold Ashanti cannot give assurance that these negotiations will result in a reduction in power rates.

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

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Contracts for sale of uranium at fixed prices could affect AngloGold Ashanti's operational results and financial condition.

AngloGold Ashanti has entered into contracts for the sale of uranium produced by some of its South African operations and may therefore be prevented from realizing all potential gains from an increase in uranium prices to the extent that the group's future production is covered by such contracts. Should AngloGold Ashanti not produce sufficient quantities of uranium to cover such contracts, it may need to procure or borrow uranium in the market to meet any shortfall which could adversely affect AngloGold Ashanti's results of operations and its financial condition.

Foreign exchange fluctuations could have a material adverse effect on AngloGold Ashanti's operational results and financial condition.

Gold is principally a dollar-priced commodity, and most of AngloGold Ashanti's revenues are realized in, or linked to, dollars while production costs are largely incurred in the applicable local currency where the relevant 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. Exchange rate movements may have a material effect on AngloGold Ashanti's operational results. For example, a 1 percent strengthening of the South African rand, Brazilian real, the Argentinean peso and the Australian dollar against the US dollar will result in an increase in total cash costs incurred of nearly \$3 per ounce, or 1 percent.

A small proportion of AngloGold Ashanti's hedges are denominated in South African rands and Australian dollars, which may partially offset the effect of the US dollar's strength or weakness on AngloGold Ashanti's profitability. In addition, due to its global operations and local foreign exchange regulations, some of AngloGold Ashanti's funds are held in local currencies, such as the South African rand and the Australian dollar.

Inflation may have a material adverse effect on AngloGold Ashanti's operational results.

The majority of AngloGold Ashanti's operations are located in countries that have experienced high rates of inflation during certain periods.

Since AngloGold Ashanti is unable to influence the market price at which it sells gold (except to the extent that it enters into

forward sales and other derivative contracts), it is possible that significantly higher future inflation in the countries in which AngloGold Ashanti operates 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 AngloGold Ashanti's results of operations and its financial condition.

While none of AngloGold Ashanti's 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.

AngloGold Ashanti's new order mining rights in South Africa could be suspended or cancelled should the company breach, and fail to remedy such breach of, its obligations in respect of the acquisition of these rights.

AngloGold Ashanti's rights to own and exploit Mineral Reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of its Mineral Reserves and deposits are located in South Africa, where new order mining rights could be suspended or cancelled should AngloGold Ashanti breach, and fail to remedy such breach of, its obligations in respect of the acquisition of these rights.

Custodianship and the issuance of South Africa's mineral and prospecting rights vest in the state pursuant to the Mineral and Petroleum Resources Development Act (MPRDA). Such 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 old order mining rights the opportunity to convert their old order mining rights into new order mining rights within specified timeframes.

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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 Mining Charter). Compliance with the Mining Charter, measured using a designated scorecard, requires that every mining company achieve 15 percent ownership by historically disadvantaged South Africans (HDSAs) of its South African mining assets by May 1, 2009, and 26 percent ownership by May 1, 2014, and achieve participation by HDSAs in various other aspects of management referred to below.

AngloGold Ashanti has submitted two social and labor plans – one for each of its main mining regions – detailing its specific goals in these areas to the DME. 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. AngloGold Ashanti carries out such downstream activities and believes these will be recognized in terms of a framework currently being devised by the South African Government.

AngloGold Ashanti believes that it has made significant progress towards meeting the requirements of the Mining Charter, the Scorecard and its 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 percent of management roles being held by HDSAs by 2010, as well as the Employee Share Ownership Plan (ESOP) as implemented at the end of 2006. AngloGold Ashanti will incur expenses in giving further effect to the Mining Charter and the Scorecard and the implementation of the ESOP will affect the group's results of operations. The Mining Charter itself provides that it should be reviewed five years after becoming law. The review process, being conducted in consultation between the government and mining companies, is scheduled to take place during 2009. The outcome might impose new conditions on mining companies operating in South Africa.

AngloGold Ashanti was informed on August 1, 2005, by the Director General of Minerals and Energy that its applications to convert its old order rights to new order mining rights for its West Wits and Vaal River operations, as well as its applications for new mining rights to extend its mining areas at its TauTona and Kopanang mines, had been successful. These applications relate to all of its existing operations in South Africa. The notarial agreements for the converted West Wits mining right and Block 1C11 new mining right have been executed and registered. AngloGold Ashanti will also be applying for conversion of an old order mining right for a borrow pit at West Wits before the closing date, which is expected to occur at the end of April 2009.

The notarial agreements for the bulk of the Vaal River Operations and the adjacent areas of Jonkerskraal, Weltevreden, Moab Extension Area and the new right for Edom have been executed and registered. The sole remaining notarial agreement for the Vaal River operations, Grootdraai is pending. AngloGold Ashanti has also applied for the conversion of the Ergo old order right in order to cede the converted right to the purchaser of Ergo.

Even where new order mining rights are obtained under the MPRDA, these rights may not be equivalent to the old order mining rights. The AngloGold Ashanti 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 consent 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. AngloGold Ashanti has a policy of evaluating, minimizing and addressing the environmental consequences of its activities and, consistent with this policy and the MPRDA, conducts an annual review of the environmental costs and liabilities associated with the group's 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 AngloGold Ashanti's Mineral Reserves and operations are located will have an adverse effect on its results of operations and its financial condition.

The Mineral and Petroleum Resources Royalty Act was promulgated by the South African Minister of Finance on November 24, 2008 and provides for the payment of a royalty according to a formula based on taxable earnings before interest and tax. It has a minimum rate of 0.5 percent and a maximum rate of 5 percent and is a tax deductible expense. It is estimated that the formula will translate to a royalty rate of between 2.5 percent and 4 percent of gross sales in terms of current pricing assumptions. The payment of royalties was scheduled to begin on May 1, 2009 but has been postponed to March 1, 2010 as announced in the minister of finance's budget speech on February 11, 2009.

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Certain factors may affect AngloGold Ashanti's ability to support the carrying value of its property, plants and equipment, acquired properties, investments and goodwill on its balance sheet.

AngloGold Ashanti reviews and tests the carrying value of its assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. AngloGold Ashanti values individual mining assets at the lowest level for which cash flows are identifiable as independent of cash flows of other mining assets and liabilities.

If there are indications that impairment may have occurred, AngloGold Ashanti prepares 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 AngloGold Ashanti's financial condition. For example, in the fourth quarter of 2008, AngloGold Ashanti recorded asset impairment charges on tangible assets and goodwill of \$522 million (net of tax) in relation to certain former assets of Ashanti (comprising Obuasi, Geita and Iduapriem).

Diversity in interpretation and application of accounting literature in the mining industry may impact AngloGold Ashanti's 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, AngloGold Ashanti capitalizes 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 AngloGold Ashanti's reported results should the adopted interpretation differ from the position followed by AngloGold Ashanti.

AngloGold Ashanti's Mineral Reserves, deposits and mining operations are located in countries that face political, economic and/or security risks.

Some of AngloGold Ashanti's 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 AngloGold Ashanti operates,

the formulation or implementation of government policies may be unpredictable on certain issues including regulations which impact on its 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.

Any existing and new mining and exploration operations and projects AngloGold Ashanti carries out in these countries are, and will be subject to, various national and local laws, policies and regulations governing 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, AngloGold Ashanti was not able to obtain or maintain necessary permits, authorizations or agreements to implement planned projects or continue its 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, its results of operations and its financial condition could be adversely affected.

Certain of the countries in which AngloGold Ashanti has mineral deposits or mining or exploration operations, including the Democratic Republic of Congo 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 the group is present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on the group's operations in such regions. In the event that continued operations in these countries compromise AngloGold Ashanti's security or business principles, it may withdraw from these countries on a temporary or permanent basis, which in turn, could have an adverse impact on its results of operations and its financial condition.

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In 2007, the government of the Democratic Republic of Congo (DRC) announced an industry-wide review of all mining concessions and related agreements, including the agreements related to the ownership and operation of the Company's concessions in the DRC. As a result of this review, which has now been completed, the area of the Company's project in north-eastern DRC has been reduced from over 9,000 square kilometers to 6,100 square kilometers, (and will be further reduced over a period of three years by 10 percent per annum for a maximum further reviewed to 4,270 square kilometers) and certain of the permit and surface right payments payable by the project have been increased.

In addition, in December 2008, the National Council for Democracy and Development (CNDD) seized power in Guinea after the death of the country's long-standing president, Lasana Conte. Moussa Dadis Camara, president of the CNDD, announced on December 27, 2008 the creation of a committee to examine and revise all existing mining agreements in Guinea. The committee's review process has not yet commenced and AngloGold Ashanti is currently unable to predict the outcome of the committee's examination. Pursuant to the direction of president Moussa Dadis Camara, AngloGold Ashanti stopped production at its Siguri mine in Guinea on March 20, 2009. After discussions with the president, AngloGold Ashanti resumed production at its Siguri mine in Guinea on March 24, 2009. AngloGold Ashanti cannot give any assurance that future stoppages of this nature may not occur. Such stoppages, if prolonged, could have a material adverse effect on the Siguri mine.

In Mali and Tanzania, AngloGold Ashanti is due refunds of input tax which remain outstanding for periods longer than those provided for in the respective statutes. In addition, AngloGold Ashanti has 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 AngloGold Ashanti, it could have an adverse effect upon its results of operations and its financial condition.

In Argentina, the government has applied export taxes of 5 percent to mining companies that were exempt therefrom. AngloGold Ashanti has filed a claim with the courts to recover the export tax.

Labor disruptions and/or increased labor costs could have an adverse effect on AngloGold Ashanti's operating results and financial condition.

As at December 31, 2008, approximately 67 percent (2007: 77 percent) of AngloGold Ashanti's workforce excluding contractors or 63 percent of total workforce was located in South Africa. Approximately 98 percent of the workforce on its South African operations is unionized, with the National Union of Mineworkers (NUM) representing the majority of unionized workers.

AngloGold Ashanti's employees in some South American countries and Ghana are also highly unionized. Trade unions have a

significant impact on AngloGold Ashanti's 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. The next round of negotiations will take place in 2009. AngloGold Ashanti cannot give assurance that it will be able to renegotiate this agreement on satisfactory terms when it expires in 2009.

Labor costs represent a substantial proportion of AngloGold Ashanti's total operating costs, and in many operations, including South African operations, is AngloGold Ashanti's 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.

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

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The use of mining contractors at certain of AngloGold Ashanti's operations may expose it to delays or suspensions in mining activities and increases in mining costs.

Mining contractors are used at certain of AngloGold Ashanti's mines, including Sadiola, Morila and Yatela in Mali, Siguiri in Guinea, Iduapriem in Ghana and Sunrise Dam in Australia, to mine and deliver ore to processing plants. Consequently, at these mines, AngloGold Ashanti does 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 AngloGold Ashanti's results of operations and financial condition.

AngloGold Ashanti competes with mining and other companies for key human resources.

AngloGold Ashanti competes 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 its 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, AngloGold Ashanti is also required to achieve employment equity targets of participation by historically disadvantaged South Africans (HDSAs) in management and other positions.

AngloGold Ashanti competes 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 "AngloGold Ashanti's new order mineral rights in South Africa could be suspended or cancelled should the group breach, and fail to remedy such breach of, its obligations in respect of the acquisition of these rights".

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

AngloGold Ashanti faces certain risks in dealing with HIV/AIDS that may adversely affect the results of its operations and the company's financial condition.

AIDS and associated diseases remain the major health care challenge faced by AngloGold Ashanti's South African operations. Accurate prevalence data for AIDS is not available owing to doctor-patient confidentiality. The South African workforce prevalence studies indicate that the percentage of AngloGold Ashanti's South African workforce that may be infected by HIV may be as high as 30 percent. AngloGold Ashanti is continuing to develop and implement various programs aimed at helping those who have been infected with HIV and preventing new infections. Since 2001, AngloGold Ashanti has offered a voluntary counseling and HIV testing program for employees in South Africa. In 2002, AngloGold Ashanti 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, AngloGold Ashanti commenced a roll-out of the treatment to all eligible employees desiring it. Approximately 5,400 employees have been registered on the wellness program over the last three years and of these around 4,000 employees have attended the clinic in the last six months. As of December 2008, approximately 1,900 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 R1,300 (\$130) per employee on 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.

AngloGold Ashanti does not expect the cost that it will incur related to the prevention of HIV infection and the treatment of AIDS to materially and adversely affect its results of operations. Nevertheless, it is not possible to determine with certainty the costs that AngloGold Ashanti may incur in the future in addressing this issue, and consequently its results of operations and its financial condition could be adversely affected.

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AngloGold Ashanti faces certain risks in dealing with malaria and other tropical disease outbreaks, particularly at its operations located in Africa, which may have an adverse effect on operational results.

Malaria and other tropical diseases pose significant health risks at all of AngloGold Ashanti's operations in Central, West and East Africa where such diseases may assume epidemic proportions because of ineffective national control programs. Malaria 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 AngloGold Ashanti's 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 AngloGold Ashanti's operations and its financial condition.

The primary areas of focus in respect of occupational health within AngloGold Ashanti's operations are noise induced hearing loss (NIHL), occupational lung diseases (OLD), which includes pulmonary tuberculosis (TB) in silica dust exposed individuals. AngloGold Ashanti provides occupational health services to its employees at its occupational health centers and it continues to improve preventative occupational hygiene initiatives. If the costs associated with providing such occupational health services increase, the increase could have an adverse effect on AngloGold Ashanti's results of operations and its 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 AngloGold Ashanti's 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 AngloGold Ashanti could be subject to and consequently could have an adverse effect on its financial condition.

Mr Thembekile Mankayi instituted a legal action against AngloGold Ashanti in October 2006 in the High Court, Witwatersrand Local Division. Mr Mankayi claimed approximately R2.6 million (approximately \$0.27 million) for damages allegedly suffered by him as a result of silicosis allegedly contracted whilst working on mines now owned by AngloGold Ashanti. The case was heard and a judgment in the exception action was rendered on June 26, 2008 in favor of AngloGold Ashanti on the basis that mine employers are insured under ODMWA and COIDA against compensable diseases, which precludes common law delictual claims by employees against employers. The plaintiff has been granted leave to appeal the judgment. If AngloGold Ashanti is unsuccessful in defending this suit, it could be subject to numerous similar claims which could have an adverse effect on its financial condition.

In response to the effects of silicosis in labor sending communities, a number of mining companies (under the auspices of the Chamber of Mines), together with the National Union of Mineworkers (NUM) which is the largest union in the mining sector and the national and regional departments of health have embarked on a project to assist in the delivery of compensation and relief by mining companies under the ODMWA to communities that have been affected.

The costs associated with the pumping of water inflows from closed mines adjacent to AngloGold Ashanti's operations could have an adverse effect upon operational results.

Certain of AngloGold Ashanti's mining operations are located adjacent to the mining operations of other mining companies. The closure of a mining operation may have an impact upon continued operations at the adjacent mine if appropriate preventative steps are not taken. In particular, this can include the ingress of underground water where pumping operations at the adjacent closed mine are suspended. Such ingress could have an adverse effect upon any one of AngloGold Ashanti's mining operations as a result of property damage, disruption to operations and additional pumping costs.

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AngloGold Ashanti has embarked on legal action in South Africa after the owner of an adjacent mine put the company owning the adjacent mining operation into liquidation, raising questions about its and other companies' willingness to meet their water pumping obligations.

The relevant mining companies have entered into a settlement agreement. As part of the settlement arrangement the mining companies have formed and registered a not-for-profit company, known as the Margaret Water Company, to conduct water pumping activities from the highest lying shaft which is currently owned by Stilfontein Gold Mining Company (in liquidation). The three mining companies will contribute equally to the cost of establishing and initially running the Margaret Water Company.

The occurrence of events for which AngloGold Ashanti is not insured or for which its insurance is inadequate may adversely affect its cash flows and overall profitability.

AngloGold Ashanti maintains insurance to protect only against catastrophic events which could have a significant adverse effect on its operations and profitability. This insurance is maintained in amounts that AngloGold Ashanti believes to be reasonable depending upon the circumstances surrounding each identified risk. However, AngloGold Ashanti's insurance does not cover all potential risks associated with its business. In addition, AngloGold Ashanti may elect not to insure certain risks, due to the high premiums associated with insuring those risks or for various other reasons, including an assessment that the risks are remote.

Furthermore, AngloGold Ashanti may not be able to obtain insurance coverage at acceptable premiums. AngloGold Ashanti has a captive insurance company, namely AGRe Insurance Company Limited, which participates at various levels in certain of the insurances maintained by AngloGold Ashanti. The occurrence of events for which it is not insured may adversely affect AngloGold Ashanti's cash flows and overall profitability and its financial condition.

AngloGold Ashanti does not have management control over two significant joint venture projects. If these projects are not managed effectively, AngloGold Ashanti's investment could be adversely affected or its reputation could be harmed.

AngloGold Ashanti's joint ventures at Morila in Mali and Boddington in Western Australia are managed by its joint venture partners. While AngloGold Ashanti may provide operational advice to its joint venture partners, it cannot ensure that

these projects are operated in compliance with the standards that it applies in its other operations. If these joint ventures are not managed effectively, including as a result of weaknesses in the policies, procedures and controls implemented by the joint venture partners, AngloGold Ashanti's investment in the relevant project could be adversely affected. In addition, negative publicity associated with ineffective management, particularly relating to any resulting accidents or environmental incidents could harm AngloGold Ashanti's reputation. AngloGold Ashanti expects to complete the sale of its interest in the Boddington project to its joint venture partner in the second quarter of 2009 but currently has no plans to dispose of its interest in the Morila mine.

AngloGold Ashanti may experience unforeseen difficulties, delays or costs in successfully implementing its business strategy, and its strategy may not result in the anticipated benefits.

The successful implementation of AngloGold Ashanti's business strategy depends upon a number of factors, including factors that are outside its control. For example, the successful management of costs will depend upon prevailing market prices for input costs and the ability to grow the business will depend upon the availability of attractive merger and acquisition opportunities as well as the successful implementation of AngloGold Ashanti's existing and proposed project development initiatives and continued exploration success, all of which are subject to the relevant mining and company specific risks as outlined in this risk section. AngloGold Ashanti cannot give assurance that unforeseen difficulties, delays or costs will not adversely affect the successful implementation of its business strategy, or that its strategy will result in the anticipated benefits.

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Risks related to AngloGold Ashanti's ordinary shares and American Depositary Shares (ADSs)

Sales of large quantities of AngloGold Ashanti's ordinary shares and ADSs, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities.

The market price of AngloGold Ashanti's ordinary shares or ADSs could fall if large quantities of ordinary shares or ADSs are sold in the public market, or there is the perception in the marketplace that such sales could occur. Subject to applicable securities laws, holders of AngloGold Ashanti's ordinary shares or ADSs may decide to sell them at any time. The market price of AngloGold Ashanti's ordinary shares or ADS could also fall as a result of any future offerings it makes of ordinary shares, ADSs, or securities exchangeable or exercisable for its ordinary shares or ADSs, or the perception in the marketplace that these sales might occur. AngloGold Ashanti may make such offerings of additional ADS rights, letters of allocation or similar securities at any time or from time to time in the future.

Fluctuations in the exchange rate of currencies may reduce the market value of AngloGold Ashanti's securities, as well as the market value of any dividends or distributions paid by AngloGold Ashanti.

AngloGold Ashanti has historically declared all dividends in South African rands. As a result, exchange rate movements may have affected and may continue to affect the Australian dollar, the British pound, the Ghanaian cedi and the US dollar value of these dividends, as well as of any other distributions paid by the relevant depository to investors that hold AngloGold Ashanti's securities. This may reduce the value of these securities to investors.

AngloGold Ashanti's Memorandum and Articles of Association allows for dividends and distributions to be declared in any currency at the discretion of AngloGold Ashanti's board of directors, or its shareholders at a general meeting. If and to the extent that AngloGold Ashanti opts to declare dividends and distributions in dollars, exchange rate movements will not affect the dollar value of any dividends or distributions, nevertheless, the value of any dividend or distribution in Australian dollars, British pounds, Ghanaian cedis or South African rands will continue to be affected. If and to the extent that dividends and distributions are declared in South African rands, exchange rate movements will continue to affect the Australian dollar, British pound, Ghanaian cedi and US dollar value of these dividends and distributions. Furthermore, the market value of AngloGold Ashanti's securities as expressed in Australian dollars, British pounds, Ghanaian cedis, US dollars and South African rands will continue to fluctuate in part as a result of foreign exchange fluctuations.

The recently announced proposal by the South African Government to replace the Secondary Tax on Companies with a withholding tax on dividends and other distributions may impact the amount of dividends or other distributions received by the company's shareholders.

On February 21, 2007, the South African Government announced a proposal to replace Secondary Tax on Companies with a 10 percent withholding tax on dividends and other distributions payable to shareholders. This proposal is expected to be implemented in 2010. Although this may reduce the tax payable by the South African operations of the group thereby increasing distributable earnings, the withholding tax will generally reduce the amount of dividends or other distributions received by AngloGold Ashanti shareholders.

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ITEM 4: INFORMATION ON THE COMPANY

GROUP INFORMATION

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

On March 17, 2009, Anglo American announced that it had sold its remaining interest in AngloGold Ashanti.

Current profile

AngloGold Ashanti Limited, headquartered in Johannesburg, South Africa, is a global gold company with a portfolio of long-life, relatively low-cost assets and differing orebody types in key gold producing regions. The company's 21 operations are located in 10 countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United States of America) and are supported by extensive exploration activities. The combined Proved and Probable Ore Reserves of the group amounted to 73.5 million ounces as at December 31, 2008.

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

AngloGold Ashanti Limited (Registration number 1944/017354/06) was incorporated in the Republic of South Africa in 1944 under the name of Vaal Reefs Exploration and Mining Company Limited and operates under the South African Companies Act 61 of 1973, as amended. Its registered office is at 76, Jeppe Street, Newtown, Johannesburg, South Africa, 2001.

4A. HISTORY AND DEVELOPMENT OF THE COMPANY

HISTORY AND SIGNIFICANT DEVELOPMENTS OF THE COMPANY

Below are highlights of key corporate activities of the company from its formation in 1998:

1998

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

1999

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

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2000

Acquired:

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

2001

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

2002

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

2003

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

2004

- Sold its Western Tanami project to Tanami Gold NL in Australia
- Concluded the business combination with Ashanti Goldfields Company Limited, at which time the company changed its name to AngloGold Ashanti Limited
- Acquired the remaining 50 percent interest in Geita as a result of the business combination
- AngloGold Holdings plc, a subsidiary of AngloGold, completed an offering of \$1 billion principal amount 2.375 percent convertible bonds, due 2009 and guaranteed by AngloGold Ashanti
- Acquired a 29.8 percent stake in Trans-Siberian Gold plc
- Sold its Union Reefs assets to the Burnside Joint Venture, comprising subsidiaries of Northern Gold NL (50 percent) and Harmony (50 percent)
- Sold its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Proprietary) Limited
- Sold its 40 percent equity interest in Tameng Mining and Exploration (Pty) Limited of South Africa (Tameng) to Mahube

Mining (Pty) Limited

- Subscribed for a 12.3 percent stake in the expanded issued capital of Philippines explorer Red 5 Limited

2005

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

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2006

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

2007

- Acquired the minority interests previously held by the Government of Ghana (5 percent) and the International Finance Corporation (10 percent) in the Iduapriem and Teberebie mines
- Anglo American plc sold 69.1 million ordinary shares of AngloGold Ashanti, thereby reducing Anglo American's shareholding in AngloGold Ashanti from 41.7 percent to 16.6 percent
- the successful closing of a \$1.15 billion syndicated revolving credit facility

2008

- Issued 69,470,442 ordinary shares in a fully subscribed rights offer and raised approximately \$1.7 billion
- Acquired Golden Cycle Gold Corporation through the issue of 3,181,198 ordinary shares, resulting in Cripple Creek & Victor becoming a wholly-owned subsidiary
- Sold entire holding in Nufcor International Limited to Constellation Energy Commodities Group Limited
- Acquired São Bento Gold Company Limited through the issue of 2,701,660 ordinary shares with the ultimate intention of doubling production from the Córrego do Sítio project

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

The following announcements regarding significant developments were made by AngloGold Ashanti during 2008 and subsequent to year-end:

On January 14, 2008, AngloGold Ashanti announced that it had agreed to acquire 100 percent of Golden Cycle Gold Corporation (GCGC) through a transaction in which GCGC's shareholders would receive 29 AngloGold Ashanti ADRs for every 100 shares of GCGC common stock held. GCGC held a 33 percent shareholding in Cripple Creek & Victor while AngloGold Ashanti holds the remaining 67 percent. The transaction will result in Cripple Creek & Victor being wholly-owned by AngloGold Ashanti.

On January 18, 2008, AngloGold Ashanti provided operation guidance to its fourth quarter 2007 results, in which it was stated that the company's South African and Geita operations had experienced production difficulties resulting in the group's production for the quarter to be in the region of 1.4 million ounces.

On January 25, 2008, AngloGold Ashanti announced that following notification from Eskom regarding interruptions to power supplies, it had halted mining and gold recovery operations on all of its South African operations. Only underground emergency pumping work was being carried out.

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On January 27, 2008, AngloGold Ashanti announced that it had agreed to a process with Eskom whereby the supplier would give its normal guarantees for sufficient power for the company to undertake shifts from that day for the purpose of re-establishing safe workplaces at each of the deep level underground mines in South Africa. Eskom was anticipating a ramp up in additional power later in the week that should enable a phased return to normal mining operations. A protocol had also been agreed to with the electricity supplier whereby Eskom will provide AngloGold Ashanti with four hours warning, prior to having to reduce power supply.

On January 29, 2008, AngloGold Ashanti announced that following a meeting between Eskom and industrial electricity consumers, AngloGold Ashanti had commenced the process of bringing back into production all of its underground mines and their associated gold treatment plants. On February 7, 2008, AngloGold Ashanti stated that following extensive discussions with Eskom and the government, a power supply of 90 percent had been offered which has resulted in first quarter production from the South African operations being severely disrupted. Equally important is Eskom's ability to maintain a continuous power supply at a 90 percent level in order to return to normal production levels and milling rates.

On February 14, 2008, AngloGold Ashanti announced that it had entered into a binding memorandum of agreement (MOA) with B2Gold Corp. (B2Gold). The MOA provides for the existing Colombian joint venture agreements between AngloGold Ashanti and B2Gold to be amended. B2Gold would also acquire from AngloGold Ashanti additional interests in certain mineral properties in Colombia. In exchange, B2Gold would issue to AngloGold Ashanti 25 million common shares and 21.4 million common share purchase warrants in B2Gold. On May 16, 2008, AngloGold Ashanti announced that it had completed the transaction to acquire a 15.9 percent direct interest in B2Gold and increase B2Gold's interest in certain Colombian properties, as stated.

On May 6, 2008, AngloGold Ashanti announced the retirement of Mrs E Le R Bradley from the board effective May 6, 2008.

On May 6, 2008, AngloGold Ashanti announced the completion of the initial JORC-compliant resource estimate for the La Colosa deposit, the second significant greenfields discovery (Gramalote being the first) in Colombia, which was discovered by AngloGold Ashanti's Colombian greenfields exploration team during 2006. The project, which is 100 percent owned by AngloGold Ashanti, is located 150km west of Colombia's capital city, Bogota, in the district of Tolima.

On May 29, 2008, AngloGold Ashanti announced its amendment to the transaction agreement to acquire 100 percent of

Golden Cycle Gold Corporation (GCGC) to adjust the consideration that GCGC shareholders receive from 0.29 AngloGold Ashanti ADRs to 0.3123 AngloGold Ashanti ADRs to account for the effects of the AngloGold Ashanti rights offer announced on May 23, 2008. GCGC shareholders approved the transaction on June 30, 2008 at a general meeting and the transaction became effective on July 1, 2008, at which time AngloGold Ashanti acquired the remaining 33 percent shareholding in CC&V. A total of 3,181,198 AngloGold Ashanti ADRs were issued pursuant to this transaction.

On June 26, 2008, AngloGold Ashanti announced that the Johannesburg High Court ruled that the exception lodged by AngloGold Ashanti in respect of Mr Thembekile Mankayi's claim for damages against the company had been upheld. Mr Mankayi had lodged a R2.6 million claim in respect of occupational lung disease allegedly sustained during his employment at AngloGold Ashanti's then Vaal Reefs mine in the 1990s. The finding confirms that employees who qualify for benefits in respect of the Occupational Diseases in Mines and Works Act (ODMWA) may not, in addition, lodge civil claims against their employers in respect of their relevant conditions.

Shareholders at a general meeting held on May 22, 2008 approved the issue of new ordinary shares to AngloGold Ashanti ordinary and E ordinary shareholders by way of a rights offer at a ratio of 24.6403 rights offer shares for every 100 AngloGold Ashanti shares held on the record date of June 6, 2008. The final terms of the rights offer were announced on May 23, 2008, resulting in a total of 69,470,442 new rights offer shares being offered to shareholders at a subscription price of R194.00 per share. On July 7, 2008, AngloGold Ashanti announced that the rights offer closed on July 4, 2008 and that 68,105,143 shares had been subscribed for (98 percent of rights offered) which shares were issued on July 7, 2008. Applications to acquire additional shares amounting to 400,468,713 shares (or 576.5 percent) had been received, and the remaining 1,365,299 shares were issued on July 11, 2008. A total of R13.477 billion (approximately \$1.7 billion) was raised.

On July 29, 2008, AngloGold Ashanti announced the resignation of Simon Thompson from the board, effective July 28, 2008.

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On September 30, 2008, AngloGold Ashanti announced that following the publication of the unaudited results under IFRS for the quarter and six months ended June 30, 2008, it reassessed the accounting estimate for income taxes, for the effects and impact of the accelerated non-hedge derivative settlements in accordance with IAS34 – Interim Financial Reporting. Following this reassessment, the income tax expense was reduced by R641 million (US\$81m) for the period. This was as a result of IAS34 requiring that the income tax expense for interim reporting purposes to be calculated by applying to an interim period's pre-tax income, the estimated average annual effective income tax rate that would be applicable to the expected total annual earnings. It should be noted that the overprovision would have been reversed by financial year-end and therefore would not have had any effect on the full year's income tax expense and earnings. Nevertheless, in compliance with IAS34, AngloGold Ashanti decided to revise its results for the quarter and six months ended June 30, 2008, thereby resolving this matter. On November 21, 2008, AngloGold Ashanti Limited announced that its wholly-owned subsidiary, AngloGold Ashanti Holdings plc, had entered into a \$1 billion term facility agreement with Standard Chartered Bank to refinance its convertible bond. The term facility would be drawn during February 2009 for the purpose of repaying the \$1 billion convertible bond due on February 27, 2009 issued by AngloGold Ashanti Holdings plc and guaranteed by AngloGold Ashanti Limited. The term facility is for an initial one year period from the date of the first drawdown in February 2009 and the term facility is extendable, if required, at the option of AngloGold Ashanti until November 30, 2010. The covenant terms of the term facility are similar to those of AngloGold Ashanti's existing \$1.15 billion Revolving Credit Facility and amounts drawn under the term facility will bear an interest margin of 4.25 percent for the first six months after the first drawdown and 5.25 percent thereafter. The \$1 billion convertible bond matured on February 27, 2009 and was redeemed by the company using the proceeds from the Standard Chartered term facility that had been arranged for this purpose. Subsequent to the year end, the company has signed an agreement with Standard Chartered amending the terms of the term facility signed in November 2008. The amendment will become effective upon prepayment of between \$500 million and \$750 million, at the option of AngloGold Ashanti Holdings plc, of the amount outstanding under the term facility and the satisfaction of certain other conditions, in each case, prior to August 26, 2009. Upon the prepayment:

- of \$750 million, \$250 million (being the remaining amount outstanding after the prepayment) will be converted into a new term loan due one year from the date of first drawdown under the term facility (which occurred on February 26, 2009), subject to AngloGold Ashanti Holdings plc's option to extend that maturity date for one additional year; or
- of between \$500 million and \$750 million, with respect to the amount outstanding after the prepayment, up to (i) \$250 million will be converted into a new term loan with the same maturity as described above and (ii) the amount

equal to the difference between the prepayment and \$750 million will be converted into a new revolving facility loan of up to \$250 million.

Upon effectiveness of the amendment to the term facility, the new term loan and any amounts outstanding under the new

revolving credit facility (if any) will bear an interest margin of 4.25 per cent per annum over the higher of (i) the applicable

LIBOR and (ii) the lender's cost of funds (subject to a cap of LIBOR plus 1.25 per cent per annum).

On December 15, 2008, AngloGold Ashanti announced that it had completed the purchase of São Bento Gold Company

Limited (SBG) and its wholly-owned subsidiary, São Bento Mineração S.A. (SBMSA) from Eldorado Gold Corporation

(Eldorado) for a consideration of \$70 million through the issuance of 2,701,660 AngloGold Ashanti shares. This follows an

announcement made on July 31, 2008, when AngloGold Ashanti announced it had entered into a letter agreement with Eldorado to acquire 100 percent of Eldorado's wholly-owned subsidiary, SBG, which company in turn wholly owns SBMSA.

The purchase of SBG and SBMSA gives AngloGold Ashanti access to the São Bento mine, a gold operation situated in the

immediate vicinity of AngloGold Ashanti's Córrego do Sítio mine, located in the municipality of Santa Bárbara, Iron Quadrangle

region of Minas Gerais State, Brazil, and provides AngloGold Ashanti with the potential to double the scale of the Córrego do

Sítio mine, which once developed will significantly enhance AngloGold Ashanti's Brazilian asset base. São Bento started its

operations in 1986 and operated until January 2007, at which time São Bento's process plant and facilities were placed on care

and maintenance.

On January 23, 2009, AngloGold Ashanti Australia Ltd announced that Mineral Resource increased for the Tropicana Gold

Project in Western Australia. The Tropicana Gold Project, located 330 kilometers east north-east of Kalgoorlie, is part of the

Tropicana Joint Venture, which is 70 percent owned by AngloGold Ashanti Australia (the manager) and 30 percent by Independence Group NL.

On January 28, 2009, AngloGold Ashanti Limited announced that it had agreed to sell its indirect 33.33 percent joint venture

interest in the Boddington Gold Mine in Western Australia to Newmont Mining Corporation for an aggregate consideration of up

to approximately \$1.1 billion. The transaction is consistent with AngloGold Ashanti's strategy of focusing on its core, controlled

asset portfolio and realizing value from any minority, non-managed interests as and when appropriate. It will also immediately

strengthen the company's balance sheet, result in lower financing costs due to early repayment of the recently announced

\$1.0 billion syndicated term facility and create additional flexibility to participate in further investment and growth opportunities.

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On February 17, 2009, AngloGold Ashanti announced that it had agreed to sell, with effect from January 1, 2010 (or after), the

Tau Lekoa mine together with the adjacent Weltevreden and Goedgenoeg project areas to Simmer & Jack Mines Limited

(Simmers) for an aggregate consideration of:

- R600 million less an offset up to a maximum of R150 million for unhedged free cash flow (net cash inflow from operating activities less stay-in-business capital expenditure) generated by the Tau Lekoa mine in the period between January 1, 2009 and December 31, 2009 as well as an offset for unhedged free cash flow generated by the Tau Lekoa mine in the period between January 1, 2010 and the effective date of the transaction. Consequently, AngloGold Ashanti will retain all unhedged free cash flow generated from the Tau Lekoa mine for the year ending December 31, 2009 greater than R150 million. Simmers will endeavour to settle the transaction entirely in cash; however, Simmers may issue to AngloGold Ashanti ordinary shares in Simmers up to a maximum value of R150 million, with the remainder payable in cash; and
- a royalty, determined at 3 percent of the net revenue (being gross revenue less state royalties) generated by the Tau Lekoa mine and any operations as developed at Weltevreden and Goedgenoeg. The royalty will be payable quarterly for each quarter commencing from January 1, 2010 until the total production from the assets upon which the royalty is paid is equal to 1.5 million ounces and provided that the average quarterly rand price of gold is equal to or exceeds R180,000 per kilogram (in January 1, 2010 terms). The effective date of the transaction will occur on the later of January 1, 2010 or the first day in the calendar month following the fulfilment of all conditions precedent to the transaction. AngloGold Ashanti will continue to operate Tau Lekoa with appropriate joint management arrangements with Simmers until the effective date. In addition, following the effective date, Simmers will treat all ores produced from the assets at its own processing facilities. As a result, AngloGold Ashanti will have increased processing capacity available, allowing for the processing of additional material sooner from its other Vaal River mines and surface sources, thereby further accelerating cash flow.

On April 9, 2009, AngloGold Ashanti announced that Mr J H Mensah and Mr R E Bannerman had given notice of their intention

to retire from the board at the close of the annual general meeting to be held on May 15, 2009 .. In addition, Prof Nkuhlu advised

of his impending resignation from the board, given his standing for political office in the 2009 general elections in South Africa.

Prof Nkuhlu resigned from the board at the conclusion of the meeting held on May 5, 2009 to approve the filing with the SEC

of this annual report on Form 20-F.

4B. BUSINESS OVERVIEW

PRODUCTS

AngloGold Ashanti's main product is gold. Revenue is also derived from the sales of silver, uranium oxide and sulfuric acid.

AngloGold Ashanti sells its products on world markets.

THE GOLD AND URANIUM MARKETS

GOLD

Product and marketing channels

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

Gold produced by AngloGold Ashanti's mining operations is processed to a saleable form at various precious metals refineries.

Once refined to a saleable product – generally large bars weighing approximately 12.5 kilograms and containing 99.5 percent

gold, or smaller bars weighing 1.0 kilogram or less with a gold content of 99.5 percent and above – the metal is sold either

through the refineries' channels or directly to bullion banks and the proceeds paid to the company.

Bullion banks are registered commercial banks that deal in gold. They participate in the gold market by buying and selling gold

and distribute physical gold bullion bought from mining companies and refineries to physical offtake markets worldwide. Bullion

banks hold consignment stocks in all major physical markets and finance these consignment stocks from the margins charged

by them to physical buyers, over and above the amounts paid by such banks to mining companies for the gold.

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

Gold market characteristics

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

Trends in physical gold demand

Physical gold demand is dominated by the jewellery industry and the investment sector, which together account for almost 90 percent of total demand. The balance of gold supply is used in dentistry, electronics and medals. While the quantity of gold used in jewellery consumption has decreased over the last decade, the investment market has largely taken up available supply. Investments in physical gold includes bar hoarding, coins, medals and other retail investment instruments as well as exchange traded funds (ETFs), which have, since their inception in 2002, become well established as a vehicle for both retail and institutional investors and are now the sixth largest holder of gold, after the major central banks and the International Monetary Fund (IMF).

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

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

Gold demand by sector

Jewellery demand

Geographically, just less than 80 percent of gold jewellery demand now originates in emerging markets, in comparison to approximately 64 percent a decade ago. The major markets for gold jewellery are India, China, the Middle East and the United States. The Russian market has also seen recent strong growth, and was the sixth largest single market for gold jewellery in 2008, with demand at just under 100 tonnes. In the economies of India and the sub-continent, gold jewellery is purchased as a quasi-investment product. High-caratage jewellery is sold at a relatively small margin to the spot gold price, which is generally transparent to the consumer, and is therefore easily re-sold to jewellers or bullion traders when cash is required or when the jewellery is out of date and needs to be refashioned.

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

The characteristics of the gold market in the Middle East are similar, although an important difference is the exceptionally high per capita ownership of gold in some of the countries of that region. In the United Arab Emirates, for example, consumption per capita is some 30 times that in the US or the UK and some 50 times higher than in India. The Middle Eastern market accounted for over 300 tonnes of gold demand in 2008 or approximately 15 percent of the global total. Turkey, Saudi Arabia and the United Arab Emirates are the largest consumers within this market.

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In China, approximately 80 percent of gold is sold in the form of high caratage jewellery which is easily traded, similarly to the Indian and Middle Eastern markets. The balance of gold in China is sold in the form of 18 carat jewellery. Although introduced to the market only in 2002, sales in this category of jewellery have grown quickly due to its appeal to a rapidly-growing market segment of young, independent urban women. An important feature of the Chinese market in recent years has been the relatively stable nature of gold demand, particularly in comparison to the Indian and Middle Eastern markets, where volatility typically causes price-sensitive consumers to hold back on jewellery purchases.

The US market accounted for approximately 180 tonnes of jewellery demand in 2008, just over 8 percent of the global total.

Gold in the USA is purchased largely as an adornment product and purchase decisions are dictated by fashion rather than the desire to buy gold as an investment. The intrinsic value of gold as a store of value does still, however, play a role in the purchase decision process.

Investment demand

As well as holdings in ETFs, which have become a well-recognized investment vehicle for gold, primarily in the US and European markets, physical gold investment takes the form of bar hoarding (primarily in India and in China) and official coins (for which the largest market is Turkey). Physical investment demand has grown significantly since 2003, when it stood at just less than 300 tonnes, to levels of approximately 770 tonnes in 2008. Over the course of 2008, demand increased in all of the various retail investment categories, and particularly in ETFs. Holdings in the latter increased from 28 million ounces (approximately 870 tonnes) to 38 million ounces (approximately 1,180 tonnes), an increase of 36 percent over the year. This significant increase in ETF holdings, which has continued post year-end, reflects growing concern over the global financial system and a flight to gold as a 'safe-haven' asset.

Industrial and other sectors

The largest industrial use of gold is in electronics, as plating or bonding wire. In line with the growth in the use of personal computers and other electronic instruments globally, the use of gold in this sector has also increased, averaging a growth rate of over 9 percent in the five-year period from 2002 to 2007. The overall quantity of gold used in this sector, however, remains small, at only 11 percent of total demand. Demand for gold for dentistry purposes continues to decline, however this constitutes only a small portion of total demand, less than 2 percent of the global total.

Central bank holdings, sales and purchases

Gold held by the official sector, essentially central banks and the IMF, stood at approximately 29,000 tonnes in 2008.

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

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

Breakdown of gold consumption 2008

%

Jewellery consumption

64

Investment

23

Industrial / electronics

11

Dentistry

2

Data Source: GFMS, World Gold Council

40

Top six jewellery markets in 2008**Country**

<i>%</i>	<i>Tons</i>
India	
22	470
China	
15	327
United States	
8	179
Turkey	
7	153
Saudi Arabia	
5	109
Russia	
4	96
Other	
39	804
Global total	
100	2,138

*Data Source: GFMS***ANGLOGOLD ASHANTI'S MARKETING SPEND**

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

THE URANIUM MARKET IN 2008

AngloGold Ashanti's uranium production is sold via a combination of spot sales and long-term agreements.

The spot price for uranium (U

3

O

8

) was volatile during 2008. The year opened with a spot price of some \$90 per pound, declining to an annual low of \$44 per pound in mid-October and recovering to \$53 per pound by the end of the year.

The long-

term U

3

O

8

price began the year at \$95 per pound and remained stable until the end of April 2008 when it began to decline

reaching the year-end price of \$70 per pound. Long-term prices have not shown the same level of volatility as spot prices.

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

The declining spot price has had significant implications on near-term primary supply for uranium producers, and in several

cases has made it uneconomical for these producers to continue production. Notably, several projects in the United States and

South Africa have been curtailed or postponed, and some in Canada and Kazakhstan are experiencing technical or production

difficulties. This may result in a tightening of supply in the short- to medium-term. However, the medium-to long-term indicators

show that there is potential for increases in supply through expansion plans, new discoveries of mineralization zones and more

amenable regulatory environments, particularly in Australia, Russia and Namibia.

Details on secondary supplies from the US also became clearer in 2008 with the Domenici Amendment becoming law in late

September 2008. This places limits on imports of low enriched uranium from Russia to about 20 percent of annual US nuclear

reactor requirements between 2014 and 2020. The US also published its uranium inventory disposal plan and capped disposals at 10 percent of annual US reactor requirements, and will make available up to an additional 20 million

pounds of

uranium for supplying into initial core programs of new reactors from 2010 onwards.

On the demand side, there continue to be calls from several countries to increase the proportion of nuclear power supply in

their fuel mix to reduce dependence on expensive coal and oil imports and to reduce emissions. According to the International

Atomic Energy agency (IAEA), more than 50 countries are considering nuclear power. However, the financial crisis may temper

this demand and cause delays to new projects due to lack of available finance.

The long-term outlook for uranium prices remains positive due to continuing forecasts of strong demand and the expectation of

continued challenges on the primary supply side. In particular, following the signing of the '123 Nuclear co-operation agreement' between India and the US, demand from India is likely to appear on the spot market.

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GOLD PRODUCTION

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

The process of producing gold

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

1. Finding the orebody;
2. Creating access to the orebody;
3. Mining (breaking) the orebody;
4. Transporting the broken material from the mining face to the plants for processing;
5. Processing ; and
6. Refining.

The process applies to both underground and surface operations.

1. *Finding the orebody*

AngloGold Ashanti's greenfields exploration group identifies prospective gold deposit targets and undertakes exploration

on its own or in conjunction with joint venture partners. Worthwhile discoveries undergo a well structured and intensive

evaluation process before a decision is made to proceed with developing the mine.

2.

Creating access to the orebody

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

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

3.

Removing the ore by mining the orebody

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

4.

Transporting the broken material from the mining face to the plants for treatment

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

5.

Processing

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

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

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

Free milling and oxidised refractory ores are processed for gold recovery by leaching the ore in agitated (stirred) tanks in an alkaline cyanide leach solution. This is generally followed by adsorption of the gold cyanide complex onto activated carbon-in-pulp (CIP).

Refractory ores undergo pre-treatment to make them more amenable to cyanide leaching. This commonly takes the form of separating the gold bearing sulfide materials from the barren gangue material by using flotation to produce a high-grade sulfide concentrate. The sulfide concentrate is then oxidised by either roasting as at AngloGold Ashanti Brasil Mineração or bacterial oxidation (BIOX) as at Obuasi. This oxidation destroys the sulfide matrix and exposes the gold particles thereby making them amenable to recovery by the cyanidation process.

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

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

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

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

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

6.

Refining

The doré bars are transported to a precious metal refinery for further processing. In this process gold is upgraded to a purity of 99.5 percent or greater for sale to a range of final users. High purity gold is referred to as “good delivery” which

means that it meets the quality standards set by the London Bullion Markets Association and gives the final buyer assurance that the bar contains the quantity and purity of gold as stamped on the bar.

MINE SITE REHABILITATION AND CLOSURE

As mining is a finite operation, a mining enterprise must develop acceptable plans to be adopted when the mineralized material is exhausted. For AngloGold Ashanti, an integral aspect of operating its mines is ongoing mine closure planning, together with the associated estimates of liability costs and the assurance of adequate financial provisions to cover these costs.

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

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

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

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

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

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

While actual closure costs may only be fully determined at the time of closure, as at December 31, 2008 the total estimated liability, on an undiscounted basis, amounted to \$1,049 million (2007: \$1,188 million). The decrease was largely owing to exchange rate fluctuations.

An assessment of closure liabilities is undertaken on an annual basis.

THE REGULATORY ENVIRONMENT ENABLING ANGLOGOLD ASHANTI TO MINE

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

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

ARGENTINA

According to Argentinean mining legislation, mines are the private property of the nation or a province, depending on where they are located. Individuals are empowered to explore for and to exploit and dispose of mines as owners by means of a legal license granted by a competent authority under the provisions of the Argentine Mining Code. The legal licenses granted for the exploitation of mines are valid for an undetermined period, provided that the mining title holder complies with the obligations settled in the Argentine Mining Code. In Argentina, the usual ways of transferring a right over a mining license are: to sell the license; to lease such a license; or to assign the right under such a license by a beneficial interest or Usufruct Agreement. In the case of Cerro Vanguardia – AngloGold Ashanti's operation in Argentina – the mining title holder is its partner, Fomicruz, and in terms of the Usufruct Agreement signed between them and Cerro Vanguardia SA on December 27, 1996, the latter has the irrevocable right to the exploitation of the deposit for a period of 40 years. This agreement expires on December 27, 2036.

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AUSTRALIA

In Australia, with few exceptions, all onshore mineral rights are reserved by the government of the relevant state or territory.

Exploration for and mining of minerals is regulated by general mining legislation and controlled by the mining ministry of each respective state or territory.

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

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

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

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

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

BRAZIL

In Brazil, there are two basic mining rights:

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

In general, exploration licenses are granted on a first-come, first-served basis. Mining concessions are granted to the holders

of exploration licenses that manage to prove the existence of a Mineral Resource and have been licensed by the environmental competent authority.

Mine manifests (mining titles granted in 1936) and mining concessions (mining titles presently granted through an order signed

by the Secretary of Mines of the Ministry of Mines and Energy) are valid for an undetermined period until depletion of reserves,

provided that the mining title holder complies with current Brazilian mining and environmental legislation, as well as with those

requirements set out by the National Department of Mineral Production (DNPM) which acts as the inspecting entity for mining

activities. Obligations of the titleholder include:

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

The difference between a mine manifest and a mining concession lies in the legal nature of these two mining titles, since it is

much more difficult and complicated for the public administration to withdraw a mine manifest than a mining concession

although, in practice, it is possible for a manifest to be cancelled or to become extinct if the abandonment of the mining

operation is formally proven. All of AngloGold Ashanti's operations in Brazil have indefinite mining licenses.

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COLOMBIA

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

The process starts with a proposal, the presentation of which gives a right of preference, if the area is free, to obtain the area.

The maximum extent of an area covered by such a proposal is 10,000 hectares. Once a proposal has been received, the relevant government agency undertakes an investigation to determine whether another proposal has been received regarding

the area concerned or whether an existing contract for the area is already in place. The government agency grants a “free zone” when the proposal made has a right of preference.

The concession contract

The government agency grants an exclusive concession contract for exploration and exploitation. Such a concession allows

the concessionaire to conduct the studies, works and installations necessary for establishing the existence of minerals and

their exploitation. The total term of such a concession is 30 years. This period can be renewed for another 30 years.

The period

allowed for exploration is three years, with a potential extension of two years. The period for construction and development is

two years with an option to extend by one year.

Once the concessionaire has completed its exploration program, a proposed plan of works and installations of exploitation and

a study of the environmental impact must be completed in order to receive an environmental license, without which it is not

possible to start the development program necessary to begin mining. The terms of the concession start from the date of

registration of the contract at the National Mining Register; similarly, all obligations begin at that date. Once a mining concession has been awarded, the operating entity must take out an insurance policy to cover any possible environmental

damage and its mining obligations.

Economic and tax aspects

Surface fee

During exploration: For areas not exceeding 2,000 hectares, approximately \$1 per hectare. For areas between 2,000 and

5,000 hectares, approximately \$2 per hectare. For areas between 5,000 and 10,000 hectares, approximately \$3 per hectare.

Royalty

The royalty paid to the Colombian government is calculated at 4 percent on production yield, valued at 80 percent of the

average international per ounce price of the previous month as determined from the afternoon fixing price on the London Bullion Market.

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

GHANA

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

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

Control of mining companies

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

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

Prior to the business combination between AngloGold and Ashanti in April 2004, AngloGold and the government of Ghana

agreed the terms of a stability agreement to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti would operate in Ghana following the implementation of the business combination. The stability agreement

necessitated the amendment of the Obuasi Mining Lease which has been ratified by Parliament.

Under the stability agreement, the government of Ghana agreed:

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

Further, the Government of Ghana agreed that AngloGold Ashanti's Ghanaian operations will not be adversely affected by any

new enactments or orders, or by changes to the level of payments of any customs or other duties relating to mining operations,

taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance for a period

of 15 years after the completion of the business combination.

Retention of foreign earnings

AngloGold Ashanti's operations in Ghana are permitted to retain 80 percent of their foreign exchange earnings in such an

account. In addition, the company has permission from the Bank of Ghana to retain and use, outside of Ghana, dollars required

to meet payments to the company's hedge counterparts which cannot be met from the cash resources of its treasury company.

Localization policy

A detailed program must be submitted for the recruitment and training of Ghanaians with a view to achieving 'localization',

which is the replacement of expatriate personnel by Ghanaian personnel. In addition, the holder must give preference

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

Mining properties

Obuasi

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

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Iduapriem and Teberebie

Iduapriem has title to a 33 square kilometer mining lease granted on April 19, 1989, for a period of 30 years. The terms and conditions of the lease are consistent with similar leases granted in respect of the Obuasi mining lease. Teberebie has two leases, one granted in February 1998 for a term of 30 years, and another granted in June 1992 for a term of 26 years. The terms and conditions of these leases are consistent with similar leases granted in respect of the Obuasi mining lease.

GUINEA

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

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

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

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

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

Key elements of the Convention de Base are that:

- the government of Guinea holds a 15 percent free-carried or non-contributory interest; a royalty of 3 percent based on a spot gold price of less than \$475 per ounce, and 5 percent based on a spot gold price above \$475 per ounce, as fixed on the London Gold Bullion Market, is payable on the value of gold exported; a local development tax of 0.4 percent is payable on gross sales revenue; salaries of expatriate employees are subject to a 10 percent income tax; mining goods imported into Guinea are exempt from all import taxes and duties for the first two years of commercial production; and

- SAG is committed to adopt and progressively implement a plan for the effective rehabilitation of the mining areas disturbed or affected by operations.

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

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

MALI

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

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

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

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

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

Applications for prospecting authorizations and research permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed works and cost program, a map defining the area which is being requested and the geographical co-ordinates thereof, the exact details relating to the identity of the applicant and evidence of the authority of the signatory of the application. Such titles are granted by Ministerial Order. Any refusal to grant such titles shall be

notified by
letter from the Minister in charge of Mines to the applicant.

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

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

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

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

NAMIBIA

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

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SOUTH AFRICA

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

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

The objectives of the Mining Charter are to:

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

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

AngloGold Ashanti currently holds ten mining rights in South Africa, seven of which have been successfully converted,

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

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

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

TANZANIA

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

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

- prospecting licenses;
- retention licenses; and
- mining licenses.

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

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

A retention license is valid for a period of five years and is thereafter renewable for a single period of five years. A mineral right may be freely assigned by the holder thereof to another person or entity by notifying the Commissioner for Minerals, except for a mining license, which must have the approval of the Ministry to be assigned.

However, this approval requirement for the assignment of a mining license will not apply if the mining license is assigned to an affiliate company of the holder or to a financial institution or bank as security for any loan or guarantee in respect of mining operations.

A holder of a mineral right may enter into a development agreement with the Ministry to guarantee the fiscal stability of a long-term mining project and make special provision for the payment of royalties, taxes, fees and other fiscal imposts.

AngloGold Ashanti has complied with all applicable requirements and the relevant licenses have been issued for 25 years and expire in 2024.

UNITED STATES OF AMERICA

Mineral rights, as well as surface rights, in the United States are owned by private parties, state governments and the federal government. Most land prospective for precious metals exploration, development and mining is owned by the federal government and is obtained through a system of self-initiated mining claim location pursuant to the General Mining Law of 1872, as amended. Individual states typically follow a lease system for state-owned minerals. Private parties have the right to sell, lease or enter into other agreements, such as joint ventures, with respect to minerals that they own or control. All mining activities, regardless of whether they are situated on privately- or publicly-owned lands, are regulated by a myriad of federal, state and local laws, regulations, rules and ordinances that address various matters including environmental protection, mitigation and rehabilitation.

Authorizations and permits setting forth the activities and restrictions pertaining thereto are issued by the responsible governmental agencies for all phases of mining activities.

The Cripple Creek & Victor Gold mine consists almost entirely of owned, patented mining claims from public lands, with a small percentage of private and state lands being leased. The total area of control is approximately 7,100 acres. Patented claims vest ownership in the holder, including the right to mine for an indefinite tenure. All life-of-mine reserves are within these property controls. The mining and rehabilitation permits issued by the State of Colorado are life-of-mine permits.

OPERATING PERFORMANCE

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

AngloGold Ashanti has 21 operations in 10 countries around the world. While these operations are managed on a regional basis, they are reported on country-by-country basis.

The operations and geographical areas in which AngloGold Ashanti currently operates are shown below.

REVIEW OF OPERATIONS

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

Safety

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

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

Operational review

Total capital expenditure amounted to \$1,239 million (including São Bento) (2007: \$1,059 million).

Total project capital included above was just over \$650 million, of which \$419 million was at Boddington. The other main areas of project spend were the Mponeng VCR project (\$45 million), Iduapriem \$43 million (mainly the plant expansion), AngloGold Ashanti Brasil Mineração (\$24 million), TauTona \$21 million (mainly the below 120 level project) and Serra Grande \$20 million (the main project being the plant expansion).

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OPERATIONS AT A GLANCE for the year ended December 31, 2008Attributable tonnes
treated/milled (Mt)Average grade
recovered (g/t)Attributable gold
production (000oz)Total cash costs
(\$/oz)

2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
------	------	------	------	------	------	------	------	------	------	------	------

SOUTH AFRICA

2,099 2,328 2,554

Vaal River

Great Noligwa

1.4

2.0

2.4

7.33 7.54 8.08 330 483 615 458 404 260

Kopanang

1.6

1.8

2.0

6.82 7.24 7.01 362 418 446 348 306 291

Moab Khotsong

0.6

0.3

0.2

9.31

7.94

6.35 192 67 44 375 672 659

Tau Lekoa

1.2

1.4

1.5

3.58 3.62 3.76 143 165 176 524 473 438

Surface operations

7.9

8.0

7.2 0.36 0.49 0.49 92 125 113 446 304 283

West Wits

Mponeng

1.9 1.9 1.9

10.02

9.50

9.93 600 587 596 248 264 238

Savuka

0.3 0.3 0.4

6.28

6.69

7.68 66 73 89 424 397 337

TauTona						
(1)						
1.6						
1.8						
2.0						
8.66						
9.67						
10.18	314	409	474	373	318	270
ARGENTINA						
Cerro Vanguardia						
(92.5 percent)						
0.9	0.9	0.9				
5.44						
6.88						
7.29	154	204	215	617	260	223
AUSTRALIA						
Sunrise Dam						
(2)						
3.8						
3.8						
4.0						
3.46						
4.86						
3.39	433	600	465	559	262	333
BRAZIL						
407	408	339				
Brasil Mineração						
(1)						
1.4						
1.4						
1.1						
7.62						
7.48						
7.60	320	317	242	322	246	207
Serra Grande						
(50 percent)						
(1)						
0.4	0.4	0.4				
7.58						
7.21						
7.51	87	91	97	299	264	196
GHANA						
557	527	592				
Bibiani						
(4)						
-	-					
2.1	-	-				
0.55	-	-	37	-	-	
432						
Iduapriem						
(2)(3)						

3.5									
2.8									
3.0									
1.76									
1.85									
1.74	200	167	167	625	497	413			
Obuasi									
(1)									
5.6	6.0	6.2							
4.37									
4.43									
4.39	357	360	387	636	464	397			
GUINEA									
Siguiri (85 percent)									
(2)									
8.6									
8.3									
7.0									
1.20									
1.05									
1.08	333	280	256	468	471	398			
MALI									
409	441	537							
Morila (40 percent)									
1.7									
1.7									
1.7									
3.08	3.36	3.88	170	180	207	424	333	266	
Sadiola (38 percent)									
1.6									
1.6									
1.8	3.42	2.76	3.22	172	140	190	401	414	268
Yatela (40 percent)									
(5)									
1.1									
1.2									
1.3									
2.66									
3.46									
4.12	66	120	141	621	300	241			
NAMIBIA									
Navachab									
1.5									
1.6									
1.5									
1.43									
1.56									
1.81	68	80	86	559	475	349			
TANZANIA									
Geita									
4.3									

5.1

5.7

1.92

2.01 1.68 264 327 308 814 627 630

UNITED STATES OF AMERICA

Cripple Creek & Victor

(5)

22.1 20.9 21.8 0.49 0.53 0.54 258 282 283 310 269 248

ANGLOGOLD ASHANTI

4,982 5,477 5,635 465 367 321

(1) *The yield of TauTona, Brasil Mineração, Serra Grande and Obuasi represents underground operations.*

(2) *The yield of Sunrise Dam, Iduapriem and Siguiri represents open-pit operations.*

(3) *The minority shareholdings of the International Finance Corporation (10 percent) and Government of Ghana (5 percent) were*

acquired effective September 1, 2007, and Iduapriem is now wholly-owned by AngloGold Ashanti.

(4) *The yield of Bibiani represents surface and dump reclamation in 2006. Bibiani was sold effective December 28, 2006.*

(5) *The yield of Yatela and Cripple Creek & Victor Joint Venture reflects recoverable gold placed/tonnes placed. The remaining*

33 percent interest in Cripple Creek & Victor was acquired effective July 1, 2008.

SOUTH AFRICA

Location: AngloGold Ashanti's South Africa region includes seven underground operations located in two geographic areas on the Witwatersrand Basin. These are:

- the **Vaal River area**, near Klerksdorp and Orkney, in the North West Province and Free State, where the Great Nologwa, Kopanang, Tau Lekoa and Moab Khotsong mines are located; and
- the **West Wits area**, near Carletonville, straddling the North West Province and Gauteng, where the Mponeng, TauTona and Savuka mines are located.

Geology: The Witwatersrand Basin comprises a six-kilometer thick sequence of interbedded argillaceous and arenaceous sediments that extend laterally for some 300 kilometers north-east/south-west and 100 kilometers north-west/south-east on the Kaapvaal Craton. The upper portion of the basin, which contains the orebodies, crops out at its northern extent near Johannesburg. Further west, south and east the basin is overlain by up to four kilometers of Archaean, Proterozoic and Mesozoic volcanic and sedimentary rocks. The Witwatersrand Basin is late Archaean in age and is considered to be in the

order of 2.7 to 2.8 billion years old.

Gold occurs in laterally extensive quartz pebble conglomerate horizons or reefs, generally less than two meters thick, and are widely considered to represent laterally extensive braided fluvial deposits. Separate fan systems were developed at different entry points and these are preserved as distinct goldfields. There is still much debate about the origin of the gold mineralization in the Witwatersrand Basin. Gold was generally considered to have been deposited syngenetically with the conglomerates, but increasingly an epigenetic origin theory is being supported. Nonetheless, the most fundamental control to the gold distribution in the Basin remains the sedimentary features, such as facies variations and channel directions. Gold generally occurs in native form often associated with pyrite and carbon, with quartz being the main gangue mineral.

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

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

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

Operating review

Gold production from the South African operations totaled 65,283 kilograms (2,099,000 ounces) in 2008, down 10 percent from the 72,429 kilograms (2,328,000 ounces) produced in 2007. The cause of this decline was mainly as a result of lower grades, the Eskom power outages early in the year and several safety-related stoppages during the course of the year.

Total cash costs at most of the South African operations increased from 2007, driven largely by lower production, annual wage increases and higher power tariffs.

Total uranium production for the year was 4 percent higher than the prior year at 1.3 million pounds, despite the power-related production stoppages earlier in 2008.

Capital expenditure in South Africa totaled \$347 million (2007: \$411 million).

- **West Wits operations**

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

Together, the West Wits operations collectively produced 30,498 kilograms (980,000 ounces) of gold, equivalent to 20 percent of group production compared with 33,258 kilograms (1,069,000 ounces) of gold produced in 2007.

Mponeng

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

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

Geology: Two reef horizons are exploited at the West Wits operations, the Ventersdorp Contact Reef (VCR) located at the top of the Central Rand Group and the Carbon Leader Reef (CLR) near the base. The separation between the two reefs increases from east to west from 400 to 900 meters, owing to unconformity in the VCR. TauTona and Savuka exploit both reefs whereas Mponeng only mines the VCR. The structure is relatively simple; faults of greater than 70 meters are rare. The CLR consists of one or more conglomerate units and varies from several centimeters to more than three meters in thickness. Regionally, the VCR dips at approximately 21 degrees but may vary between 5 and 50 degrees, accompanied by changes in thickness of the

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conglomerate units. Where the conglomerate has the attitude of the regional dip, it tends to be thick, well-developed and accompanied by higher gold accumulations. Where the attitude departs significantly from the regional dip, the reef is thin, varying from several centimeters to more than three meters in thickness.

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

Operating review: Production rose 2 percent to 18,672 kilograms (600,000 ounces) in 2008 (2007: 18,260 kilograms – 587,000 ounces) and the area mined increased marginally, largely owing to an increase in face length. Total cash costs were 6 percent lower in dollar terms at \$248 per ounce compared with cash costs of \$264 per ounce in 2007, a consequence of a weakening local currency.

Capital expenditure for the year totaled R707 million (\$86 million) (2007: R604 million; \$86 million).

Growth prospects: There are currently two growth projects under way at Mponeng.

VCR below 120 project: The project scope is to develop four declines from 120 level to the 126/127 levels to access the Ventersdorp Contact Reef. It includes the installation of the supporting infrastructure (refrigeration, backfill, equipping of the decline, etc) required to service a planned 10,000 square meters per month production plan. Development is ahead of schedule and in line with budget, and in January 2009, became the deepest mine in the world. The project is anticipated to recover 2.7 million ounces of gold at a cost of R2.03 billion (\$0.2 billion). Construction began in 2007 with on reef development and the start of production scheduled for 2013 and full production due in 2015.

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

Savuka

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

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

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

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

Operating review: Production was down to 2,057 kilograms (66,000 ounces) in 2008 from 2,284 kilograms (73,000 ounces) in 2007. Volumes mined were 11 percent down on 2007 with tonnes milled down 4 percent. The effects on production of safety and power-related stoppages countered the positive effect of improved drilling, blasting and mining mix towards year-end.

Increases in total cash costs which rose by 7 percent in 2008 to \$424 per ounce from \$397 per ounce in 2007, were mainly due to increases in major input costs of labor, power and consumables.

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

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TauTona

Description: TauTona lies on the West Wits Line, just south of Carletonville in North West Province and about 70 kilometers south-west of Johannesburg. Mining at TauTona takes place at depths ranging from 2,000 meters to 3,640 meters. The mine has a three-shaft system and is in the process of converting from longwall mining to scattered grid mining.

The mine consists of a main shaft system supported by secondary and tertiary shafts. TauTona shares a processing plant with Savuka. The plant uses conventional milling to crush the ore and a carbon-in-pulp plant to treat the ore further. Once the carbon has been added to the ore, it is transported to the gold plant at Mponeng for electro-winning, smelting and the final recovery of the gold.

Safety: Safety improved overall and the LTIFR for the year was 13.46 per million hours worked (2007: 18.14) and there were four fatalities (2007: five), the major causes of which were seismicity-related rockfalls.

Operating review: Gold production declined by 23 percent to 9,769 kilograms (314,000 ounces) (2007: 12,714 kilograms; 409,000 ounces). There was a greater-than-scheduled decline in the volume of ore mined, a result of continued seismic activity in the vicinity of the CLR shaft pillar, which is being mined, and at several high-grade production panels, where production was temporarily halted during the course of the year. These seismic activities affected both face length and face advance. The increased geological risk from this seismic activity necessitated replanning regarding mine layout and mining methods. The power crisis at the beginning of the year also had negative consequences for production.

The decline in production, together with increased input and labor costs, the escalating cost of power and work stoppages contributed to a 17 percent increase in total cash costs to \$373 per ounce compared with cash costs in 2007 of \$318 per ounce.

Capital expenditure during 2008 amounted to R491 million (\$60 million) ; (2007: \$71 million).

Growth prospects: The three growth projects at TauTona are:

CLR below 120 level project is accessed via a twin-decline system down to 128 level. Production was scheduled to begin in 2009. Current estimations are that the project will produce 2.5 million ounces of gold. The project scope has been revised and limited to the development of a rock decline to 123 level. A study will be done to investigate whether the project should be resumed after a year's delay, and whether it should be operated with an owner mine team or together with a contractor. The

project has total budgeted capital expenditure of R1.2 billion (\$146 million) of which R620 million (\$76 million) has been spent to date.

CLR shaft pillar extraction project enables stoping operations to be conducted up to a recently revised infrastructural zone of influence. Production from this project, which began in 2004 and will continue until 2009, is estimated to total more than 415,000 ounces at an average cash cost of \$102 per ounce (nominal terms) during this period. Capital expenditure for this project is R281 million (\$34 million) at current exchange rates, most of which has been committed.

VCR pillar project, which accesses the VCR pillar area located outside the zone of influence, began production in 2005.

Development is scheduled to be completed in 2010. Total production is estimated at almost 218,000 ounces at a capital cost of R123 million (\$15 million), of which R118 million (\$14 million) has been spent to date.

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Operating and production data for West Wits operations

Mponeng	TauTona	Savuka
----------------	----------------	---------------

2008

Pay limit (oz/t)

0.22

0.44

0.43

Pay limit (g/t)

7.61

15.05

14.91

Recovered

grade

(oz/t)

0.292

0.253

0.183

Recovered grade (g/t)

10.02

8.66

6.28

Gold production (000 oz)

600

314

66

Total cash costs (\$/oz)

(1)

248

373

424

Total production costs (\$/oz)

(1)

327

519

515

Capital expenditure (\$ million)

86

60

11

Employees

(2)

5,482

3,849

1,179

Outside contractors

(2)

203

774

45

2007

Pay limit (oz/t)

0.23

0.40

0.40

Pay limit (g/t)		
7.83		
16.11		
13.72		
Recovered grade (oz/t)		
0.277	0.282	0.195
Recovered grade (g/t)		
9.50		
9.67		
6.69		
Gold production (000 oz)		
587		
409		
73		
Total cash costs (\$/oz)		
(1)		
264		
318		
397		
Total production costs (\$/oz)		
(1)		
356		
474		
466		
Capital expenditure (\$ million)		
86		
71		
9		
Employees		
(2)		
5,126	4,160	1,063
Outside contractors		
(2)		
435		
832		
80		
2006		
Pay limit (oz/t)		
0.23		
0.53		
0.31		
Pay limit (g/t)		
7.74		
18.25		
10.75		
Recovered grade (oz/t)		
0.290	0.297	0.224

Recovered grade (g/t)

9.93

10.18

7.68

Gold production (000 oz)

596

474

89

Total cash costs (\$/oz)

(1)

238

270

337

Total production costs (\$/oz)

(1)

374

411

359

Capital expenditure (\$ million)

48

70

2

Employees

(2)

4,760

4,164

975

Outside contractors

(2)

524

1,002

65

(1) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,*

see "Item 5A.: Operating results – Total cash costs and total production costs".

(2) *Average for the year.*

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Vaal River operations

Description: The Great Noligwa, Kopanang, Moab Khotsong and Tau Lekoa mines are situated near the towns of Klerksdorp and Orkney on the border of North West Province and the Free State. The AngloGold Ashanti Vaal River operations have among them four gold plants, one uranium plant and one sulfuric acid plant. Combined, the Vaal River operations (including surface operations) produced 34,785 kilograms (1,119,000 ounces) of gold, equivalent to 22 percent of group production compared with 2007 production of 39,171 kilograms (1,258,000 ounces).

Great Noligwa

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

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

Geology: In order of importance, the reefs mined at the Vaal River operations are the Vaal Reef, the VCR and the “C” Reef:

- The Vaal Reef contains approximately 85 percent of the reserve tonnage with mining grades between 10 and 20g/t and comprises a series of oligomictic conglomerates and quartzite packages developed on successive unconformities. Several distinct facies have been identified, each with its unique gold distribution and grade characteristic.
- The VCR has a lower grade than the Vaal Reef, and contains approximately 15 percent of the estimated reserves. The economic portion is mainly concentrated in the western part of the lease area and can take the form of a massive conglomerate, a pyritic sand unit with intermittent pebble layers or a thin conglomerate horizon. The reef is located at the contact between the overlying Kliprivierberg Lavas of the Ventersdorp SuperGroup and the underlying sediments of the Witwatersrand SuperGroup which creates a distinctive seismic reflector. The VCR is located up to one kilometer above the Vaal Reef.
- The “C” Reef is a thin, small pebble conglomerate with a carbon-rich basal contact, located approximately 270 meters

above the Vaal Reef. It has less than 1 percent of the estimated reserves with grades similar to the Vaal Reef, but more

erratic. The most significant structural features are the north-east striking normal faults which dip to the north-west and

south-east, resulting in zones of fault loss.

Vaal River – Summary of metallurgical operations

West Gold

Plant

**East Gold Acid
and Float Plant**

Noligwa Gold

Plant

Mispah Gold

Plant

Kopanang

Gold Plant

Gold plants

Capacity (000

tonnes/month)

180	309	263	140	420
-----	-----	-----	-----	-----

Uranium plants

Capacity (000

tonnes/month)

–	–	–	–	–
---	---	---	---	---

263	–	–	–	–
-----	---	---	---	---

Pyrite flotation plants

Capacity (000

tonnes/month)

–	250	145	–	–
---	-----	-----	---	---

Sulfuric acid plants

Production

(tonnes/month)

–	7,500	–	–	–
---	-------	---	---	---

–

–

–

–

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Operating and production data for Vaal River operations**Great Noligwa****Kopanang****Tau Lekoa****Moab****Khotsong**

(3)

2008

Pay limit (oz/t)

0.29 0.32 0.17 0.69

Pay limit (g/t)

10.07

11.07

5.70

23.51

Recovered grade (oz/t)

0.214

0.199

0.104

0.271

Recovered grade (g/t)

7.33

6.82

3.58

9.31

Gold production (000 oz)

330

362

143

192

Total cash costs (\$/oz)

(1)

458 348 524 375

Total production costs (\$/oz)

(1)

564 500 720 641

Capital expenditure (\$ million)

26

47

18

89

Employees

(2)

5,472

5,620

2,650

2,914

Outside contractors

(2)

271 411 384

1,823

2007

Pay limit (oz/t)

0.34 0.36 0.16 1.52

Pay limit (g/t)

11.69

12.18

5.39

52.12

Recovered grade (oz/t)

0.220

0.211

0.106

0.232

Recovered grade (g/t)

7.54

7.24

3.62

7.94

Gold production (000 oz)

483

418

165

67

Total cash costs (\$/oz)

(1)

404 306 473 672

Total production costs (\$/oz)

(1)

513 400 752

1,254

Capital expenditure (\$ million)

37

52

16

89

Employees

(2)

5,908

5,470

2,506

1,986

Outside contractors

(2)

726 465 345

1,548

2006

Pay limit (oz/t)

0.28 0.32 0.14 1.50

Pay limit (g/t)

9.57

10.92

4.85

51.44

Recovered grade (oz/t)

0.236

0.204

0.110

0.185

Recovered grade (g/t)

8.08

7.01

3.76

6.35

Gold production (000 oz)

615

446

176

44

Total cash costs (\$/oz)

(1)

260	291	438	659
-----	-----	-----	-----

Total production costs (\$/oz)

(1)

374	377	693
-----	-----	-----

1,136

Capital expenditure (\$ million)

49

41

11

83

Employees

(2)

5,883

5,360

2,514

1,539

Outside contractors

(2)

696	455	379
-----	-----	-----

1,365

(1) Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(2) Average for the year.

(3) Commercial production commenced on January 1, 2006.

Safety: Great Noligwa achieved OHSAS 18001 certification during the year and received its tenth one million fatality-free

shifts award on September 25, 2008. Safety as measured by the LTIFR deteriorated slightly. The LTIFR for the year was

14.66 per million hours worked (2007: 14.46). There was regrettably one fatality in 2008, caused by a mud-rush (2007: two),

which is a 50 percent improvement year-on-year to give an FIFR of 0.07, as compared to 0.11 in 2007.

Operating review: Production declined by 32 percent to 10,268 kilograms (330,000 ounces) in 2008 from 15,036 kilograms

(483,000 ounces) in 2007 while tonnes mined decreased by 34 percent. The fall in production was largely attributable to the

transfer of the high-grade SV4 section to Moab Khotsong from where it can be more easily accessed. Power savings initiatives

during the first quarter of the year and safety stoppages further contributed to the decline in production.

The overall unit cash cost for the year rose by 13 percent to \$458 per ounce (2007: \$404 per ounce). This increase in costs

was the result of lower production volumes and inflationary pressures on the major input costs of power, labor, support and

stores. This was offset by an increase in uranium by-product credits as a result of improved production and the cancellation of

loss-making uranium contracts.

Capital expenditure totaled R213 million (\$26 million) compared to R261 million (\$37 million) in 2007.

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

Kopanang

Description: Kopanang adjoins Great Nologwa and is located close to the town of Orkney on the Free State side of the Vaal River. The major reef mined at Kopanang is the Vaal Reef, while a secondary reef, the Crystalkop Reef, is mined on a smaller scale. Mining operations are conducted at depths ranging from 1,350 meters to 2,240 meters.

The Kopanang operation comprises a single shaft system. Given the geologically complex orebody occurring at Kopanang, a scattered mining method is used with the orebody being accessed mainly via footwall tunneling, raised on the dip of the reef and stoped on strike. Kopanang has a gold processing plant that uses both conventional semi-autogenous grinding and carbon-in-pulp technology. There are two streams of ore into the plant, one of which is fed mainly by Vaal Reef ore while the other is fed exclusively by Ventersdorp Contact Reef ore from Tau Lekoa.

Safety: The mine retained its OHSAS 18001 certification during the year. There was an improvement in safety performance during 2008 with a reported LTIFR for the year of 12.86 per million hours worked (2007: 13.10) and FIFR of 0.14 (2007: 0.22). There were two fatalities, one caused by a tramming accident and the other a fall of ground. Kopanang also received its eighth one million fatality-free shifts award on November 11, 2008. Seven one million fatality-free shifts have been achieved in the past eight years.

Operating review: Gold production in 2008 decreased to 11,244 kilograms (362,000 ounces), 14 percent less than in 2007 13,013 kilograms (418,000 ounces). Lower volumes mined (11 percent down) coupled with a 6 percent fall in grade to 6.8g/t were the major contributions to the production decline. Power outages during the first quarter coupled with related work stoppages contributed to the decline in volumes mined.

Total cash cost increased on 2007 from \$306 per ounce by 14 percent to \$348 per ounce as a result of the reduced production and increases in the prices of major input costs at rates higher than the CPI.

Growth prospects: A new waste washing plant is planned for 2009. The plant will upgrade the quality of the fines to be added to the Kopanang stream as well as that of the tonnes to be sent to the plant at Great Nologwa for uranium extraction.

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

Tau Lekoa

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

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

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

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

Operating review: Production declined as planned by 13 percent to 4,444 kilograms (143,000 ounces) in 2008 from 5,137 kilograms (165,000 ounces) in 2007. This is largely attributable to a 12 percent decline in volumes mined which were affected by the power outages during the first quarter of 2008 and by safety related stoppages throughout the year.

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Total cash costs rose 11 percent to \$524 per ounce in 2008 compared with \$473 per ounce the previous year, largely owing to reduced production and inflationary pressures on input costs.

Capital expenditure for the year totaled R146 million (\$18 million) (2007: R113 million; \$16 million).

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

Moab Khotsong

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

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

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

Operating review: Production continued to ramp-up with 5,965 kilograms (192,000 ounces) being produced in 2008 (2007: 2,081 kilograms; 67,000 ounces). Of this, 2,194 kilograms (71,000 ounces) were produced in the fourth quarter alone.

Great Nologwa's SV4 section was transferred to Moab Khotsong at the end of June 2008, contributing 2,433 kilograms (77,000 ounces) for the six-month period July to December 2008. Moab Khotsong is scheduled to reach full annual production of 13,575 kilograms (436,000 ounces) in 2011. Development of Moab Khotsong was completed by December 2007 at a total cost of R4,193 million (\$599 million at an average exchange rate of R7/\$).

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

Total cash cost reduced by 44 percent to \$375 per ounce compared to \$672 per ounce the previous year. Unit costs were positively affected by the higher level of production, which helped to offset higher labor and power costs.

Capital expenditure for the year totaled R736 million (\$89 million) (2007: R628 million; \$89 million).

Growth prospects: A study is underway on the optimal extraction of the orebody within the lower mine area of Moab

Khotsong

focusing on the main, higher-value portion. The aim is to create as continuous a mine as possible, understanding that the window of opportunity for seamless integration has largely passed.

ARGENTINA

AngloGold Ashanti has one gold mine in Argentina, Cerro Vanguardia. The company owns the right to exploit the deposit up to 2036 based on the Usufruct Agreement signed in December 1996.

Description: AngloGold Ashanti has a 92.5 percent interest in Cerro Vanguardia with Formicruz (the province of Santa Cruz) owning the remaining 7.5 percent. Located to the north-west of Puerto San Julian in the province of Santa Cruz, Cerro Vanguardia consists of multiple small open pits with high stripping ratios. The orebodies comprise a series of hydrothermal vein deposits containing gold and large quantities of silver, which is produced as a by-product.

Ore is processed at the metallurgical plant which has a capacity of 2,800 tonnes per day and includes a cyanide recovery plant. Technology at the plant is based on conventional leaching process in tanks and carbon-in-leach with a tailings dam incorporated in a closed circuit. The final recovery of gold and silver is achieved through a Merrill Crowe Method with metallic zinc.

Geology: The oldest rocks in this part of Patagonia are metamorphics of the Precambrian-Cambrian age. These are overlain by Permian and Triassic continental clastic rocks which have been faulted into a series of horsts and grabens and are associated with both limited basaltic sills and dykes and with calc-alkaline granite and granodiorite intrusions. Thick andesite flows of Lower Jurassic age occur above these sedimentary units. A large volume of rhyolitic ignimbrites was emplaced during the Middle and Upper Jurassic age over an area of approximately 100,000 square kilometers. These volcanic rocks include the Chon Aike formation ignimbrite units that host the gold bearing veins at Cerro Vanguardia. Post-mineral units include Cretaceous and Tertiary rocks of both marine and continental origin, the Quaternary La Avenida formation, the Patagonia gravel and the overlying La Angelita basalt flows. These flows do not cover the area of the Cerro Vanguardia veins.

Gold and silver mineralization at Cerro Vanguardia occurs within a vertical range of about 150 to 200 meters in a series of narrow, banded quartz veins that occupy structures within the Chon Aike ignimbrites. These veins form a typical structural pattern related to major north-south (Concepcion) and east-west (Vanguardia) shears. Two sets of veins have formed in response to this shearing - one set strikes about N40W and generally dips 65 to 90 degrees to the east; while the other set

strikes about N75W and the veins dip 60 to 80 degrees to the south.

The veins are typical of epithermal, low-temperature, adularia-sericite character and consist primarily of quartz in several forms:

as massive quartz, banded chalcedonic quartz, and quartz-cemented breccias. Dark bands in the quartz are due to finely disseminated pyrite, now oxidized to limonite. The veins show sharp contacts with the surrounding ignimbrite which hosts narrow stockwork zones that are weakly mineralized and appear to have been cut by a sequence of north-east-trending faults that have southerly movement with no appreciable lateral displacement.

Safety: Safety at Cerro Vanguardia deteriorated during the year. The LTIFR for 2008 was 3.98 per million hours worked compared to 3.34 in 2007. As in 2007, there were no fatalities. Corrective action was taken during 2008 to improve safety performance that included conducting safety awareness workshops for the managers responsible for operational safety, and for supervisors and contractors.

Operating review: Attributable gold production decreased by 25 percent to 154,000 ounces in 2008 from 204,000 ounces for 2007. This decline was mostly as a result of intermittent plant breakdowns that resulted in reduced tonnage throughput and poor grade recovery due to unexpected changes in soil composition. Management changes were implemented resulting in improved plant availability and recovered grade in the latter part of the year.

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In 2008, total cash costs rose to \$617 per ounce from \$260 per ounce in 2007, reflecting chiefly reduced volumes mined and lower grades as well as lower gold and silver production due to periodic plant breakdowns. Additional factors affecting costs were increases in the cost of mining supplies, a function of the inflationary impact of higher commodity prices and higher maintenance costs (due to an extension on the useful life of some mine equipment), as well as an increase in workforce/contractor costs and a decrease in by-product credits resulting from lower silver sales.

Capital expenditure for the year amounted to \$16 million (2007: \$20 million).

Growth prospects: The four-year brownfields exploration program entered its third year in 2008. The focus of the program is to extend the life of mine and to delineate the shallow, high-grade Mineral Resource.

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

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

Operating and production data for Cerro Vanguardia

2008	2007	2006
Pay limit (oz/t)		
0.19	0.18	0.13
Pay limit (g/t)		
6.39		
3.48		
4.56		
Recovered grade (oz/t)		
0.159		
0.201		
0.213		
Recovered grade (g/t)		
5.44		
6.88		
7.29		
Gold production (000 oz) 100 percent		

166
220
232
Gold production (000 oz) 92.50 percent
154
204
215
Total cash costs (\$/oz)
(1)
617
260
223
Total production costs (\$/oz)
(1)
747
358
372
Capital expenditure (\$ million) 100 percent
16
20
19
Capital expenditure (\$ million) 92.50 percent
15
18
18
Employees
(2)
756
708
623
Outside contractors
(2)
316
309
283

(1) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,*

see “Item 5A.: Operating results – Total cash costs and total production costs”.

(2) *Average for the year.*

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AUSTRALIA

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

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

The **Sunrise Dam** gold mine which is 100 percent owned by AngloGold Ashanti and currently the only producing AngloGold Ashanti operation in Australia.

The **Boddington** project, a joint venture between AngloGold Ashanti (33.33 percent) and Newmont Mining Corporation (66.67 percent).

The **Tropicana** project, a joint venture between AngloGold Ashanti (70 percent) and Independence Group NL (30 percent).

Sunrise Dam

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

Geology: Gold ore at Sunrise Dam is structurally and lithologically controlled within gently dipping high strain shear zones (for example, Sunrise Shear) and steeply dipping brittle-ductile low strain shear zones (for example, Western Shear). Host rocks include andesitic volcanic rocks, volcanogenic sediments and magnetic shales.

Safety: While no fatalities were recorded, there was a slight deterioration in the rate of lost-time injuries. The LTIFR for the year was 1.83 (2007: 2.63).

Operating review: Production decreased by 28 percent to 433,000 ounces (2007: 600,000 ounces) in line with

expectations

as mining of the high-grade ore in the base of the Mega Pit was completed. Mill feed comprised stockpiled ore and approximately 73,000 ounces of gold production was sourced from the underground mine where 2,107 meters of underground capital development and 6,661 meters of operational development were completed. A total of 41,417 meters of diamond drilling was also completed. Processing plant throughput in 2008 was 3.8 million tonnes, equal to throughput in 2007.

The conversion of the mine's diesel power station to liquefied natural gas (LNG) was delayed by an explosion at the Varanus Island gas production installation and the LNG facility will begin operation in the first quarter of 2009.

Total cash costs increased by 113 percent in US dollar terms to \$559 per ounce from \$262 per ounce in 2007. Cash costs were impacted by significantly higher input costs, specifically for fuel and labor, during the year and by lower production.

Capital expenditure for the year amounted to A\$23 million (\$19 million) (2007: A\$35 million (\$30 million)).

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Growth prospects: The main open pit (the Mega Pit), with a final depth of 440 meters was completed during 2008. A cutback

of the north wall of the open pit is underway and is scheduled for completion in mid-2010. Ore from the cutback will be blended

with stockpiled ore and ore from the underground mine.

Successful exploration and advances in geological understanding have resulted in further growth in underground reserves

which increased to 1.01 million ounces (after depletion). Total reserves (after depletion) at the mine at year-end were 1.9 million ounces.

Operating and production data for Sunrise Dam

2008	2007	2006
Pay limit (oz/t)		
0.09	0.06	0.05
Pay limit (g/t)		
2.79		
1.76		
1.64		
Recovered grade (oz/t)		
(2)		
0.101		
0.142		
0.099		
Recovered grade (g/t)		
(2)		
3.46		
4.86		
3.39		
Gold production (000 oz)		
433		
600		
465		
Total cash costs (\$/oz)		
(1)		
559		
262		
333		
Total production costs (\$/oz)		
(1)		
665		
345		
406		
Capital expenditure (\$ million)		
19		
30		
24		
Employees		
(3)		
77		

102
99
Outside contractors
(3)
333
255
283

(1) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP*

measures, see “Item 5A.: Operating results – Total cash costs and total production costs”.

(2) *Open-pit operations.*

(3) *Average for the year.*

Boddington (attributable 33.33 percent)

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

Geology: Boddington is located in the Saddleback Greenstone Belt, a northwest-trending fault-bounded silver of greenstones about 50 kilometers long and eight kilometers wide within the Archaean Yilgarn Craton. The Boddington resource is located within a six kilometer strike length and consists of felsic to intermediate volcanics and related intrusives. The resource is subdivided into Wandoo South and Wandoo North. Wandoo South is centered on a composite diorite stock with five recognizable intrusions. Wandoo North is dominated by diorites with lesser fragmental volcanic rocks.

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

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Operating and production data for Boddington

2008	2007	2006
Pay limit (oz/t)	—	—
Pay limit (g/t)	—	—
Recovered grade (oz/t)	—	—
Recovered grade (g/t)	—	—
Gold production (000 oz) 100 percent	—	—
Gold production (000 oz) 33.33 percent	—	—
Total cash costs (\$/oz)	(1)	—
Total production costs (\$/oz)	(1)	—
Capital expenditure (\$ million) 100 percent	1,257	747
Capital expenditure (\$ million) 33.33 percent	180	419
Employees	249	60
Outside contractors	(2)	12
	696	

387

85

(1) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,*

see “Item 5A.: Operating results – Total cash costs and total production costs”.

(2) *Average for the year.*

Tropicana

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

Geology: The Tropicana deposit comprises two known mineralized zones, the Tropicana zone to the north and Havana zone to the south. Together the known mineralized zones define a system that extends over a 4 kilometer strike length. The lenses have been tested to a vertical depth of 350 meters to 400 meters, and are open down dip. The Tropicana and Havana zones are grossly “stratiform” within the preferred gneissic host sequence. Havana zone consists of multiple stacked lenses, whereas Tropicana comprises one main mineralized lens.

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

The emphasis of drilling at the Tropicana Gold Project has been to increase the confidence of the resource estimate, which has increased by almost 1 million ounces.

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

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

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BRAZIL

The two AngloGold Ashanti assets in Brazil are AngloGold Ashanti Brasil Mineração and Serra Grande. In 2008, these operations together produced an attributable 407,000 ounces of gold, equivalent to 8 percent of group production. (2007: an attributable 408,000 ounces of gold, equivalent to 7 percent of group production).

AngloGold Ashanti Brasil Mineração

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

Geology: The area in which Brasil Mineração is located is known as the Iron Quadrangle and is host to historic and current gold mining operations, as well as a number of open-pit limestone and iron ore operations. The geology of the Iron Quadrangle is composed of Proterozoic and Archaean volcano-sedimentary sequences and Pre-Cambrian granitic complexes. The host to the gold mineralization is the volcano-sedimentary Nova Lima Group (NLG) that occurs at the base of the Rio das Velhas SuperGroup (RDVS). The upper sequence of the RDVS is the meta-sedimentary Maquiné Group. Cuiabá mine, located at Sabara Municipality, has gold mineralization associated with sulfides and quartz veins in Banded Ironstone Formation (BIF) and volcanic sequences. At this mine, structural control and fluids flow ascension are the most important factors for gold mineralization with a common association between large-scale shear zones and their associated structures. Where BIF is mineralized the ore appears strongly stratiform due to the selective sulfidation of the iron rich layers. Steeply plunging shear zones tend to control the ore shoots, which commonly plunge parallel to intersections between the shears and other structures.

The controlling mineralization structures are the apparent intersection of thrust faults with tight isoclinal folds in a ductile environment. The host rocks at Brasil Mineração are BIF, Lapa Seca and mafic volcanics (principally basaltic). Mineralization is due to the interaction of low salinity carbon dioxide rich fluids with the high-iron BIF, basalts and carbonaceous graphitic schists. Sulfide mineralization consists of pyrrhotite and pyrite with subordinate pyrite and chalcopyrite; the latter tends to occur

as a late-stage fracture fill and is not associated with gold mineralization. Wallrock alteration is typically carbonate, potassic and silicic.

Brazil – Summary of metallurgical operations

AngloGold Ashanti

Mineração

Serra Grande

Cuiabá

Raposos

Gold plants

Capacity (000 tonnes/month)

135

26

66

Current throughput

112

Shut down

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

Operating review: Gold production for 2008, supported mainly by the Cuiabá mine, where the expansion project has been completed, and the Córrego do Sítio mine, was almost unchanged in line with expectations at 320,000 ounces (2007: 317,000 ounces).

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From an operating perspective, the development rate at Cuiabá improved as planned with a focus on greater mine flexibility.

Strategic action was taken to enhance long-term performance at Cuiabá and extend its life of mine. This included increasing the backfill rate to the mine, re-structuring the maintenance program and reviewing maintenance contracts, as well as implementing a management strategy focusing on cost optimization in 2009. Also introduced were new preventive controls and the monitoring of geotechnical conditions and the stability of the hanging-wall in particular. All of these actions are aimed at consolidating a sustainable long-term rate of production.

Total cash costs rose by 31 percent from \$246 per ounce in 2007 to \$322 per ounce in 2008. Higher costs were largely a result of the appreciation of the local Brazilian currency (the real) against the US dollar and higher inflation on materials, services and maintenance costs, partially offset by the better price received for sulfuric acid by-product.

Capital expenditure for the year totaled \$69 million, significantly lower than the \$117 million spent in 2007 given the completion of the Cuiabá Expansion Project.

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

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

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

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

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

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Operating and production data for Brasil Mineração

2008	2007	2006
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Pay limit (oz/t)

0.15	0.13	0.09
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Pay limit (g/t)

5.16

3.50

3.10

Recovered grade (oz/t)

(1)

0.222

0.218

0.222

Recovered grade (g/t)

(1)

7.62

7.48

7.60

Gold production (000 oz)

320

317

242

Total cash costs (\$/oz)

(2)

322

246

207

Total production costs (\$/oz)

(2)

450

360

301

Capital expenditure (\$ million)

69

117

168

Employees

(3)

1,954

1,814

1,546

Outside contractors

(3)

1,033

1,620

2,065

(1) Recovered grade represents underground operations.

(2) Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(3) *Average for the year.*

Serra Grande (attributable 50 percent)

Description: Serra Grande is located in central Brazil, in the state of Goiás, five kilometers from the city of Crixás.

AngloGold

Ashanti and the Kinross Gold Corporation are joint partners in this operation. In terms of the shareholders' agreement, AngloGold Ashanti manages the operation and has the right to access a maximum of 50 percent of the earnings accrued and dividends paid by Serra Grande.

Serra Grande comprises two underground mines, Mina III and Mina Nova, an open pit at Mina III, and a new mine named

Palmeiras where the main ramp development began in May 2008 and production is anticipated during 2009. Annual capacity of

the processing circuit, which has grinding, leaching, filtration, precipitation and smelting facilities, is being expanded from about

818,000 tonnes annually to 1.150 million tonnes annually. This expansion is expected to be completed by mid-2009.

Geology: The deposits occur in the Rio Vermelho and Ribeirão das Antas Formations of the Archaean Pilar de Goia's Group

which together account for a large proportion of the Crixás Greenstone Belt in central Brazil.

The stratigraphy of the belt is dominated by basics and ultrabasics in the lower sequences with volcano sedimentary units

forming the upper successions.

The gold deposits are hosted in a sequence of schists, volcanics and carbonates occurring in a typical greenstone belt structural setting. The host rocks are of the Pilar de Goiás Group of the Upper Archaean. Gold mineralization is associated

with massive sulfides and vein quartz material associated with graphitic and sericitic schists and dolomites. The ore shoots

plunge to the north-west with dips of between 6 and 35 degrees. The stratigraphy is overturned and thrusts towards the east.

The greenstone belt lithologies are surrounded by Archaean tonalitic gneiss and granodiorite. The metamorphosed sediments

are primarily composed of quartz, chlorite, sericite, graphitic and garnetiferous schists. The carbonates have been metamorphosed to ferroan dolomite marble with development of siderite and ankerite veining in the surrounding wallrock,

usually associated with quartz veining. The basalts are relatively unaltered but do show pronounced stretching with elongation

of pillow structures evident.

The Crixás greenstone belt comprises a series of Archaean to Palaeoproterozoic metavolcanics, metasediments and basement granitoids stacked within a series of north to north-east transported thrust sheet. Thrusting (D1) was accompanied

by significant F1 folding/foliation development and progressive alteration in a brittle-ductile regime. D1 thrusting developed with

irregular thrust ramp geometry, in part controlled by concealed early basin faults. The main Crixás orebodies are

adjacent to a major north-north-west structural corridor, and up the main fault ramp/corner, to become dispersed to the east and north in zones of foreland thrust flats. Fluid alteration also diminished to the west away from the main fault corner. A series of concealed east-west to north-west-south-east basement block faults may have provided secondary fluid migration, and development of early anti-formal warps in the thrust sheets; these structures probably define the quasi-regular spacing of significant mineralization within the belt. The D1 thrust stack was gently folded by non-cylindrical folds. Gold mineralizing fluids

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probably migrated during this event, with similar south-south-west to north-north-east migration, and focusing on bedding slip

during folding. Gold mineralization became minor and dispersed to the north and east along the formal thrust flat zone.

Concentrations of gold along the case of quartz vein may be due to the damming of fluids migrating upward along layering.

Safety: There was an improvement in safety regarding lost-time injuries during the course of the year with an LTIFR of

1.72 per million hours worked compared with 2.47 in 2007. Unfortunately, there was one fatality in the first quarter of the year

(2007: one), a result of an incident involving a truck, which gives a FIFR of 0.43 per million.

Operating review: Attributable production of 87,000 ounces in 2008 represents a decrease of 5 percent from the 91,000 ounces produced in 2007. This was chiefly due to the lower tonnage of ore treated at the underground operation.

Palmeiras Mine has a resource of 207,000 ounces and is expected to start operating in 2009 with average annual production of

16,000 ounces from 2010.

Total cash costs increased by 13 percent to \$299 per ounce (2007: \$264 per ounce), again largely due to reduced production,

the appreciation of the Brazilian real and inflation, which affected the cost of power, labor, fuel and maintenance services.

Capital expenditure amounted to \$41 million, (attributable: \$20 million) from \$24 million spent in 2007 (attributable : \$12 million).

Growth prospects: An aggressive brownfields exploration campaign at Serra Grande aims to increase reserves and resources in and around Mina III and Mina Nova. In 2008, there was an increase in resources and reserves at Serra Grande

with the discovery last year of the Pequizão orebody that is located between Mina Nova and Mina III. In 2008, exploration

activities focused on evaluating the Pequizão strike and down-plunge extension as well as on investigating the continuity of

Palmeiras, Orebody V and Mina Nova.

Operating and production data for Serra Grande

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

7.51

Gold production (000 oz) 100 percent

174

182

194

Gold production (000 oz) 50 percent

87

91

97

Total cash costs (\$/oz)

(1)

299 264 196

Total production costs (\$/oz)

(1)

402 374 278

Capital expenditure (\$ million) 100 percent

41

24

17

Capital expenditure (\$ million) 50 percent

20

12

8

Employees

(2)

725 654 609

Outside contractors

(2)

383 264 208

(1) Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(2) Average for the year.

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GHANA

The two AngloGold Ashanti operations in Ghana, Obuasi and Iduapriem, had combined total attributable production of 557,000 ounces, equivalent to approximately 11 percent of group production, for the 2008, compared with an attributable production of 527,000 ounces, equivalent to approximately 10 percent of group production in 2007.

Obuasi

Description: Obuasi, which is wholly-owned by AngloGold Ashanti, is located in the Ashanti region of southern

Ghana, approximately 80 kilometers from Kumasi. It is primarily an underground mine operating at depths of 1,500 meters, although some surface mining does occur. Three treatment plants process the ore: a sulfide plant treats the ore from underground, a tailings plant undertakes tailings reclamation and an oxide plant is used to batch treat remnant open-pit ore and stockpiles.

Geology: The gold deposits at Obuasi are part of a prominent gold belt of Proterozoic (Birimian) volcano-sedimentary and igneous formations which extend for a distance of approximately 300 kilometers in a north-east/south-west trend in south-western Ghana. Obuasi mineralization is shear-zone related and there are three main structural trends hosting gold mineralization: the Obuasi trend, the Gyabunsu trend and the Binsere trend.

Two main ore types are mined:

- quartz veins which consist mainly of quartz with free gold in association with lesser amounts of various metal sulfides such as iron, zinc, lead and copper. The gold particles are generally fine-grained and occasionally are visible to the naked eye.
This ore type is generally non-refractory; and
- sulfide ore which is characterized by the inclusion of gold in the crystal structure of a sulfide material. The gold in these ores is fine-grained and often locked in arsenopyrite. Higher gold grades tend to be associated with finer grained arsenopyrite crystals. Other prominent minerals include quartz, chlorite and sericite. Sulfide ore is generally refractory.

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Ghana – Summary of metallurgical operations**Obuasi****Bibiani****Iduapriem****Sulfide****Treatment****Plant****Tailings****Treatment****Plant****Oxide****Treatment****Plant****Gold plants**

Capacity

(000 tonnes/month)

200	200	150	225	375
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Safety: Regrettably there were two fatalities during the year (2007: four), one caused by an accident involving a fall of ground and one by an accident involving machinery. The LTIFR for the year improved to 2.10 per million hours worked, from 2.72 in 2007. The FIFR also improved to 0.10 in 2008 from the previous 0.19 per million hours worked in 2007.

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

Operating review: The marginal decline of less than 1 percent in annual production from 360,000 ounces in 2007 to 357,000

ounces in 2008 was a result of a decrease in underground volumes and the grade mined, as well as unscheduled work stoppages at the plant for repairs and maintenance to the ball mill during the year. Water quality issues affected mill tonnages

twice during the year and were exacerbated by the delay in the commissioning of the tailings sulfide plant to mid-2009.

However production did improve as the year progressed, particularly in the second half of the year as the results of the short-

term turnaround project at Obuasi became apparent. Development meters increased, contributing to greater mining flexibility

which delivered a greater throughput of tonnes and improved grades in the second half of the year. Following plant maintenance around mid-year and the commissioning of a larger regrind mill, metallurgical recoveries did improve in the

second half of the year – although overall these too were marginally down on the year.

The 37 percent increase in total cash costs from \$464 per ounce in 2007 to \$636 per ounce in 2008 was due primarily to inflationary pressures resulting in substantial increases in power tariffs, contractor costs and the price of fuel and reagents over

the year, as well as higher royalty payments.

Capital expenditure totaled \$112 million in 2008 (2007: \$94 million).

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

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Operating and production data for Obuasi

2008	2007	2006
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Pay limit (oz/t)

(1)

0.29	0.28	0.229
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Pay limit (g/t)

9.35

8.49

7.13

Recovered grade (oz/t)

(1)

0.127	0.129	0.128
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Recovered grade (g/t)

4.37

4.43

4.39

Gold production (000 oz)

357

360

387

Total cash costs (\$/oz)

(2)

636

464

397

Total production costs (\$/oz)

(2)

863

739

638

Capital expenditure (\$ million)

112

94

91

Employees

(3)

4,259	4,672	5,629
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Outside contractors

(3)

1,463	1,554	2,210
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(1) *Pay limits and recovered grade refer to underground ore resources.*(2) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,**see "Item 5A.: Operating results – Total cash costs and total production costs".*(3) *Average for the period.***Iduapriem**

Description: Iduapriem comprises two properties, Iduapriem and Teberebie. The Iduapriem mine is situated in the western

region of Ghana, some 70 kilometers north of the coastal city of Takoradi and 10 kilometers south-west of Tarkwa. Iduapriem is an open-pit mine and its processing facilities include a carbon-in-pulp (CIP) plant.

Geology: The Iduapriem and Teberebie gold mines are located along the southern end of the Tarkwa basin. The mineralization is contained in the Banket Series of rocks within the Tarkwaian System of Proterozoic age. The outcropping Banket Series of rocks in the mine area form prominent, arcuate ridges extending southwards from Tarkwa, westwards through Iduapriem and northwards towards Teberebie.

Safety: Despite the heightened focus on training and education, safety performance deteriorated during the year. The LTIFR was 1.63 per million hours worked (2007: 0.46). There were no fatalities. Iduapriem achieved OHSAS 18001 certification in January 2008 after a successful certification audit.

Operating review: Despite the decline in grade mined, attributable production increased from 167,000 ounces in 2007 to 200,000 ounces in 2008. Crushed tonnage improved significantly by 26 percent mainly due to commissioning of the Scats crusher in the first quarter of 2008 and a marked improvement in blast fragmentation, assisting throughput in the second half of the year, despite problems experienced in the first and third quarter with mill gearbox and crusher component failures. Recovered grade declined by 5 percent mainly due to a reduced head grade and lower recoveries during the first half of the year. Mechanical upgrading of the hydraulic flow path in the leach section improved residence time and recoveries during the fourth quarter.

Total cash costs at \$625 per ounce increased by 26 percent from 2007 total cash costs of \$497 per ounce as a result of substantial increases in power tariffs during the second half of the year, higher royalty payments and contractor costs, and a surge in the price of fuel and consumables.

Capital expenditure for the year amounted to \$54 million (attributable 2007: \$23 million), spent primarily on the advancement of the plant expansion project. Due to delays experienced in the delivery of long-lead critical items, project commissioning, originally scheduled for the fourth quarter of 2008, has been postponed to the first quarter of 2009.

Growth prospects: While the mine has limited growth prospects on surface, the recent surge in the gold price has led to renewed interest in evaluating the considerable low-grade Mineral Resources of other properties lying in the Tarkwaian conglomerates that extend below the economic limits of the existing pits. Additional drilling to give more confidence to existing data has been scheduled for 2009 and the scoping study will subsequently be progressed to the pre-feasibility stage.

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Operating and production data for Iduapriem**2008****2007**

(4)

2006

Pay limit (oz/t)

0.04

0.06

0.05

Pay limit (g/t)

1.43

1.66

1.60

Recovered grade (oz/t)

(1)

0.051

0.054

0.051

Recovered grade (g/t)

(1)

1.76

1.85

1.74

Gold production (000 oz) 100 percent

200

185

196

Gold production (000 oz) 100 percent

(4)

200

167

167

Total cash costs (\$/oz)

(2)

625

497

413

Total production costs (\$/oz)

(2)

740

653

544

Capital expenditure (\$ million) 100 percent

54

24

6

Capital expenditure (\$ million) 100 percent

(4)

54

23

5

Employees

(3)

732

721

668

Outside contractors

(3)
1,048
602
583

(1)
Recovered grade represents open pit operations.

(2)
Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(3)
Average for the period.

(4)
100 percent owned effective September 1, 2007. Prior to this date, the effective holding was 85 percent.

Bibiani

Bibiani in Ghana was sold to Central African Gold plc effective December 28, 2006

Operating and production data for Bibiani

2008	2007
2006	

(4)	
Pay limit (oz/t)	-
	0.030
Pay limit (g/t)	-
	0.83
Recovered grade (oz/t)	

(1)	
	-
	0.016
Recovered grade (g/t)	

(1)	
	-
	0.55
Gold production (000 oz)	

	37
Total cash costs (\$/oz)	
(2)	
	-
	432
Total production costs (\$/oz)	

(2)

-

-

594

Capital expenditure (\$ million)

-

-

-

Employees

(3)

-

-

211

Outside contractors

(3)

-

-

142

(1)

Recovered grade represents surface and dump reclamation in 2006.

(2)

Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(3)

Average for the period.

(4)

For the eleven months from January 2006 to November 2006.

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GUINEA

AngloGold Ashanti has one gold mining operation, Siguiri, in the Republic of Guinea. Siguiri produced 333,000 attributable ounces of gold in 2008, equivalent to 7 percent of group production and 280,000 attributable ounces of gold in 2007, or 5 percent of group production.

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

Geology: This concession is dominated by Proterozoic Birimian rocks which consist of turbidite facies sedimentary sequences. The two main types of gold deposits which occur in the Siguiri basin and are mined are:

- laterite or CAP mineralization which occurs as aprons of colluvial or as palaeo-channels of alluvial lateritic gravel adjacent to, and immediately above; and
- in situ quartz-vein related mineralization hosted in meta-sediments with the better mineralization associated with vein stockworks that occurs preferentially in the coarser, brittle siltstones and sandstones.

The mineralized rocks have been deeply weathered to below 100 meters in places to form saprolite or SAP mineralization.

The practice at Siguiri has been to blend the CAP and SAP ore types and to process these using the heap-leach method. With the percentage of available CAP ore decreasing, however, a new carbon-in-pulp (CIP) plant was brought on stream during 2005 to treat predominantly SAP ore.

Safety: Overall safety standards were maintained at Siguiri with an LTIFR for the year of 0.42 per million hours worked (2007: 0.41). There were no fatalities. Following a successful certification audit, the process to obtain OHSAS 18001 accreditation was completed in December 2008.

Operating review: Attributable production increased by 19 percent to a record of 333,000 ounces in 2008 from 280,000 ounces produced in 2007. This increase was a function of improved throughput – the CIP plant performed consistently well throughout the year, with availability of 93 percent, the processing of 10 million tonnes aided by increased throughput during the wet season and a metallurgical recovery rate of 95.8 percent for the year – and the mining of higher grade pits early in the year which led to improved yields.

Total cash costs were fractionally lower at \$468 per ounce (2007: \$471 per ounce).

Attributable capital expenditure for the year was \$18 million (2007: \$18 million).

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

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Operating and production data for Siguiri

2008	2007	2006
Pay limit (oz/t)		
0.03	0.03	0.03
Pay limit (g/t)		
0.93		
0.95		
0.94		
Recovered grade (oz/t)		
(1)		
0.035	0.031	0.032
Recovered grade (g/t)		
(1)		
1.20	1.05	1.08
Gold production (000 oz) – 100 percent		
392		
330		
301		
Gold production (000 oz) – 85 percent		
333		
280		
256		
Total cash costs (\$/oz)		
(2)		
468		
471		
398		
Total production costs (\$/oz)		
(2)		
565		
629		
593		
Capital expenditure (\$ million) – 100 percent		
22		
21		
19		
Capital expenditure (\$ million) – 85 percent		
18		
18		
14		
Employees		
(3)		
1,489	1,537	1,541
Outside contractors		
(3)		
1,444	1,380	1,167

(1) Recovered grade represents open pit operations.

(2) Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see “Item 5A.: Operating results – Total cash costs and total production costs”.

(3) *Average for the period.*

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MALI

AngloGold Ashanti has interests in three gold mining operations in Mali, namely, Sadiola, Yatela and Morila. It manages two of these operations, Sadiola and Yatela. Together these three operations had combined attributable production of 409,000 ounces, 8 percent of group production (2007: 441,000 attributable ounces of gold, equivalent to 8 percent of group production).

Ownership of these three operations is as follows:

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

Total attributable production from the Mali operations was 7 percent down from that of 2007.

Sadiola (attributable 38 percent)

Description: Sadiola is situated in the far south-west of the country, 77 kilometers to the south of the regional capital of Kayes.

Mining takes place in five open pits and the ore mined is treated and processed in a 435,000 tonnes per month (5.2 million tonnes per annum) CIP gold plant.

Geology: The Sadiola deposit occurs within an inlier of greenschist facies metamorphosed Birimian rocks known as the Kenieba Window. The specific rocks which host the mineralization are marbles and greywackes which have been intensely weathered to a maximum depth of 200 meters. A series of north-south trending faults occur that are the feeders to the

Sadiola

mineralization. As a result of an east-west regional compression event, deformation occurs along a north-south striking marble-greywacke contact, increasing the porosity of this zone. North-east striking structures which intersect the north-south contact have introduced mineralization, mainly with the marble where the porosity was greatest. The Sadiola Hill deposit generally consists of two zones, an upper oxidized cap and an underlying sulfide zone. From 1996 until 2002, shallow saprolite oxide ore from the Sadiola Hill pit was the primary ore source. Since 2002, the deeper saprolitic sulfide ore has been mined and in future will progressively replace the depleting oxide reserves.

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

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

Total cash costs declined by 3 percent to \$401 per ounce (2007: \$414 per ounce), largely owing to the increased level of production with the resultant economies of scale and a decrease in the consumption of reagents given the change in the ore blending process. The inflationary pressures of higher fuel, reagents and mining contract costs were mitigated by increased production.

Total capital expenditure of \$8 million – attributable \$3 million compared to 2007 capital expenditure of \$16 million or an attributable \$6 million.

Growth prospects: The review of various options to improve current assumptions in the Deep Sulfide Project continues. The review is focused on the mining method to be implemented, scale, energy consumption, and metallurgical recovery so as to convert the vast indicated resource below the main pit into a reserve. A significant improvement was made in the understanding of sulfide ore recovery in 2008, and the commissioning of the new gravity circuit at the concentrator at the end of 2007.

Operating and production data for Sadiola

2008	2007	2006
Pay limit (oz/t)		
0.07	0.08	0.06
Pay limit (g/t)		
2.18		
2.46		
1.98		
Recovered grade (oz/t)		
0.100		
0.081		
0.094		
Recovered grade (g/t)		
3.42		
2.76		
3.22		
Gold production (000 oz) 100 percent		
453		
369		
500		

Gold production (000 oz) 38 percent

172

140

190

Total cash costs (\$/oz)

(1)

401

414

268

Total production costs (\$/oz)

(1)

587

479

363

Capital expenditure (\$ million) 100 percent

8

16

11

Capital expenditure (\$ million) 38 percent

3

6

4

Employees

(2)

634

618

589

Outside contractors

(2)

876

911

705

(1) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,*

see "Item 5A.: Operating results – Total cash costs and total production costs".

(2) *Average for the year.*

Yatela (attributable 40 percent)

Description: Yatela is situated some 25 kilometers north of Sadiola and approximately 50 kilometers south-south-west of

Kayes. This is a single pit operation. The ore mined is treated at a heap-leach pad together with carbon-loading. The carbon is then eluted and the gold smelted at nearby Sadiola.

Geology: Yatela mineralization occurs as a keel-shaped body in Birimian metacarbonates. The 'keel' is centered on a fault which was the feeder for the original mesothermal mineralization, with an associated weakly mineralized diorite intrusion.

Mineralization occurs as a layer along the sides and in the bottom of the 'keel'. The ore dips almost vertically on the

west limb
and more gently towards the west on the east limb, with tight closure to the south.

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

81

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

Total cash costs rose from \$300 per ounce in 2007 to \$621 per ounce in 2008, a result of the significantly reduced levels of production, weaker dollar against the euro and higher fuel and reagent prices.

Capital expenditure of \$8 million (attributable \$3 million) in 2008 was spent mostly on the construction of additional leach pads (2007: \$5 million - attributable \$2 million).

Operating and production data for Yatela

2008	2007	2006
Pay limit (oz/t)		
0.04	0.04	0.06
Pay limit (g/t)		
1.34		
1.37		
1.79		
Recovered grade (oz/t)		
0.078		
0.101		
0.120		
Recovered grade (g/t)		
2.66		
3.46		
4.12		
Gold production (000 oz) 100 percent		
165		
301		
352		
Gold production (000 oz) 40 percent		
66		
120		
141		
Total cash costs (\$/oz)		
(1)		
621		
300		
241		
Total production costs (\$/oz)		
(1)		
636		
342		
326		
Capital expenditure (\$ million) 100 percent		
8		

5
3
Capital expenditure (\$ million) 40 percent

3
2
1
Employees
(2)
305
265
203

Outside contractors
(2)
583
638
675

(1) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,*

see “Item 5A.: Operating results – Total cash costs and total production costs”.

(2) *Average for the year.*

Morila (attributable 40 percent)

Description: The Morila mine is situated some 180 kilometers by road south-east of Bamako, the capital of Mali.

Open-pit mining takes place at five pushbacks within one pit. On completion, the Morila pit will be approximately 1.4 kilometers by 1 kilometer and up to 240 meters deep. The plant, which is based on a conventional carbon-in-leach (CIL) process with an upfront gravity section to extract the free gold, has throughput capacity of 4.2 million tonnes per annum. The Morila mine is managed by AngloGold Ashanti’s joint venture partner, Randgold Resources Limited.

Geology: Morila is a mesothermal flat lying shear-zone hosted deposit which, apart from rising to the surface in the west against steep faulting, lies flat. The deposit occurs within a sequence Birimian metal-arkoses of amphibolite metamorphic grade. Mineralization is characterized by silica-feldspar alteration and sulfide mineralization consists of arsenopyrite, pyrrhotite, pyrite and chalcopyrite.

Safety: Safety is under the control and management of Randgold Resources Limited.

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

Total cash costs increased by 27 percent from \$333 per ounce in 2007 to \$424 per ounce in 2008, a result of the reduced levels of production, a weakening in the dollar against the euro, and significant increases in fuel, mining contractor and certain reagent costs.

Capital expenditure was \$3 million (attributable \$1 million) in 2008 compared to \$1.3 million or \$0.5 million attributable in 2007.

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Operating and production data for Morila

2008	2007	2006
Pay limit (oz/t)		
0.06	0.08	0.08
Pay limit (g/t)		
2.17		
2.46		
2.41		
Recovered grade (oz/t)		
0.090		
0.098		
0.113		
Recovered grade (g/t)		
3.08		
3.36		
3.88		
Gold production (000 oz) 100 percent		
425		
450		
517		
Gold production (000 oz) 40 percent		
170		
180		
207		
Total cash costs (\$/oz)		
(1)		
424		
333		
266		
Total production costs (\$/oz)		
(1)		
500		
406		
367		
Capital expenditure (\$ million) 100 percent		
3		
1.3		
3		
Capital expenditure (\$ million) 40 percent		
1		
0.5		
1		
Employees		
(2)		
605		
498		
500		
Outside contractors		
(2)		
1,098	1,188	1,075

- (1) *Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures, see “Item 5A.: Operating results – Total cash costs and total production costs”.*
- (2) *Average for the year.*

NAMIBIA

AngloGold Ashanti has one wholly-owned gold mining operation in Namibia, Navachab. In 2008, Navachab produced 68,000 ounces of gold, equivalent to 1 percent of group production compared to 80,000 ounces of gold, equivalent to 1 percent of group production in 2007.

Description: The Navachab mine is situated near Karibib and 170 kilometers north-west of Windhoek in Namibia, on the south western coast of Africa. Navachab is an open-pit mine and its processing plant, with a production capacity of 120,000 tonnes per month, includes mills, carbon-in-pulp (CIP) and electrowinning facilities. The Navachab gold plant has a capacity of 110,000 tonnes per month.

Geology: The Navachab deposit is hosted by Damaran greenschistam-phybolite facies, calc-silicates, marbles and volcanoclastics. The rocks have been intruded by granites, pegmatites and (quartz-porphyry dykes) aplite and have also been deformed into a series of alternating dome and basin structures. The mineralized zone forms a sheet-like body which plunges at an angle of approximately 20 degrees to the north-west. The mineralization is predominantly hosted in a sheeted vein set (± 60 percent) and a replacement skarn body (± 40 percent). The gold is very fine-grained and associated with pyrrhotite, and minor to trace amounts of pyrite, chalcopyrite, maldonite and bismuthinite. Approximately 80 percent of the gold is free milling.

Safety: Safety, health and the environment are matters of key importance at Navachab. In 2008 the mine was both fatality and lost-time injury free. The improvement in safety performance was a highlight of 2008, and maintaining this track record is an aim of management.

Operating review: Gold production at Navachab declined by 15 percent to 68,000 ounces in 2008 from 80,000 ounces in 2007, largely a result of the significant production challenges encountered. This included the substantially reduced availability of drilling machines, with respect to both performance and capacity which affected mining throughput, as well as the shortage of skills which contributed to a decrease in tonnes broken for the year. In addition, underperformance at the North Pit 2 satellite pit, which had a budgeted contribution of 31 percent to plant feed, affected overall mine production negatively. The decrease in tonnes mined affected stockpile volumes and values, resulting in decreased mine flexibility and a decline in grades.

Unit cash costs increased significantly, up 18 percent to \$559 per ounce, as compared to \$475 per ounce achieved in

2007,
the result of increases in the cost of labor, diesel and explosives, and compounded by the decline in gold production.

Capital expenditure for the dense media separation (DMS) plant was approved in 2008. Construction and commissioning of the DMS plant will begin in 2009, and the benefits resulting from its use will be realized from 2010 onwards.

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

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Operating and production data for Navachab

2008	2007	2006
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Pay limit (oz/t)

0.04	0.04	0.04
------	------	------

Pay limit (g/t)

1.29

1.22

1.29

Recovered grade (oz/t)

0.042

0.046

0.053

Recovered grade (g/t)

1.43

1.56

1.81

Gold production (000 oz) 100 percent

68

80

86

Total cash costs (\$/oz)

(1)

559

475

349

Total production costs (\$/oz)

(1)

632

525

407

Capital expenditure (\$ million) 100 percent

12

6

5

Employees

(2)

482

409

313

Outside contractors

(2)

-

-

(1) Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(2) Average for the year.

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TANZANIA

AngloGold Ashanti has one gold mining operation in Tanzania, Geita, which produced 264,000 ounces of gold in 2008, equivalent to 6 percent of group production and 327,000 ounces of gold, equivalent to 6 percent of group production in 2007.

Geita

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

Geology: Geita is an Archaean mesothermal mainly BIF-hosted deposit. Mineralization is located where auriferous fluids, which are interpreted to have moved along shears often on BIF-diorite contacts, reacted with the BIF. Some lower-grade mineralization can occur in the diorite as well (usually in association with BIF-hosted mineralization), and approximately 20 percent of the gold is hosted in the diorite.

Safety: Geita Gold Mine is OHSAS 18001 certified. The lost-time injury frequency rate for 2008 was 0.86 per million hours worked (2007: 0.68). No fatalities were recorded during the year.

Operating review: Production at Geita declined by 19 percent from 327,000 ounces in 2007 to 264,000 ounces in 2008. Lack of access to higher-grade orebodies following the collapse of the Nyankanga Pit in the first quarter of 2007 continued to have an effect on recovered grades which declined to 1.92g/t. Process plant throughput was seriously affected by a 30-day shutdown of the SAG mill during part of September and October resulting in a halving of production for that period.

Global inflation impacted the entire business. Major contributors to the 30 percent increase in total cash costs of \$814 per ounce (2007: \$627 per ounce) included lower production, the price of oil, which affected on-site power generation and the running costs of heavy earth-moving equipment, as well as that of spares and reagents. Although a substantial increase in basic salaries was enforced, the total number of employees was reduced through natural attrition by 9 percent for the year with further consolidation of functions envisaged in the future. In addition, a fourth shift was introduced in the production arena, which had the effect of reducing overtime requirements by some 90 percent.

Capital expenditure was \$53 million (2007: \$27 million).

Growth prospects: *Exploration* - Exploration activities during 2008 focused on strike additions at the Area 3, Star & Comet, Kalondwa Hill and Lone Cone deposits, together with the detection of regolith gold anomalies below laterite cover via air core drilling at Matandani NW. Results suggest the potential for a 1.7 kilometer zone of gold mineralization on-strike at Area 3, and infill drilling to prove up the resource continues. To assist future exploration, an airborne geophysics survey of the areas covered by Geita's licenses and adjacent prospecting licenses started in the third quarter. Early interpretation of transient electromagnetic data defined several targets which will be followed up in 2009. During the third quarter of 2008, an intense program of advanced grade control was completed at Nyankanga cut 5 to increase confidence in the production forecast for 2009.

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

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Growth prospects: Metallurgy - Test work continues to identify processing options regarding the refractory ore from Matandani and Kukuluma.

Operating and production data for Geita

2008	2007	2006
Pay limit (oz/t)		
0.10	0.09	0.13
Pay limit (g/t)		
3.10	3.04	4.16
Recovered grade (oz/t)		
0.056	0.059	0.049
Recovered grade (g/t)		
1.92	2.01	1.68
Gold production (000 oz)		
264		
327		
308		
Total cash costs (\$/oz)		
(1)		
814	627	630
Total production costs (\$/oz)		
(1)		
1,004	817	766
Capital expenditure (\$ million)		
53		
27		
67		
Employees		
(2)		
2,130	2,304	2,043
Outside contractors		
(2)		
986		
922		
1,177		

(1) Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(2) Average for the year.

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UNITED STATES OF AMERICA

Cripple Creek & Victor Gold Mining Company (CC&V) is AngloGold Ashanti's sole active operation in the United States. In 2008, Cripple Creek & Victor produced 258,000 ounces of gold, or 5 percent of group production compared to 282,000 ounces of gold, or 5 percent of group production in 2007.

Cripple Creek & Victor

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

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

Geology: The district of Cripple Creek is centered on an intensely altered alkaline, Tertiary-aged, diatreme-volcanic, intrusive complex, approximately circular in shape covering 18.4 square kilometers and surrounded by Precambrian rocks. The Precambrian rocks consist of biotite gneiss, granodiorite and quartz monzonite and granite.

The intersection of these four units and regional tectonic events formed an area of regional dilation which subsequently facilitated the formation of the volcanic complex. The majority of the complex then in-filled with the eruptive phase Cripple Creek Breccia host rock. This complex was subsequently intruded by a series of intrusive dykes and sills that include syenites, phonolites, phonotephrites and lamprophyres. These intrusives occupy all of the dominant district structural orientations. District structures are generally near vertical and strike north-north-west to north-east. These structures acted as primary conduits for the late-stage gold mineralizing solutions. Higher grade pods of mineralization occur at structural intersections

and/or as sheeted veins along zones of strike deflection. High-grade gold mineralization is associated with K-feldspar + pyrite

+/- carbonate alteration and occurs adjacent to the major structural and intrusive dyke zones. The broader zones of disseminated mineralization occur primarily as micro-fracture halos around the stronger alteration zones in the more permeable

Cripple Creek Breccia wall rocks.

The average depth of oxidation is 120 meters and is also developed along major structural zones to even greater depths.

Individual orebodies can be tabular, pipe-like, irregular or massive. Individual gold particles are generally less than 20 microns

in size and occur as native gold with pyrite or native gold after gold-silver tellurides. Gold occurs within hydrous iron and

manganese oxides and as gold-silver tellurides. Silver is present but is economically unimportant. Gold mineralization can be

encapsulated by iron and manganese oxides, pyrite, K-feldspar alteration and quartz.

Safety: The LTIFR for 2008 was 4.83 per million hours worked (2007: 2.53) and there were no fatalities during the year.

Various safety programs (e.g. DuPont Safety Training (STOP) program in 2003, risk-based safety management system in

2005, and extension of the STOP program, called Train the Trainers, in 2007) have been implemented to continue to enhance

safety performance at CC&V. A cultural assessment of the workforce by SAFEmap was initiated in 2008 with risk identification

classes beginning in the latter part of 2008 and continuing into early 2009. The SAFEmap system will be adapted for use as the

safety program at CC&V.

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Operating review: In 2008, production at CC&V fell 9 percent to 258,000 ounces from 282,000 ounces in 2007. A total of 24.4 million tonnes were placed on the heap-leach pad. The decline in production was principally a result of the slow percolation in the gold-bearing leach in the leach pad as a result of the greater distance over which the gold-bearing-leach solution had to be transported from the higher stacked ore to the leach-pad liner. This decline was compounded by a lack of alkalinity at depth that was identified from the 2008 pad drilling program. This deficiency caused solubilized gold to precipitate at depth. An initiative to increase alkalinity by increasing caustic and lime addition over the pad began in the second half of 2008 and will continue into 2009. Given the size of the pad, recovery of precipitated gold is expected to continue for the next two years.

Overall, there was an increase in total cash costs of 15 percent to \$310 per ounce (2007: \$269 per ounce), mainly as a result of rising commodity costs, and of diesel fuel in particular. A decrease in costs due to lower contractor costs was diminished by increases in fuel costs as oil prices hit record levels on global markets.

Capital expenditure for the year amounted to \$27 million (2007: \$23 million).

Growth prospects: CC&V was successful in being granted the required permits from the State of Colorado and Teller County for a mine-life extension that includes the development of new sources of ore and an extension to the heap-leach facility. The approvals extend the operation of the expanded valley leach facility and the chemical closure activities.

Development drilling has further defined areas of interest for which engineering analysis and permitting requirements will be evaluated in a pre-feasibility study to be commissioned in 2009.

Cripple Creek & Victor – Summary of metallurgical operations

Gold plants

Capacity (000 tonnes/month)

-
crushed ore production
1,739
-
total ore production
1,796
- solution processed
2,371

Operating and production data for Cripple Creek & Victor operations

2008

(3)

2007	2006	
Pay limit (oz/t)		
0.01	0.01	0.01
Pay limit (g/t)		
0.34		
0.34		
0.34		
Recovered grade (oz/t)		
0.014		
0.016		
0.016		
Recovered grade (g/t)		
0.49		
0.53		
0.54		
Gold production (000 oz)		
258		
282		
283		
Total cash costs (\$/oz)		
(1)		
310		
269		
248		
Total production costs (\$/oz)		
(1)		
643		
521		
498		
Capital expenditure (\$ million)		
27		
23		
13		
Employees		
(2)		
350		
338		
325		
Outside contractors		
(2)		
71		
67		
44		

(1) Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures,

see "Item 5A.: Operating results – Total cash costs and total production costs".

(2) Average for the year.

(3) Remaining 33 percent shareholding acquired effective July 1, 2008.

GLOBAL EXPLORATION

Total exploration expenditure in 2008 amounted to \$183 million (including equity accounted joint ventures). The main aim of both the greenfield and brownfield exploration programs is to identify new attributable mineralized material.

Greenfields exploration

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

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

Colombia

Drilling and modeling at La Colosa has rapidly defined a gold porphyry system with a grade of more than 0.3 g/t Au extending over a strike length in excess of 1,500 meters and a width of 600 meters.

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

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

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

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

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

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Democratic Republic of Congo

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

Regional exploration activities focused around four main areas including Lodjo, Bunia West, Mount Tsi and Petsi, all of which are all located within 50 kilometers of the Mongbwalu area. Field work concentrated on detailed mapping, soil sampling and trenching. Encouraging results were obtained from trench sampling at Lodjo. At the Petsi prospect, a 30 meters wide potentially gold mineralized shear zone has been identified by trenching over a distance of 1.8 kilometers. Results from infill soil sampling define an anomaly approximately 450 meters wide and 300 meters long. Regional aeromagnetic (5,550 square kilometers) and aerial EM surveys (1,224 square kilometers) were completed. Results of these surveys, combined with those from the regional geochemistry programs, will provide the platform from which to fast-track regional exploration over the concession. The findings of the DRC Minerals Review Commission have resulted in AngloGold Ashanti and the AGK joint venture engaging the DRC government to seek resolution and secure the rights to Concession 40. Exploration activities over the Concession 40 license were suspended in November 2008 following the deteriorating security situation which led to the precautionary withdrawal of most non-essential staff from the concession.

Russia

The formation of Zoloto Taigi, the AngloGold Ashanti/Polymetal strategic alliance vehicle was completed. It is anticipated that this strategic alliance will enable AngloGold Ashanti to increase its presence in Russia by pursuing new opportunities by participating in license auctions, acquiring equity in prospective projects and by project generation in new or less intensely explored areas. Exploration work to increase and upgrade the resource economics at Veduga was undertaken.

Trenching and drilling at this advanced project have demonstrated strike continuation of mineralization from the south-eastern ore zone for a further 500 meters along strike. At the recently acquired Penchenga property, regional soil geochemistry has begun. The Bogunay project (42 square kilometers) was sold while negotiations on the sale of Anenskoye (11.8 square square kilometers) and Aprelkovskoye (161 square kilometers) continue.

Africa

During 2008, greenfield activities in Africa concentrated on project reviews and regional target generation work in west, central and east Africa.

Philippines

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

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China

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

At the Jinchanggou CJV Project (Gansu Province), soil sampling on the eastern and western tenements indicated significant extensions to known mineralization with anomalous gold-in-soils over more than a 16 kilometer strike length. Final approval for the Jinchanggou CJV was received from the Gansu government in late June 2008. A subsequent program of diamond drilling and trenching designed to test the 16 kilometer long gold-in-soil anomaly was completed at the Jinchanggou project in December. Despite intersecting significant intervals of intense alteration and shearing in drilling, analytical results were disappointing.

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

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

Australia

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

Field mapping and rock chip sampling at the Black Dragon and Voodoo

Child prospects identified outcropping gold mineralization. Analysis of rock chip sampling from Black Dragon returned high-grade gold and silver results. Subsequent reverse circulation drilling has not explained these surface results.

A large geochemical gold anomaly (3 kilometers by 1 kilometer) has been defined at the Kamikaze prospect with encouraging results at the Tumbleweed prospect situated to the north of the area. Reverse circulation drilling returned significant results from several other prospects including Rusty Nail and Screaming Lizard.

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

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

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

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

Brownfields exploration

Brownfields exploration, aimed at identifying replacement ounces for production, was undertaken around the globe at most current operations- with the most success being in South Africa, Australia, Ghana and Guinea.

The brownfields exploration program for 2008 was aimed at replacing ounces at current operations.

Argentina

At Cerro Vanguardia, reconnaissance drilling continued with 45 kilometers of veins being explored via 454 reverse circulation (RC) holes. This drilling identified 17 veins for infill drilling in 2009. Infill drilling (8,075 meters RC and 11,457.5 meters diamond drilling) extended some of the current ore shoots .

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

Australia

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

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

Brazil

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

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

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

Ghana

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

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

Guinea

At Siguri, early stage exploration in the form of gridded geochemical sampling was conducted in Block 1 (Eureka North – Kantinian corridor and Sintroko South), Block 2 (Manguity and Saraya South), the Naboun Block (28 kilometers north of the mine) and the Corridor Block (11 kilometers from the mine). Reconnaissance air core drilling was undertaken at Satiguia, Manguity (35 kilometers west of the mine), Kouremale (Block 4) and Kolita-Kouunkoun (Block 3). Delineation drilling was conducted at Saraya (55 kilometers west of the mine), while conversion drilling was completed at Sintroko South (8 kilometers south of the mine) and infill drilling was completed on the margins of the Séguélen (Kintinian) project.

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

Mali

At Morila, only minor field work was conducted during the year with some pitting and trenching. However, a significant amount of core logging and pit mapping was completed. This led to a revised geological model, including lithological overview, tectonic

setting and magmatism, being developed during the year. A revised exploration program proposal is now under consideration.

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

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

Sulfide reconnaissance drilling (2,125 meters) was done at the FE4 pit. The program was initiated to collect geological and structural information as well as to test for the possibility of sulfide mineralization.

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

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

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

Namibia

At Navachab, geochemical soil sampling was conducted over the footwall of the Mon Repos Thrust zone (200 samples), the Zebra target (1,762 samples) and the Ostrich and Giraffe targets. Stream sediment sampling was completed over the Okondura license area with disappointing results. Some initial drilling was completed at the Steenbok and Starling targets. Conversion drilling (15,426 meters) was completed in two phases at Anomaly 16, and at Gecko 11, 868 meters was drilled and additional conversion drilling (29,376 meters) was completed around the Main Pit and North Pit 2. A Spectrum electromagnetic survey was flown in November 2008.

South Africa

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

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

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

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

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

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

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

Tanzania

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

During the year, reconnaissance drilling was completed at Nyakabale West where six diamond holes were drilled (1,555 meters). At Matandani, 45 air core holes (4,080 meters) were drilled to investigate the possibility of the Matandani mineralization being developed further to the north-west. A total of 27 reverse circulation holes (2,498 meters) were drilled on the Nyankumbu license area. A small follow up program was drilled (4,015 meters) at Star and Comet after sterilization drilling showed an anomalous intercept. No continuity of mineralization could be determined.

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United States

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

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

ORE RESERVES

Ore Reserve estimates are reported in accordance with the requirements of the SEC's Industry Guide 7. Accordingly, as of the date of reporting, all Ore Reserves are planned to be mined out under the life-of-mine plans within the period of AngloGold Ashanti's existing rights to mine, or within the renewal periods of AngloGold Ashanti's rights to mine. In addition, as of the date of reporting, all Ore Reserves are covered by required permits and governmental approvals. See "Item 4B.: Business overview".

AngloGold Ashanti has standard procedures for the estimation of Ore Reserves. These standard procedures are performed by technical personnel at the mining operations and reviewed by regional and corporate competent persons.

In the case of its underground mines, the procedure is as follows: Firstly, gold content and tonnage are estimated for in-situ mineralized material at a mining operation. This mineralized material is not necessarily economically viable. Exclusions on the grounds of safety (for example, stability pillars, shaft pillars) are then defined. Grade and tonnage curves specific for each of the deposits, in conjunction with the cost structure, yield, mine call factor, gold price estimates are used to determine an optimal mining mix. This process facilitates the determination of the average grade to be mined by each operation. This grade is then applied to the grade-tonnage curves, which in turn facilitates the determination of the cut-off grade and Ore Reserve tonnage for the operation. A full mine design is carried out on the blocks of mineralized material, excluding large mining areas that do not meet the cut-off grade criterion. This mining plan is reviewed to ensure that it satisfies the economic criterion and practical limitations of access and timing. If the review process is positive then the mineralized material (with dilution) included in the mining plan is declared and published as the Ore Reserve for that operation.

In the case of open-pit mines the procedure is as follows: revenue and costs are calculated for each mining block within a three-dimensional model of the orebody using assumed values for gold price, operating costs and metallurgical recoveries. An optimization process is then applied to determine the combination of blocks within the model that make a positive contribution under these assumptions. Block selection is within a shell whose limits are defined by the planned slope angles of the pit. Within this process, a cut-off grade is applied which determines the ore blocks to be treated and included in the Ore Reserves. These blocks are scheduled with consideration being given to practical mining considerations and limitations. Scheduled ore blocks that are classified as Proven or Probable constitute the Ore Reserve.

The gold price and exchange rate used for 2008 and 2007 Reserves are outlined in the following table.

2008

(3 year average)

2008

(Business Plan)

2007

(3 Year average)

Units

Reserve Gold Price

730

720

582

US\$/oz

Exchange Rate – South Africa

7.20

8.67

6.72

ZAR/US\$/

Exchange Rate – Australia

0.83

0.80

0.78

US\$/ Aus\$

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The Ore Reserves determined from the planning process were then tested for economic viability at the three-year historical average gold price and currency exchange rates shown in the above table for determining SEC compliant Ore Reserves. The resultant SEC compliant Proven and Probable Ore Reserves are shown in the following pages.

In Australia and South Africa, AngloGold Ashanti is legally required to publicly report Ore Reserves and Mineral Resources according to the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC 2004) and the South African Code for Reporting of Mineral Resources and Ore Reserves (SAMREC 2000). The SEC's Industry Guide 7 does not recognize Mineral Resources. Accordingly, AngloGold Ashanti does not report estimates of Mineral Resources in this annual report on Form 20-F.

The 2008 Ore Reserve increased by 7.2 million ounces before the subtraction of depletion. After a depletion of 5.9 million ounces, the net increase is 1.3 million ounces to give a total Ore Reserve of 73.5 million ounces.

A gold price of \$720 per ounce was used for Ore Reserve estimates (2007: \$600 per ounce). The change in economic assumptions made from 2007 to 2008 resulted in the Ore Reserve increasing by 2.3 million ounces while exploration and modeling resulted in an additional increase of 5.0 million ounces.

The principal changes in AngloGold Ashanti's Ore Reserves as at December 31, 2008 compared with those published as at December 31, 2007 are as follows:

Ore Reserve

Million oz

Ore Reserves as at December 31, 2007

72.2

Reductions

Geita

Mineral Resource model changes and the application of grade factors to mitigate low model confidence; cost increases

(1.7)

TauTona

Carbon Leader ground between 123-126 levels was transferred to Mponeng. With the change to scattered grid mining, lower value estimates resulting from increased sampling and drilling resulted in reductions. These were partially offset by a higher mine call factor and the inclusion of the Carbon Leader eastern block.

(1.5)

Great Noligwa

Transfer of the SV4 section to Moab Khotsong.

(1.4)

Other

Total of non-significant changes

(1.1)

Additions

Mponeng

Increased grades, the additional ground from TauTona 123-126 level and improved economics which allowed for the mining of Blocks 3 & 5.

2.8

Obuasi

The increase is due to a revised mine design and schedule.

1.3

Boddington

The growth in Ore Reserve is due to successful drilling and a higher gold price

1.1

Siguiri

The Seguelen NW and Sintroko deposits were upgraded from Inferred to Indicated Mineral Resource and the mining efficiency increased.

0.6

Other

Total of non-significant changes

1.3

Ore Reserves as at December 31, 2008

73.5

Rounding may result in computational differences.

AngloGold Ashanti will continue to pursue a strategy of increasing value-adding Ore Reserves through expansion projects, brownfields and greenfields exploration and acquisition of new assets.

The Ore Reserve estimates in this document include Ore Reserves below current infrastructure in the case of certain South African, Brazilian and Ghanaian underground mines which are in production. These Ore Reserves have been determined based upon completed economic studies.

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BY-PRODUCTS

Several by-products are recovered as a result of the processing of gold Ore Reserves. These include 42.33 million pounds of uranium from the South African operations, 639 million pounds of copper from Australia, 0.44 million tonnes of sulfur from Brazil and 35.7 million ounces of silver from Argentina. Details of by-product Mineral Resources and Ore Reserves are given in the Mineral Resource and Ore Reserve Report 2008, which is available on the corporate website.

EXTERNAL AUDIT OF MINERAL RESOURCE AND ORE RESERVE STATEMENT

During the course of the year and as part of the rolling audit program, AngloGold Ashanti's 2008 Ore Reserves for the following operations were submitted for external audit:

- Mponeng;
- TauTona;
- Vaal River Surface Sources;
- Iduapriem;
- Navachab;
- Sadiola; and
- Yatela.

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

COMPETENT PERSONS

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

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

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ORE RESERVES BY COUNTRY (ATTRIBUTABLE)

as at December 31, 2008

Category

Tonnes

million

Grade

(g/t)

Contained

gold

tonnes

Contained

gold

million oz

South Africa

Proven

12.55

8.12

101.81

3.27

Probable

198.03

4.61

913.28

29.36

Total**210.57****4.82****1015.09****32.64****Argentina**

Proven

9.99

1.39

13.90

0.45

Probable

12.29

3.52

43.24

1.39

Total**22.27****2.56****57.13****1.84****Australia**

Proven

67.82

1.10

74.54

2.40

Probable

214.50

0.90

192.57

6.19	
Total	282.33
0.95	
267.11	
8.59	
Brazil	
Proven	7.77
6.44	
50.06	
1.61	
Probable	
7.02	
5.82	
40.87	
1.31	
Total	14.79
6.15	
90.93	
2.92	
Ghana	
Proven	56.85
4.24	
240.89	
7.74	
Probable	
36.43	
3.82	
139.10	
4.47	
Total	93.28
4.07	
379.98	
12.22	
Guinea	
Proven	56.13
0.56	
31.48	
1.01	
Probable	
67.11	
1.04	
69.64	
2.24	
Total	123.24
0.82	
101.12	
3.25	
Mali	
Proven	9.29
1.87	
17.33	

0.56	
Probable	
6.65	
2.26	
15.02	
0.48	
Total	15.94
2.03	
32.35	
1.04	
Namibia	
Proven	7.21
0.89	
6.39	
0.21	
Probable	
27.58	
1.28	
35.19	
1.13	
Total	34.78
1.20	
41.58	
1.34	
Tanzania	
Proven	—
—	
—	
—	
Probable	
44.84	
3.32	
148.75	
4.78	
Total	44.84
3.32	
148.75	
4.78	
United States	
Proven	122.57
0.93	
104.60	
3.36	
Probable	
55.70	
0.87	
48.59	
1.56	
Total	168.27
0.91	
153.19	

4.93	
Total	
Proven	340.17
1.88	
640.97	
20.61	
Probable	
670.16	
2.46	
1646.28	
52.93	
Total	1010.33
2.26	
2287.25	
73.54	

Rounding may result in computational differences.

99

Ore Reserves: Imperial**At December 31, 2008****Proven Ore Reserves****(1)****Probable Ore Reserves****(1)(2)****Metallurgical****Tons****(5)****Grade Gold****Content****(1)****Tons****(5)****Grade Gold****Content****(1)****Recovery****Factor****(mill)****(oz/ton)****(mill****oz)****(mill)****(oz/ton)****(mill oz)****percent****South Africa*****Vaal River*****(6)**

Great Noligwa

6.65 0.210

1.39 5.54 0.197 1.09

96.1

Kopanang

1.24 0.267

0.33 16.61 0.221 3.67

97.8

Moab Khotsong

(2)

2.05 0.295

0.60 21.09 0.319 6.72 96.7– 97.2

(4)

Tau Lekoa

0.66 0.116

0.08 0.76 0.116 0.09

97.4

West Wits

Mponeng

(2)

2.72 0.268
 0.73 38.94 0.315 12.27 98.2 – 98.7

(4)

Savuka

0.06 0.185
 0.01 3.90 0.192 0.75

97.5

TauTona

(2)

0.45 0.284
 0.13 10.68 0.276 2.95

97.8

Surface

Surface sources

- - -

120.77

0.015

1.83

48 – 91

(4)

Argentina

Cerro Vanguardia (92.5 percent)

(3)(7)

11.01 0.041
 0.45 13.54 0.103 1.39

65.5 – 94.0

(4)

Australia

Boddington (33.33 percent)

(3)(8)

62.75 0.026
 1.65

228.84 0.022 5.03

80.4

Sunrise Dam

12.01 0.062
 0.74 7.61 0.152 1.16

76 – 94

(4)

Brazil

Brasil Mineração

(9)

6.30 0.214
 1.35 6.91 0.176 1.21

88 – 93

(4)

Serra Grande (50 percent)

(3)

2.26 0.116
 0.26 0.85 0.119 0.10

95

Ghana

Iduapriem

33.32 0.040
 1.33 25.50 0.048 1.23 94.5 – 97
 (4)

Obuasi

(2)
 29.34 0.219
 6.42 14.66 0.221 3.25
 47 – 83
 (4)

Guinea

Siguiri (85 percent)

(3)
 61.87 0.016
 1.01 73.97 0.030 2.24
 93 – 96
 (4)

Mali

Morila (40 percent)

(3)
 6.06 0.059
 0.36 3.03 0.033 0.10 89 – 91.5
 (4)

Sadiola (38 percent)

(3)
 2.68 0.060
 0.16 3.43 0.075 0.26
 78 – 93
 (4)

Yatela (40 percent)

(3)
 1.50 0.026
 0.04 0.88 0.142 0.12
 75 – 85
 (4)

Namibia

Navachab

7.94 0.026
 0.21 30.40 0.037 1.13
 72 – 94
 (4)

Tanzania

Geita

- - -
 49.43
 0.097
 4.78
 51.5 – 92.8
 (4)

United States of America

Cripple Creek & Victor

124.09	0.027		
3.36	61.40	0.025	1.56

50 – 77

(4)

Total

374.97	0.055	20.61	
--------	-------	-------	--

738.72	0.072	52.93	
--------	-------	-------	--

(1) *Ore Reserves include marginally economic and diluting materials delivered for treatment and allow for losses that may occur*

during mining.

(2) *Probable Ore Reserves include Ore Reserves below infrastructure. See table below.*

(3) *Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.*

(4) *Recovery factor varies according to ore type.*

(5) *Tons refers to a short ton, which is equivalent to 2000lbs avoirdupois.*

(6) *The Vaal Reef Ore Reserves include 42.33 million pounds of Uranium by-products; this can not be accounted for by individual*

mine as Great Noligwa, Kopanang and Moab Khotsong feed to a combination of plants.

(7) *The Ore Reserve contains 35.7 million ounces of silver to be recovered as a by-product.*

(8) *The Ore Reserve contains 639 million pounds of copper.*

(9) *0.44 million tons of sulfur will be recovered from processing the Ore Reserve.*

Rounding may result in computational differences.

100
 The 2008 Probable Ore Reserves include Ore Reserves below infrastructure in the case of the following underground mines

currently in production:

Mine Tons

(millions)

Grade

(ounces/ton)

Gold Content

(million ounces)

TauTona

0.7

0.463

0.3

Mponeng

24.8

0.377

9.3

Moab Khotsong

13.1

0.273

3.6

Obuasi

4.7

0.412

1.9

Brasil Mineracao

4.6

0.180

0.8

Total

47.9

0.334

16.0

Rounding may result in computational differences.

101

Ore Reserves: Imperial

At December 31, 2007

Proven Ore Reserves

(1)

Probable Ore Reserves

(1)(2)

Metallurgical

Gold

Gold

Recovery

Tons

(5)

Grade Content

(1)

Tons

(5)

Grade Content

(1)

Factor

(mill)

(oz/ton)

(mill

oz)

(mill)

(oz/ton)

(mill oz)

percent

South Africa

Vaal River

(6)

Great Noligwa

10.9

0.217

2.4

7.3

0.209

1.5

96.5

Kopanang

5.9

0.243

1.4

15.1

0.193

2.9

97.6

Moab Khotsong

(2)

1.3

0.229

0.3
22.3
0.300
6.7
96.8 – 97.3

(4)
Tau Lekoa

7.3
0.036
0.3
6.8
0.022

0.1
97.1

West Wits

Mponeng

(2)
2.3
0.287
0.7

35.6
0.267

9.5
98.1 – 98.6

(4)
Savuka

0.1
0.221

0.0
3.5

0.193
0.7

97.4
TauTona

(2)
0.6

0.270
0.2

14.0
0.317

4.4
98.0

Surface

Surface sources

-
-
-

130.9
0.015

1.9
44 – 87.9

(4)

Argentina

Cerro Vanguardia (92.5 percent)

(3)(7)

1.2 0.177

0.2 8.7 0.192

1.7

95.2

Australia

Boddington (33.33 percent)

(3)(8)

62.4

0.026 1.6

176.0

0.022 3.9

81.6

Sunrise Dam

13.2

0.068

0.9

5.7

0.128

0.7

83.5

Brazil

Brasil Mineração

(9)

7.3

0.224

1.6

4.7

0.179

0.8

87 – 92.5

(4)

Serra Grande (50 percent)

(3)

2.5

0.117

0.3

0.7

0.147

0.1

90 – 97

(4)

Ghana

Iduapriem (100 percent)

(3)

40.3

0.043

1.7

14.5
0.048
0.7
94.0 – 94.4

(4)
Obuasi

(2)
35.5
0.136
4.8
16.6
0.210
3.5

25 – 81.0

(4)

Guinea

Siguiri (85 percent)

(3)
23.5
0.017
0.4
98.7
0.023

2.2

93 – 97.5

(4)

Mali

Morila (40 percent)

(3)
5.8
0.065
0.4
4.4
0.059
0.3

89 – 91.5

(4)

Sadiola (38 percent)

(3)
2.0
0.080
0.2
2.6
0.091
0.2

78 – 93

(4)

Yatela (40 percent)

(3)
2.2
0.047

0.1
0.9
0.107
0.1
75

Namibia

Navachab
6.4
0.029
0.2
30.1
0.043
1.3
73 – 93

(4)

Tanzania

Geita
6.2
0.030
0.2
68.7
0.092
6.3
43.8 – 92.8

(4)

United States of America

Cripple Creek & Victor
118.9
0.028
3.3
52.5
0.027
1.4
61

Total **355.7**

0.060

21.2

720.2

0.071

51.0

(1) *Ore Reserves include marginally economic and diluting materials delivered for treatment and allow for losses that may occur*

during mining.

(2) *Probable Ore Reserves include Ore Reserves below infrastructure. See table below.*

(3) *Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.*

(4) *Recovery factor varies according to ore type.*

(5) *Tons refers to a short ton, which is equivalent to 2000lbs avoirdupois.*

(6) *The Vaal Reef Ore Reserves include 42.97 million pounds of Uranium by-products; this can not be accounted for by individual*

mine as Great Noligwa, Kopanang and Moab Khotsoeng feed to a combination of plants.

(7) *The Ore Reserve contains 31.0 million ounces of silver to be recovered as a by-product.*

- (8) *The Ore Reserve contains 511 million pounds of copper.*
- (9) *0.47 million tons of sulfur will be recovered from processing the Ore Reserve.*

Rounding may result in computational differences.

102

The 2007 Probable Ore Reserves include Ore Reserves below infrastructure in the case of the following underground mines currently in production:

Mine**Tons (millions)****Grade (ounces/ton)****Gold Content****(million ounces)**

Tau Tona

5.0

0.400

2.0

Mponeng

19.2

0.327

6.3

Moab Khotsong

13.6

0.262

3.6

Obuasi

4.3

0.322

1.4

Total

42.1

0.314

13.3

Rounding may result in computational differences.

103

**Ore Reserves: Metric
At December 31, 2008**

Proven Ore Reserves

(1)

Probable Ore Reserves

(1)(2)

Metallurgical

Tonnes

(6)

Grade

Gold

Content Tonnes

Grade

Gold

Content

Recovery

factor

(mill)

(g/t)

(tonnes)

(mill)

(g/t)

(tonnes)

percent

South Africa

Vaal River

(5)

Great Noligwa

6.03	7.19	43.34	5.02
------	------	-------	------

6.76

33.95

96.1

Kopanang

1.12	9.16	10.30	15.07
------	------	-------	-------

7.58

114.22

97.8

Moab Khotsong

(2)

1.86	10.13	18.80	19.13
------	-------	-------	-------

10.93

209.01

96.7 – 97.2

(4)

Tau Lekoa

0.60	3.98	2.37	0.69
------	------	------	------

3.98	2.75		
------	------	--	--

97.4

West Wits

Mponeng

(2)
 2.47 9.17 22.66 35.32
 10.80
 381.49
 98.2 – 98.7

(4)
 Savuka
 0.06 6.35 0.36 3.54
 6.60
 23.35
 97.5
 TauTona

(2)
 0.41 9.75 3.98 9.69
 9.47
 91.72
 97.8

Surface

Surface sources

- - -
 109.56
 0.52
 56.78
 48 – 91

(4)
Argentina
 Cerro Vanguardia
 (92.5 percent)

(3)(7)
 9.99 1.39 13.90 12.29
 3.52
 43.24
 65.5 – 94.0

(4)
Australia
 Boddington (33.33 percent)

(3)(8)
 56.93 0.90 51.45 207.60
 0.75
 156.5
 80.4

Sunrise Dam
 10.89 2.12 23.09 6.90
 5.23
 36.07 76 – 94

(4)
Brazil
 Brasil Mineração
 5.71 7.33 41.91 6.27
 6.03
 37.77 88 – 93

(4)				
Serra Grande (50 percent)				
(3)				
2.05	3.96	8.12		0.77
4.07	3.13			
95				
Ghana				
Iduapriem				
30.23	1.37	41.32		23.13
1.65				
38.14	94.5 – 97			
(4)				
Obuasi				
(2)				
26.62	7.50			
199.57	13.30			
7.59				
100.96	47 – 83			
(4)				
Guinea				
Siguiri (85 percent)				
(3)				
56.13	0.56	31.48		67.11
1.04				
69.64	93 – 96			
(4)				
Mali				
Morila (40 percent)				
(3)				
5.50	2.02	11.10		2.75
1.14	3.13	89 – 91.5		
(4)				
Sadiola (38 percent)				
(3)				
2.43	2.06	5.00		3.11
2.59	8.04	78 – 93		
(4)				
Yatela (40 percent)				
(3)				
1.36	0.90	1.23		0.79
4.86	3.86	75 – 85		
(4)				
Namibia				
Navachab				
7.21	0.89	6.39		27.58
1.28				
35.19	72 – 94			
(4)				
Tanzania				
Geita				
-	-	-		

44.84
 3.32
 148.75
 51.5 – 92.8
 (4)

United States of America

Cripple Creek & Victor
 112.57 0.93
 104.60 55.70
 0.87
 48.59 50 – 77
 (4)

Total

340.17 1.88
 640.97 670.16
 2.46
 1646.28

(1) *Ore Reserves include marginally economic and diluting materials delivered for treatment and allow for losses that may occur during mining.*

(2) *Probable Ore Reserves include Ore Reserves below infrastructure. See table below.*

(3) *Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.*

(4) *Recovery factor varies according to ore type.*

(5) *The Vaal Reef Ore Reserves include 19.2 thousand tonnes of Uranium by-products; this can not be accounted for by individual mine as Great Noligwa, Kopanang and Moab Khotsong feed to a combination of plants.*

(6) *Tonnes refers to a metric tonne which is equivalent to 1000 kilograms.*

(7) *The Ore Reserve contains 1 109 tonnes of silver to be recovered as a by-product.*

(8) *The Ore Reserve contains 0.29 million tonnes of copper.*

(9) *0.44 million tonnes of sulfur will be recovered from processing the Ore Reserve.*

Rounding may result in computational differences.

104
 The 2008 Probable Ore Reserves include Ore Reserves below infrastructure in the case of the following underground mines

currently in production:

Mine

Tonnes (millions)

Grade (grams/tonne)

Gold Content (tonnes)

TauTona

0.6

15.87

10.0

Mponeng

22.5

12.92

290.7

Moab Khotsong

11.9

9.37

111.2

Obuasi

4.3

14.14

60.6

Brasil Mineracao

4.2

6.18

25.9

Total

43.5

11.46

498.3

Rounding may result in computational differences.

105

Ore Reserves: Metric**At December 31, 2007****Proven Ore Reserves****(1)****Probable Ore****Reserves****(1)(2)****Metallurgical****Gold****Gold****Recovery****Tonnes****(6)**

Grade	Content	Tonnes	Grade	Content
--------------	----------------	---------------	--------------	----------------

Factor**(mill)****(g/t)****(tonnes)****(mill)****(g/t)****(tonnes)****percent****South Africa*****Vaal River*****(5)**

Great Noligwa

9.9

7.45

73.9

6.6

7.17

47.5

96.9

Kopanang

5.4

8.35

44.8

13.7

6.60

90.2

97.8

Moab Khotsong

(2)

1.2

7.86 9.1 20.2

10.29 207.7

97.6

Tau Lekoa

6.6

1.24
 8.2
 6.2
 0.75
 4.6
 97.0
West Wits
 Mponeng
 (2)
 2.1
 9.85 20.3 32.3 9.15 295.5
 98.5
 Savuka
 0.1
 7.57
 0.5
 3.2
 6.62
 20.9
 97.2
 TauTona
 (2)
 0.6
 9.27 5.2 12.7
 10.86 138.3
 98.1
Surface
 Surface sources
 -
 -
 -
 118.7
 0.50
 59.9
 44 – 88
 (4)
Argentina
 Cerro Vanguardia (92.5
 percent)
 (3)(7)
 1.0 6.08
 6.3
 7.9 6.58
 52.1
 95.2
Australia
 Boddington (33.33 percent)
 (3)(8)
 56.6
 0.89
 50.3

159.6

0.76

122.0

82.2

Sunrise Dam

12.0

2.34

28.2

5.2

4.39

22.7

83.5 – 85

(4)

Brazil

Brasil Mineração

6.6

7.69

51.0

4.3

6.12

26.1

87 – 94

(4)

Serra Grande (50 percent)

(3)

2.3

4.02

9.2

0.6

5.04

3.0

91-96

(4)

Ghana

Iduapriem (100 percent)

(3)

36.6

1.46

53.5

13.2

1.65

21.7

94.5

Obuasi

(2)

32.2

4.67 150.2 15.1 7.21 108.8 80 – 81.0

(4)

Guinea

Siguiri (85 percent)

(3)

21.3

0.59

12.6

89.6

0.77

69.2

93 – 97.5

(4)

Mali

Morila (40 percent)

(3)

5.2

2.21

11.6

4.0

2.01

8.0

89 – 91.5

(4)

Sadiola (38 percent)

(3)

1.8

2.75

4.9

2.3

3.13

7.3

80 – 94

(4)

Yatela (40 percent)

(3)

2.0

1.60

3.2

0.8

3.68

3.0

85

(4)

Namibia

Navachab

5.8

1.00

5.8

27.3

1.46

39.9

92

(4)

Tanzania

Geita

5.6	
1.01	
5.7	
62.4	
3.14	
195.9	
66.4 – 92.8	
(4)	
United States of America	
Cripple Creek & Victor	
107.9	
0.96	
103.8	
47.6	
0.92	
44.0	
60	
Total	322.7
2.04	
658.3	
653.4	
2.43	
1,588.2	

(1) *Ore Reserves include marginally economic and diluting materials delivered for treatment and allow for losses that may occur during mining.*

(2) *Probable Ore Reserves include Ore Reserves below infrastructure. See table below.*

(3) *Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.*

(4) *Recovery factor varies according to ore type.*

(5) *The Vaal Reef Ore Reserves include 19.5 thousand tonnes of Uranium by-products; this can not be accounted for by individual*

mine as Great Noligwa, Kopanang and Moab Khotsong feed to a combination of plants.

(6) *Tonnes refers to a metric tonne which is equivalent to 1000 kilograms.*

(7) *The Ore Reserve contains 963 tonnes of silver to be recovered as a by-product.*

(8) *The Ore Reserve contains 0.23 million tonnes of copper.*

(9) *0.47 million tonnes of sulfur will be recovered from processing the Ore Reserve.*

Rounding may result in computational differences.

106

The 2007 Probable Ore Reserves include Ore Reserves below infrastructure in the case of the following underground mines

currently in production:

Mine**Tonnes (millions)****Grade (grams/tonne)****Gold Content (tonnes)**

TauTona	4.5
13.71	
62.3	
Mponeng	17.4
11.23	
195.1	
Moab Khotsong	
12.4	
8.98	
110.9	
Obuasi	3.9
11.05	
42.9	
Total	38.2
10.78	
411.2	

Rounding may result in computational differences.

107

Stockpiles: Imperial

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserves include the following stockpile material:

Stockpiles

At December 31, 2008

Tons (million)

Grade (ounces/ton)

Gold content

(million ounces)

South Africa

Vaal River

Great Noligwa

-

-

-

Kopanang

-

-

-

Moab Khotsong

-

-

-

Tau Lekoa

-

-

-

West Wits

Mponeng

-

-

-

Savuka

-

-

-

TauTona

-

-

-

Surface

Vaal River Surface – SA MET

(2)

127.813

0.015 1.909

West Wits Surface - SA MET

(2)

5.616

0.008	0.043
Argentina	
Cerro Vanguardia (92.5 percent)	
(1)	
15.954	
0.019	0.302
Australia	
Boddington (33.33 percent)	
(1)	
0.693	
0.018	0.013
Sunrise Dam	
9.346	
0.049	0.456
Brazil	
Brasil Mineração	
-	
-	
-	
Serra Grande (50 percent)	
(1)	
0.063	
0.139	0.009
Ghana	
Iduapriem	
2.955	
0.034	0.100
Obuasi	
6.306	
0.053	0.333
Guinea	
Siguiri (85 percent)	
(1)(3)	
61.873	
0.016	1.012
Mali	
Morila (40 percent)	
(1)	
8.200	
0.048	0.394
Sadiola (38 percent)	
(1)	
2.670	
0.060	0.160
Yatela (40 percent)	
(1)	
1.430	
0.020	0.029
Namibia	
Navachab	
6.224	

0.021 0.131

Tanzania

Geita

8.312

0.030 0.251

United States of America

Cripple Creek & Victor

-

-

-

(1) Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.

(2) Centralized operations treating material on surface that was previously generated by several underground operations.

(3) Spent heap included in Ore Reserve.

The rounding of figures and converting from metric to imperial units may result in minor computational discrepancies.

108

Stockpiles: Imperial

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserves include the following stockpile material:

Stockpiles

At December 31, 2007

Tons (million)

Grade (ounces/ton)

Gold content

(million ounces)

South Africa

Vaal River

Great Nologwa

-

-

-

Kopanang

-

-

-

Moab Khotsong

-

-

-

Tau Lekoa

-

-

-

West Wits

Mponeng

-

-

-

Savuka

-

-

-

TauTona

-

-

-

Surface

Vaal River Surface – SA MET

(2)

130.861

0.015

1.924

West Wits Surface - SA MET

(2)

-

-

-

Argentina

Cerro Vanguardia (92.5 percent)

(1)

0.050

0.126 0.006

Australia

Boddington (33.33 percent)

(1)

0.161

0.024 0.004

Sunrise Dam

10.726

0.060 0.643

Brazil

Brasil Mineração

-

-

-

Serra Grande (50 percent)

(1)

-

-

-

Ghana

Iduapriem (100 percent)

(1)

2.096

0.038 0.079

Obuasi

(3)

9.901

0.050 0.492

Guinea

Signiri (85 percent)

(1)(4)

58.724

0.016 0.961

Mali

Morila

(3)

(40 percent)

(1)

7.685

0.051 0.391

Sadiola (38 percent)

(1)(5)

1.895

0.078 0.148

Yatela (40 percent)

(1)		
1.844		
0.031	0.057	
Namibia		
Navachab		
4.977		
0.020	0.102	
Tanzania		
Geita		
6.196		
0.032	0.183	
United States of America		
Cripple Creek & Victor		
-		
-		
-		

(1) *Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.*

(2) *Centralized operations treating material on surface that was previously generated by several underground operations.*

(3) *Pompora TSF removed due to economic changes.*

(4) *Spent heap included in Ore Reserve.*

(5) *Sulfide stockpiles removed.*

The rounding of figures and converting from metric to imperial units may result in minor computational discrepancies.

109

Stockpiles: Metric

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserves include the following stockpile material:

Stockpiles

At December 31, 2008

Tonnes (million)

Grade (grams/tonne)

Gold content

(tonnes)

South Africa

Vaal River

Great Nologwa

-

-

-

Kopanang

-

-

-

Moab Khotsong

-

-

-

Tau Lekoa

-

-

-

West Wits

Mponeng

-

-

-

Savuka

-

-

-

TauTona

-

-

-

Surface

Vaal River Surface - SA MET

(2)

115.950

0.51 59.38

West Wits Surface - SA MET

(2)

5.094

0.27	1.35
Argentina	
Cerro Vanguardia (92.5 percent)	
(1)	
14.473	
0.65	9.39
Australia	
Boddington (33.33 percent)	
(1)	
0.628	
0.63	0.39
Sunrise Dam	
8.478	
1.67	14.20
Brazil	
Brasil Mineração	
-	
-	
-	
Serra Grande (50 percent)	
(1)	
0.057	
4.76	0.27
Ghana	
Iduapriem	
2.681	
1.16	3.11
Obuasi	
5.720	
1.81	10.36
Guinea	
Siguiri (85 percent)	
(3)(1)	
56.130	
0.56	31.48
Mali	
Morila (40 percent)	
(1)	
7.439	
1.65	12.25
Sadiola (38 percent)	
(1)	
2.422	
2.06	4.99
Yatela (40 percent)	
(1)	
1.297	
0.70	0.91
Namibia	
Navachab	
5.646	

0.72 4.07

Tanzania

Geita

7.541

1.03 7.80

United States of America

Cripple Creek & Victor

-

-

-

(1) Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.

(2) Centralized operations treating material on surface that was previously generated by several underground operations.

(3) Spent heap included in Ore Reserve.

The rounding of figures and converting from metric to imperial units may result in minor computational discrepancies.

110

Stockpiles: Metric

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserves include the following stockpile material:

Stockpiles**At December 31, 2007****Tonnes (million)****Grade (grams/tonne)****Gold content****(tonnes)****South Africa*****Vaal River***

Great Noligwa

-

-

-

Kopanang

-

-

-

Moab Khotsong

-

-

-

Tau Lekoa

-

-

-

West Wits

Mponeng

-

-

-

Savuka

-

-

-

TauTona

-

-

-

Surface

Vaal River Surface - SA MET

(2)

118.715

0.50 59.858

West Wits Surface - SA MET

(2)

0.000

- 0.000

Argentina

Cerro Vanguardia (92.5 percent)

(1)

0.046

4.32 0.197

Australia

Boddington (33.33 percent)

(1)

0.146

0.81 0.118

Sunrise Dam

9.730

2.05 19.996

Brazil

Brasil Mineração

-

-

-

Serra Grande (50 percent)

(1)

-

-

-

Ghana

Iduapriem (100 percent)

(1)

1.902

1.30 2.469

Obuasi

(3)

8.982

1.70 15.290

Guinea

Siguiri (85 percent)

(4)(1)

53.274

0.56 29.878

Mali

Morila (40 percent)

(3)(1)

6.971

1.74 12.158

Sadiola (38 percent)

(5)(1)

1.719

2.67 4.598

Yatela (40 percent)

(1)

1.673

1.05 1.762

Namibia

Navachab

4.515

0.70 3.160

Tanzania

Geita

5.621

1.01 5.701

United States of America

Cripple Creek & Victor

-

-

-

(1) Ore Reserves attributable to AngloGold Ashanti's percentage interest shown.

(2) Centralized operations treating material on surface that was previously generated by several underground operations

(3) Pompora TSF removed due to economic changes.

(4) Spent heap included in Ore Reserve.

(5) Sulfide stockpiles removed.

Rounding may result in computational differences.

111

Drill hole spacing: Imperial

In determining the Proven and Probable Ore Reserves, AngloGold Ashanti applied the following drill hole spacings:

Drill Hole Spacings

Proven Ore Reserves

Probable Ore Reserves

South Africa

Underground sources Ore body opened up, developed and sampled on a 7 to 10 foot spacing on raise lines and on a 16 x 16 grid thereafter

From a 131 x 131 foot spacing up to 3281 x 3281 foot spacing

Surface sources

Variable sampling strategies: Belt samplers, cross stream residue samplers and bulk sampling campaigns

Variable sampling strategies: Belt samplers, cross stream residue samplers

Argentina

Cerro Vanguardia

41 x 41 feet

131 x 131 feet

Australia

Boddington

131 x 115 feet

344 x 426 feet

Sunrise Dam

33 x 33 feet, 82 x 82 feet

66 x 66 feet, 131 x 131 feet, 164 x 164 feet

Brazil

Brasil Mineração

66 x 66 feet, 82 x 82 feet. Drilling pattern of 197 x 66 feet for Cuiaba Expansion Project.

66 x 66 feet, 164 x 164 feet.

Serra Grande

(50 percent)

33 x 33 feet, 66 x 33 feet

33 x 66 feet, 66 x 164 feet

Ghana

Iduapriem

164 x 164 feet, 328 x 164 feet

246 x 164 feet, 328 x 246 feet

Obuasi - Surface

66 x 66 feet

98 x 98 feet

Obuasi - Underground 66 x 66 feet

197 x 197 feet

Guinea

Siguiri

16 x 33 feet

66 x 131 feet, 82 x 82 feet

Mali

Morila

33 x 33 feet

98 x 98 feet

Sadiola

66 x 66 feet, 82 x 82 feet

82 x 164 feet

Yatela

33 x 33 feet, 82 x 82 feet

115 x 148 feet

Namibia

Navachab

33 x 33 feet

82 x 164 feet

Tanzania

Geita

16 x 33 feet, 33 x 33 feet

131 x 131 feet

USA

Cripple Creek & Victor <98 x 98 feet

>98 x 98 feet

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Drill hole spacing: Metric

In determining the Proven and Probable Ore Reserves, AngloGold Ashanti applied the following drill hole spacings:

Drill Hole Spacings

Proven Ore Reserves

Probable Ore Reserves

South Africa

Underground sources Ore body opened up, developed and sampled on a 2 to 3 meter spacing on raise lines and on a 5 x 5 grid thereafter

From a 40 x 40 meter spacing up to 1000 x 1000 meter spacing

Surface sources

Variable sampling strategies: Belt samplers, cross stream residue samplers and bulk sampling campaigns

Variable sampling strategies: Belt samplers, cross stream residue samplers

Argentina

Cerro Vanguardia

12.5 x 12.5 meter

40 x 40 meter

Australia

Boddington

40 x 35 meter

130 x 105 meter

Sunrise Dam

10 x 10 meter, 25 x 25 meter

20 x 20 meter, 40 x 40 meter, 50 x 50 meter

Brazil

Brasil Mineração

20 x 20 meter, 25 x 25 meter. Drilling pattern of 60 x

20 for Cuiaba Expansion Project.

20 x 20 meter, 50 x 50 meter.

Serra Grande

(50 percent)

10 x 10 meter, 20 x 10 meter

10 x 20 meter, 20 x 50 meter

Ghana

Iduapriem

50 x 50 meter, 100 x 50 meter

75 x 50 meter, 100 x 75 meter

Obuasi – Surface

20 x 20 meter

30 x 30 meter

Obuasi - Underground 20 x 20 meter

60 x 60 meter

Guinea

Siguiri

5 x 10 meter

20 x 40 meter, 25 x 25 meter

Mali

Morila

10 x 10 meter

30 x 30 meter

Sadiola

20 x 20 meter, 25 x 25 meter

25 x 50 meter

Yatela

10 x 10 meter, 25 x 25 meter

35 x 45 meter

Namibia

Navachab

10 x 10 meter

25 x 25 meter

Tanzania

Geita

5 x 10 meter, 10 x 10 meter

40 x 40 meter

USA

Cripple Creek & Victor <30 x 30 meter

>30 x 30 meter

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RESEARCH AND DEVELOPMENT

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

Research and development expenditure amounted to \$1 million, \$10 million and \$4 million during 2008, 2007 and 2006, respectively.

Most of this work is conducted in collaboration with appropriate third parties such as research organizations, universities, other mining companies, mining service providers, equipment suppliers and contractors. The company also encourages and supports in-house research projects to address issues at specific operations.

AngloGold Ashanti's wholly-owned subsidiary, ISS International (ISSI), is a global company specializing in seismic monitoring of mines and engineering structures. ISSI, in conjunction with AngloGold Ashanti, initiates and undertakes seismological research. This seismological research and development program is focused on addressing the shortcomings in the areas of science, technology and the transfer of knowledge and experience to the relevant people. Five main areas are addressed: emergency response to rock bursts, prevention of rock bursts, intermediate- and short-term hazard assessment, alerts and back analyses. Several of the research and development projects are done in combination with a newly established AngloGold Ashanti Rock Engineering applied research unit. The main objective of this research and development is to enhance the safety of those working in mining operations. R&D successes include improvements in quick location methodology and location accuracy, and progress has been made in both elastic and inelastic numerical modeling and seismic data integration, and in-stope wireless communication. Significant progress has also been made in capacity building among junior research personnel.

Cyanide management remains a key issue for AngloGold Ashanti which is a signatory of the International Cyanide Management Institute (ICMI) and the company is fully committed to achieving compliance with the International Cyanide Management Code. The company continues to communicate on cyanide-related issues with the ICMI on an ongoing basis. As of February 1, 2009, over 50 percent of the AngloGold Ashanti operations were fully accredited; this represented 25 percent of ICMI certified mines. Every effort is being made to achieve certification at all sites as quickly as possible.

AngloGold Ashanti continues to support the catalysis initiative within the AuTEK program which is aimed at finding new industrial uses for gold. AuTEK is managed by Mintek, a South African research and development center which also receives

government funding. Fellow gold miners, Gold Fields and Harmony are co-sponsors of AuTEK with support specifically for nanotechnology and bio-medical applications, respectively. The catalysis initiative has until now focused on developing catalysts for carbon monoxide oxidation for use in fuel cells and in photocatalysis. A pilot plant for the production of gold catalysts has been constructed and commissioned. The current focus is to develop business relationships with catalyst marketing companies and potential end users. Promising applications include gas masks, mine refuge bays, gas scrubbing for underwater welding, catalytic converters for diesel engines and the catalysis of a variety of industrial chemical reactions.

Safety, health and environmental initiatives include:

- Cyanide code implementation;
- Fall-of-ground management initiatives including
 - o Risk-based mine planning using conditional simulation techniques;
 - o Improving short-term seismic hazard assessment by means of an enhanced numerical modeling capability; and
 - o Improving tunnel support systems in deep, seismically active mines using a destructive proof-testing approach;
- SPAR – Separate People And Risk (a South African division initiative to remove people from high-risk workplaces and to develop less people-intensive mining methods);
- Implementation of integrated malaria control programs at high prevalence sites;
- Participation in research initiatives towards an effective tuberculosis control program in collaboration with the University of Stellenbosch and involvement in the Thibela TB project being run by the CREATE – Consortium to Respond Effectively to the AIDS and TB Epidemic – consortium;
- Studies into the impact of employee health and wellness on health and safety performance in collaboration with the University of the North West;
- Initiation of a company-wide review of closure management funding and activities which will be completed during 2009; and
- Various initiatives to reduce silica dust exposure in stopes including automated in-stope water-blasting and deployment of fogging systems.

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Geological initiatives include:

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

Mining initiatives include:

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

Processing initiatives include:

- Research into the possible replacement of cyanide with thiosulphate for the leaching of gold in order to reduce environmental and health impacts associated with the use of cyanide;
- Converting to resin-based uranium extraction which has significantly reduced power requirements;
- The Amira P9 comminution and flotation project which is aimed at improving the efficiency of these processes with the development of sophisticated process control and simulation methods;
- Amira P420 gold processing project focused on improving gold recovery from refractory (difficult to process) ores; and
- Heap-leach solution flow modeling to improve the accuracy of gold production forecasting at Cripple Creek & Victor.

Engineering initiatives include:

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

COMPETITION

As gold mining is a mature and regulated industry, and very significant volumes of gold and gold derivatives trade in the world markets independent of gold mine supply, AngloGold Ashanti does not consider that competition for sales plays any role in its operations as a gold producer. However, gold producers do compete against each other for acquisition of exploration opportunities and human resources.

INTELLECTUAL PROPERTY

AngloGold Ashanti, as a group, is not dependent on intellectual property for the conduct of its business as a whole.

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SUSTAINABLE DEVELOPMENT: SAFETY, HEALTH, ENVIRONMENTAL AND SOCIAL DEVELOPMENT

AngloGold Ashanti published its Report to Society 2008 on March 27, 2009. A copy has been furnished to the SEC under Form 6-K. This report covers issues pertaining to social development in line with AngloGold Ashanti's values and business principles and the Global Reporting Initiative Guidelines prepared on a country and operational basis. The following has been extracted from the Report to Society 2008.

RENEWING THE VISION, MISSION AND VALUES

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

The new vision, mission and values statement was approved for implementation by the group executive committee in June 2008 as follows:

OUR VISION

To be the leading mining company.

OUR MISSION

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

OUR VALUES

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

We treat each other with dignity and respect. We believe that individuals who are treated with respect and who are

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

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

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

The communities and societies in which we operate will be better off for AngloGold Ashanti having been there. We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

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

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LEADERSHIP AND GOVERNANCE

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

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

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

MANAGEMENT SYSTEMS AND ACCOUNTABILITY

Operational restructuring has been undertaken across AngloGold Ashanti over the past two years to align the company's structure with the revised corporate strategy and the new executive team, so as to bring the company's leadership closer to the operations. Key developments here include the appointment in late 2007 of three operational heads (one each for Australasia, Africa and the Americas) and the separation of divisional responsibility in Africa (home to the majority of the group's operations)

into West Africa and Southern Africa divisions. The bases for these Africa divisions are Accra in Ghana and Potchefstroom in South Africa, reinforcing the notion of regional centers in close proximity to the operations to ensure prompt technical and administrative support. In early 2009, taking this approach a step further, the West African division was split into Ghana and Guinea/Mali management structures.

Given AngloGold Ashanti's renewed vision and values and revised corporate strategy, a complete review of the group's human resource management systems and structure, called the System for the Management of People (SMP), is being undertaken.

Given the changing world of work, the current socio-economic climate and continued key skills shortages in the mining industry, this is considered a strategic imperative.

ANGLOGOLD ASHANTI AS AN EMPLOYER

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

Safety and occupational health

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

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

It is with regret that AngloGold Ashanti reports that 14 employees lost their lives during the course of work in 2008. There were

11 fatalities at the South African operations, two at the Obuasi mine in Ghana and one at Serra Grande in Brazil. The board

and management of AngloGold Ashanti extend their deepest sympathies to the families and colleagues of those who died. It is

the company's objective to eliminate accidents at work, especially fatal accidents, and much attention is being given to this.

While this performance falls short of AngloGold Ashanti's stated aim of eliminating all fatal incidents at work, there was a

significant improvement on the group's performance in 2007, when 34 people died at work. The FIFR, at 0.09 per million hours

worked, was consequently 59 percent lower, compared with the 0.21 per million hours worked in 2007. Eleven of the 18 operating mining units did not experience a fatal incident (10 in 2007). The LTIFR improved by 11 percent to 7.32 injuries

per million hours worked (2007: 8.24).

In 2008, AngloGold Ashanti embarked on an occupational safety and health leadership transformation project to create a

strategic 'blueprint' for occupational safety and health in the company. The project team undertook site visits as well as in-

depth management and employee interviews. Additionally, an extensive employee safety and health culture survey was

conducted, the aim of which was to achieve a better understanding of the group's current management cultures, structures and

systems. An analysis of macro-environmental drivers, industry trends and best practice was also undertaken so as to develop

future scenarios that might affect safety and health.

Strategic initiatives to instill a culture of care were effective across the group. These were supported by the empowering of

employees to take responsibility for their own safety and health and that of their colleagues, and by recognizing safety achievements.

The roll-out of the OHSAS 18001 safety and health management standard continued during the year, with the last two operations being recommended for certification by year-end. A protocol for safety and health systems and practice assessment

that is consistent with OHSAS 18001 was developed and implemented at all operations during the year. All relevant role-

players were familiarized with its requirements, and most of the preliminary assessments had been carried out by year-end.

Occupational health risks to employees vary significantly from region to region and by type of mining operation. The most

significant occupational health risks at AngloGold Ashanti are: occupational lung disease (OLD), which comprises

silicosis and occupational tuberculosis (TB) in underground operations that are host to quartz-bearing rock; noise-induced hearing loss (NIHL); heat stress; and radiation. Occupational health regulations require ongoing biological monitoring for lead, mercury and arsenic, and other hazardous substances.

Respect for human rights

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

The group continues to support both the UN Global Compact and the Voluntary Principles on Security and Human Rights.

During the year, a Vice President for Global Security, with a specific remit to ensure that all security operations and practices take due cognizance of human rights, was appointed.

Certain human rights conventions, including those relating to freedom of association and collective bargaining, are entrenched

in the South African constitution and legislation, as well as in the laws and regulations in other countries in which AngloGold

Ashanti operates. Specifically, the company seeks to ensure the implementation of fair employment practices by prohibiting

forced, compulsory or child labor, and by implementing these practices through country, operation and shaft level recognition

and collective bargaining agreements, and through disciplinary, grievance and non-discrimination agreements and codes. No

breaches of fundamental rights conventions were alleged, nor were any charges brought against the company in connection

with these, during the year.

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

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

Regional health

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

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

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

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

Malaria remains an area of concern for AngloGold Ashanti's operations in Ghana, Guinea, Mali and Tanzania,

although employees at the South African operations may contract the disease when travelling to their homes in malaria-infected areas in neighbouring states. Key elements of the malaria control program are:

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

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

Environment

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

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

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All AngloGold Ashanti operations have environmental management systems (EMSs) in place that are certified to the ISO

14001 standard. All operations are expected to maintain certification to the standard and to meet their individual targets as part

of the group's commitment to continual improvement in environmental performance. All sites audited as part of the ISO

surveillance program or for recertification successfully retained their certification.

The Corporate Environmental Review Program (CERP), first undertaken in 2007, verified that significant environmental aspects

had been identified in each operation's management system, and assessed whether appropriate programs had been established to monitor and manage these aspects. During 2008, a program of follow up visits was undertaken to sites with

significant environmental risks to ensure that acceptable controls were either being implemented or maintained. The results of

CERP 2007 were used as the basis of the first company-wide environmental award, which was made to Brasil Mineração in

Brazil.

A central tenet underlying the group's targets and performance is its commitment to optimizing resource usage and reducing

waste. The nature of the orebody, mining methods and metallurgical processes employed differ from mine to mine, as do the

circumstances in which mines operate. Hence, environmental priorities are identified and dealt with on a site-by-site basis.

Means to minimize and prevent pollution by operations of the surrounding environment are considered and typically built into

mining projects at the start of the project. However, this has not always been the case at operations established many decades

ago, when legislation was less stringent and when the technologies and practices used today were largely unknown.

This has

resulted in the capacity of the pollution prevention systems at several operations being unable to meet current requirements.

Projects to address this are in place at operations affected in South Africa and Ghana. All operations are required to report all

major environmental incidents to the corporate office. A summary of these reports is submitted quarterly to the Executive

Committee and the Board Safety, Health and Sustainable Development Committee. AngloGold Ashanti defines a "major

incident" as one which could affect the Company's reputation or which results in a cost to the Company exceeding \$100,000,

including fines, compensation, clean-up, loss of production and anticipated litigation costs.

104 major environmental incidents were reported in 2008, far more than in 2007. Most of these incidents fell into the categories of unpermitted gas emissions, unauthorised solution overflows or discharges and pipeline failures, which occurred

at the metallurgical operations in South Africa and the Obuasi Mine in Ghana. The increase in the number of incidents reported over time is partly a function of more comprehensive reporting brought about by the implementation of better environmental management systems.

AngloGold Ashanti intends to revisit the environmental incident classification system during 2009 in order to align it with the revised risk management system.

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

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

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

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

Community

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

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

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

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

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

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

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

Significant incidents include those involving:

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

The vast majority of these incidents (outside of protest action) stem from individuals involved in illegal activities.

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

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

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

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

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

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

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

In 2008, AngloGold Ashanti spent \$9.25 million on corporate social investment (2007: \$7.7 million). Corporate social investment expenditure is defined as the voluntary investment of funds in the broader community through programs spanning a range of development and maintenance activities that seek to complement the work of government, NGOs and CBOs,

where
the target beneficiaries are external to the company. Corporate social investment specifically excludes those activities
where
the purpose is primarily commercial, such as marketing, employee benefits or public relations activities.

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

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

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

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4C. ORGANIZATIONAL STRUCTURE

HEAD OFFICE STRUCTURE AND OPERATIONS

AngloGold Ashanti's operations are organized on a country basis. Management of AngloGold Ashanti is entrusted to the executive committee, comprising the two executive directors, 8 executive vice presidents and two vice presidents. See "Item 6.:

Directors, senior management and employees". Day-to-day management of the operations vests with executive teams based in South Africa (Johannesburg and Potchefstroom), Ghana (Accra), United States (Denver), Brazil (Nova Lima), and Australia (Perth).

Corporate activities

Activities provided in the corporate area fall into three categories. First, support is provided to the executive committee in managing AngloGold Ashanti as a whole. Second, certain activities are managed centrally, including strategic and business planning, marketing, corporate finance, treasury, exploration, technology and innovation, corporate secretarial and corporate affairs. Third, certain specialized services are directed from the center although they are managed by operations. These include mining, engineering, metallurgy, mineral resource management, safety and health, the environment and human resources.

AngloGold Ashanti has investments in numerous principal subsidiaries and joint venture interests, see "Item 19.: Exhibits Exhibit 19.8 List of AngloGold Ashanti Limited subsidiaries" for details.

4D.

Property, plants and equipment

For a discussion on AngloGold Ashanti's mining properties, plant and equipment, see "Item 4B.: Business Overview".

ITEM 4A: UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of AngloGold Ashanti Limited and are based on the US GAAP financial statements.

This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the three years ended and as at December 31, 2008, 2007 and 2006. It consists of the following subsections:

- “Overview,” which provides a brief summary of our operations;
- “Operating results,” which includes a discussion of our consolidated financial results for the last three years and those factors influencing the results;
- “Liquidity and Capital Resources,” an analysis of cash flows, sources and uses of cash, our financial position, capital commitments and contingencies, financial instruments, recent accounting pronouncements and critical accounting policies;
- “Trend information,” a discussion of current and expected future production and the costs thereof;
- “Off-balance sheet arrangements,” a discussion of significant off-balance sheet arrangements; and
- “Contractual obligations,” a disclosure of known contractual obligations.

This item should be read in conjunction with the Company’s consolidated financial statements and the notes thereto which are included under Item 18 of this annual report.

Included within Item 18 of this annual report are the financial statements of certain of the Company’s joint ventures which are not audited by the Company’s principal accountant. The principal accountant of AngloGold Ashanti has made reference to the work of other auditors in their report on the consolidated financial statements of AngloGold Ashanti Limited and therefore in compliance with Regulation S-X Rule 2-05 the separate reports of the other accountants are included in Item 18. Notwithstanding compliance with Regulation S-X Rule 2-05, these financial statements for the year ended December 31, 2008 did not meet the significant test requirements for separate financial statements and disclosures in terms of Regulation S-X Rule 3-09 for the financial year ended December 31, 2008. The joint venture operations situated in Mali (the Sadiola, Yatela and Morila Joint Ventures) did not meet the significance test requirements for separate financial statements and disclosures in terms of Regulation S-X Rule 3-09 for the financial year ended December 31, 2007.

Overview

For the year ended December 31, 2008, AngloGold Ashanti had an attributable production of approximately 5 million ounces (including joint ventures) of gold. Headquartered in Johannesburg, South Africa, the Company has a global presence with 21 operations comprising open-pit and underground mines and surface metallurgical plants in ten countries which are supported by extensive, yet focused, exploration activities. As at December 31, 2008 the Company had Proven and Probable Ore Reserves of approximately 73.5 million ounces (including joint ventures) on an attributable basis.

AngloGold Ashanti's main product is gold. A portion of its revenue is derived from sales of silver, uranium oxide and sulfuric acid. The Company sells its products on world markets.

AngloGold Ashanti's world-wide operations, divided into countries are: South Africa (which comprises eight operations), Argentina (which encompasses one operation), Australia (which encompasses one operation), Brazil (which encompasses two operations), Ghana (which encompasses two operations), Guinea (which encompasses one operation), Mali (which encompasses three operations), Namibia (which encompasses one operation), Tanzania (which encompasses one operation) and the United States of America (which encompasses one operation). For more information on the Company's business and operations, see "Item 4B.: Business overview — Products, operations and geographical locations".

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AngloGold Ashanti's costs and expenses consist primarily of production costs, royalties and depreciation, depletion and amortization. Production costs include labor, fuel, lubricants, power, consumable stores which include explosives, timber, other consumables and utilities. Labor is a significant component of production costs as the Company's mining operations consist mainly of deep-level underground mining methods as well as open-pit operations, both of which are labor intensive.

With operations in ten countries on four continents, AngloGold Ashanti is exposed to a number of factors that could affect its profitability, including exchange rate fluctuations, inflation and other risks relating to these specific countries. These factors are inherent in conducting mining operations on a global basis, and the Company applies measures wherever appropriate and feasible, such as hedging instruments, intended to reduce its exposure to these factors.

5A. OPERATING RESULTS

INTRODUCTION

The most significant income statement events of 2008 were the non-hedge derivative loss incurred in accelerating the reduction of the hedge book and the impairment loss on certain African assets.

During the year the hedge book was reduced by 5.29 million committed ounces from 11.28 million committed ounces at the beginning of the year to 5.99 million committed ounces as a result of delivery into maturing contracts and buy-back of certain non-hedge derivative contracts. These transactions resulted in the recognition of a loss during the year of \$1,088 million, included under the caption "Non-hedge derivative loss". These transactions, which were funded from the proceeds of a rights offer completed in July 2008, have enabled the Company to significantly restructure and reduce its existing gold hedging position, which had adversely affected its financial performance in recent years. The Company had traditionally used gold hedging instruments to protect the selling price of some sales against declines in the market price of gold and the use of these instruments had prevented the Company from fully participating in the significant increases in the market price of gold in recent years.

The rights offer which closed in July 2008 resulted in the issue of 69,470,442 million ordinary shares and generated net proceeds of approximately \$1.7 billion.

The Company recorded an impairment charge of \$371 million on long-lived assets and \$299 million on goodwill in 2008. This related primarily to the former Ashanti mines in Ghana and Tanzania. At the time of the Ashanti acquisition, the mines were

accounted for by AngloGold Ashanti based on the forward gold curve. Since then, AngloGold Ashanti has consistently applied this methodology i.e. the forward gold curve off a 30-day average spot price during the fourth quarter, to test these assets annually for goodwill impairment purposes and when indicated for long-lived assets. Although the starting point of the forward gold price curve was higher in 2008 compared with 2007, the slope or rate of escalation of the price curve was lower in 2008. The forward price curve if discounted at US CPI is \$817 per ounce (2007: \$887 per ounce). Discount rates applied in 2008 are higher than those used in the previous year, reflecting current market and economic conditions. In addition, reserves at the Geita mine in Tanzania decreased during 2008. These two factors were the primary cause of the impairment charge in 2008.

Key factors affecting results

Gold prices

AngloGold Ashanti's operating results are directly related to the price of gold which can fluctuate widely and is affected by numerous factors beyond its control, including industrial and jewellery demand, expectations with respect to the rate of inflation, the strength of the US dollar (the currency in which the price of gold is generally quoted) and of other currencies, interest rates, actual or expected gold sales by central banks and the International Monetary Fund (IMF), forward sales by producers, global or regional political or economic events, and production and cost levels in major gold-producing regions. In addition, the price of gold sometimes is subject to rapid short-term changes because of speculative activities.

The current demand for and supply of gold may affect gold prices, but not necessarily in the same manner as current supply and demand affect the prices of other commodities. The supply of gold consists of a combination of new production and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals.

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As the amounts produced in any single year constitute a very small portion of the total potential supply of gold, normal variations in current production do not necessarily have a significant impact on the supply of gold or on its price. If revenue from gold sales falls for a substantial period below the Company's cost of production at its operations, AngloGold Ashanti could determine that it is not economically feasible to continue commercial production at any or all of its operations or to continue the development of some or all of its projects.

On April 29, 2009, the afternoon fixing price for gold on the London Bullion Market was \$898.25 per ounce.

For a discussion of the gold supply and demand dynamics, see "Item 4B.: Business overview – The Gold and Uranium Markets – Gold".

Production Costs

Production costs are incurred on labor, fuel, lubricants, power, consumable stores (which include explosives, timber and other consumables) and utilities incurred in the production of gold. AngloGold Ashanti has estimated that for each \$1 per barrel rise in the oil price, the average cash costs of all its operations increases by about \$0.50 per ounce with the cash costs of certain of its mines, which are more dependent on fuel, being more sensitive to changes in the price of oil. Labor is also a significant component of production costs as AngloGold Ashanti's mining operations consist mainly of deep-level underground mining methods as well as open-pit operations, both of which are labor intensive.

Impairments

In conducting mining operations, AngloGold Ashanti recognizes the inherent risks and uncertainties of the industry, and the wasting nature of assets. Recoverability of capitalized amounts is reviewed on a regular basis. In 2008, AngloGold Ashanti incurred an impairment charge of \$371 million on long-lived assets and \$299 million on goodwill.

Effect of exchange rate fluctuations

Currently, a significant portion of AngloGold Ashanti's revenues, excluding the effect of realized non-hedge derivatives, are generated in South Africa, and to a lesser extent in Brazil, Argentina and Australia, and most of its production costs, therefore, are denominated in local currencies, such as the South African rand, the Brazilian real, the Argentinean peso and the Australian dollar. In 2008, the Company derived 60 percent (57 percent including joint venture arrangements) of its revenues from these countries and incurred 59 percent (55 percent including joint venture arrangements) of its production costs

in these local currencies. A 1 percent strengthening of these local currencies against the US dollar will result in an increase of total cash costs incurred of nearly \$3 per ounce, or 1 percent. As the price of gold is denominated in US dollars and the Company realizes the majority of its revenues in US dollars, devaluation of these local currencies against the US dollar improves the Company's profitability in the short-term. Conversely strengthening of these local currencies against the US dollar adversely impacts the Company's profitability in the short-term. Based upon average rates during the respective years, the rand weakened and the real strengthened by approximately 17 percent and 6 percent respectively, against the US dollar in 2008 compared to 2007. The Argentinean peso had devalued to 3.45: 1 against the US dollar by December 31, 2008 from 3.15:1 against the US dollar as of January 1, 2008. The Australian dollar, based on the average rates during the respective years, strengthened by 2 percent against the US dollar in 2008 compared to 2007.

To fund local operations, AngloGold Ashanti holds funds in local currencies. The US dollar value of these currencies may be affected by exchange rate fluctuations and, as a result, the Company's cash and cash equivalents reported in US dollars could change. At December 31, 2008, approximately 46 percent of the Company's cash and cash equivalents were held in local currencies.

Certain exchange controls are currently in force in South Africa. Although the exchange rate of the rand is primarily market determined, its value at any time may not be considered a true reflection of the underlying value while exchange controls exist. The government has indicated its intention to lift exchange controls over time. As exchange controls are relaxed, rand exchange rates will be more closely tied to market forces. It is not possible to predict whether or when this will occur or the future value of the rand. For a detailed discussion of these exchange controls, see "Item 10D.: Exchange controls".

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Effect of inflation

The mining industry continues to experience price inflation for many commodities and consumables used in the production of gold which leads to higher production costs reported by many gold producers.

AngloGold Ashanti's operations have not been materially adversely affected by inflation in recent years given that it has benefited from sustained period of rising gold prices. However, the Company is unable to control the prices at which it sells its gold (except to the limited extent that it utilizes commodity instruments) and it is possible, therefore, that if there is to be significant inflation in South Africa, and to a lesser extent in Brazil, Argentina and Australia, without a concurrent devaluation of the local currency or an increase in the price of gold, there could be a material adverse effect upon the Company's results and financial condition.

The percentage change in the rand/US dollar exchange rate, based upon average rates during the respective years, and the local annual inflation rate, as measured by the South African Producer Price Index (PPI), are set out in the table below:

Year ended December 31**2008****percent****2007****percent****2006****percent**

The average South African rand/US\$ exchange rate weakened by:

17.4

3.8

6.3

PPI (inflation rate) increase:

14.2

10.0

7.7

Net effect

(3.2)

6.2

1.4

Effect of commodity instruments

AngloGold Ashanti has utilized commodity instruments to protect the selling price of some of its anticipated production. The use of such instruments prevents full participation in subsequent increases in the market price for the commodity with respect to covered production. The Company has been reducing its hedge commitments through hedge buy-backs (limited to non-hedge derivatives), deliveries into contracts and restructurings in order to provide greater participation in a rising gold price

environment, the effect of which may be that only limited price protection is available at lower gold prices. As a result, the Company has reduced its hedge commitments by 5.29 million ounces (or 47 percent) from 11.28 million ounces as at December 31, 2007 to 5.99 million ounces as at December 31, 2008. For a discussion of the Company's commodity instruments see "Item 11: Quantitative and qualitative disclosures about market risk".

Acquisitions and dispositions

The global gold mining industry has experienced active consolidation and rationalization activities in recent years. Accordingly, AngloGold Ashanti has been, and expects to continue to be, involved in a number of acquisitions and dispositions as part of this global trend and to identify value-adding business combination and acquisition opportunities.

The following is a description of acquisitions and dispositions completed by AngloGold Ashanti from January 1, 2006 through December 31, 2008:

In February 2006, AngloGold Ashanti disposed of the entire investment in Tanami Gold with the sale of 19 million shares for a cash consideration of A\$3.9 million (\$3.0 million).

On February 27, 2006, AngloGold Ashanti announced that it had signed an agreement with Dynasty Gold Corporation, a company with exploration activities in China, to acquire an effective 8.7 percent stake in that company through a purchase of 5.75 million Dynasty units at a price of C\$0.40 each.

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On June 30, 2006, AngloGold Ashanti (U.S.A.) Exploration Inc. (AngloGold Ashanti), International Tower Hill Mines Ltd (ITH) and Talon Gold Alaska, Inc. (Talon), a wholly-owned subsidiary of ITH, entered into an Asset Purchase and Sale and Indemnity Agreement whereby AngloGold Ashanti sold to Talon a 100 percent interest in six Alaska mineral exploration properties and associated databases in return for 5,997,295 common shares of ITH stock, representing 19.99 percent interest in ITH (December 31, 2008; 14.55 percent held). The Company also granted to ITH the exclusive option to acquire a 60 percent interest in each of its LMS and Terra projects by incurring \$3 million of exploration expenditure on each project (total of \$6 million) within four years of the grant date of the options. As part of the two option agreements, the Company will have the option to increase or dilute its stake in these projects.

On August 23, 2006, AngloGold Ashanti announced that it had entered into a conditional agreement with Central African Gold plc (CAG) to sell the assets, related to Bibiani and Bibiani North prospecting permit to CAG for a consideration of \$40 million. The conditions precedent to the sale were satisfied effective December 28, 2006. The Bibiani North prospecting license was assigned to CAG on May 17, 2007 by the Ghanaian Land Commission and Registry.

Arising from the sale of Bibiani assets, AngloGold Ashanti applied \$3 million of the partial proceeds to an investment of 15,825,902 Central African Gold plc (CAG) shares. Subsequent to this decision, local regulators required that the shares in CAG be sold within 90 days of December 28, 2006. On February 14, 2007, the Company disposed of 7,000,000 CAG shares yielding total proceeds of £768,845 (\$1.5 million) and during April 2007, disposed of the remaining 8,825,902 CAG shares yielding total proceeds of £894,833 (\$1.8 million).

On September 21, 2006, AngloGold Ashanti announced that it had entered into a 50:50 strategic alliance (joint venture) with Russian gold and silver producer, OAO Inter-Regional Research and Production Association Polymetal (Polymetal) in terms of which, Polymetal and AngloGold Ashanti would cooperate in exploration, acquisition and development of gold mining opportunities within the Russian Federation. At the same time, the Company announced that it had submitted an offer to the board of Trans-Siberian Gold plc (TSG) to acquire all of TSG's interest in its Krasnoyarsk based subsidiaries, OOO GRK Amikan (Amikan) and OOO Artel Staratelei Angarskaya Proizvodstvennaya Kompania (AS APK) for a consideration of \$40 million. In June 2007, the Company concluded the purchase of TSG's interests in Amikan (which holds the Veduga deposit, related exploration and mining licenses) and AS APK (which holds the Bogunay deposit, related exploration and mining licenses). These companies acquired from TSG by AngloGold Ashanti, together with two greenfields

exploration

companies held by Polymetal, hold the initial operating assets of the joint venture. Of the assets acquired from TSG, assets of

\$15 million were subsequently sold by the joint venture during the quarter ended March 31, 2008.

On June 8, 2007, AngloGold Ashanti announced that it had sold, subject to certain conditions, most of the remaining moveable

and immovable assets of Ergo, the surface reclamation operation east of Johannesburg, discontinued in March 2005, to a

consortium of Mintails South Africa (Pty) Limited/DRD South African Operations (Pty) Limited . The transaction was approved

by the Competition Commissioner on May 5, 2008. An outstanding resolutive condition to the sale agreement, is consent by

the Minister of Minerals and Energy of the transfer of mining rights.

During July 2007, AngloGold Ashanti disposed of its investment of 600,000 shares previously held in Mwana Africa plc for

\$0.8 million.

AngloGold Ashanti completed the acquisition of the minority interests in the Iduapriem and Teberebie mine previously held by

the Government of Ghana (5 percent) and the International Finance Corporation (10 percent) effective September 1, 2007 for a

total cash consideration of \$25 million. The Iduapriem and Teberebie mine is now wholly-owned by the Company. The

Company finalized the purchase price allocation of fixed assets during the third quarter of 2008. The final purchase price

allocation did not vary significantly from the preliminary allocation.

On February 14, 2008, AngloGold Ashanti announced that it had entered into a binding memorandum of agreement (MOA)

with B2Gold Corp. (B2Gold). The MOA provides for the existing Colombian joint venture agreements between AngloGold

Ashanti and B2Gold to be amended. B2Gold would also acquire from AngloGold Ashanti, additional interests in certain mineral

properties in Colombia. In exchange, B2Gold would issue to AngloGold Ashanti, 25 million common shares and 21.4 million

common share purchase warrants in B2Gold. On May 16, 2008, AngloGold Ashanti announced that it had completed the

transaction to acquire a 15.9 percent direct interest in B2Gold and increase B2Gold's interest in certain Colombian properties,

as stated.

During the quarter ended June 30, 2008, the Company disposed of its 50 percent interest held in Nufcor International Limited,

a London based uranium marketing, trading and advisory business, to Constellation Energy Commodities Group for net

proceeds of \$48 million.

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Effective July 1, 2008, AngloGold Ashanti acquired the remaining 33 percent shareholding in the Cripple Creek & Victor Gold Mining Company joint venture (CC&V) through the acquisition of 100 percent of Golden Cycle Gold Corporation (GCGC). The Company issued 3,181,198 AngloGold Ashanti shares (total value \$118 million) pursuant to this transaction. The Company completed the purchase price allocation of fixed assets during the third quarter of 2008. The transaction was accounted for as a purchase business combination whereby identifiable assets acquired and liabilities assumed were recorded at their fair market values as of the date of acquisition. The excess of the purchase price over such fair value was recorded as goodwill and as such, the acquisition resulted in goodwill of \$18 million being recorded, relating mainly to the premium paid to obtain the remaining interest in CC&V.

On December 15, 2008, AngloGold Ashanti announced that it had completed the purchase of São Bento Gold Company Limited (SBG) and its wholly-owned subsidiary, São Bento Mineração S.A. (SBMSA) from Eldorado Gold Corporation (Eldorado) for a consideration of \$70 million through the issuance of 2,701,660 AngloGold Ashanti shares. The transaction was accounted for as an asset acquisition. The purchase price was allocated to the underlying assets acquired. The purchase of SBG and SBMSA gives AngloGold Ashanti access to the São Bento mine, a gold operation situated in the immediate vicinity of AngloGold Ashanti's Córrego do Sítio mine, located in the municipality of Santa Bárbara, Iron Quadrangle region of Minas Gerais State, Brazil.

The consolidated financial statements reflect the operations and financial condition of AngloGold Ashanti, assuming that acquisitions and dispositions took place on the effective date of these transactions.

South African economic and other factors

AngloGold Ashanti is a company domiciled in South Africa, with a number of operations in South Africa. As a result, the Company is subject to various economic, fiscal and monetary factors that affect South African companies generally.

South African companies are subject to exchange control regulations. Governmental officials have from time to time stated their intentions to lift South Africa's exchange control regulations when economic conditions permit such action. From 1998, certain aspects of exchange controls for financial institutions and individuals have been incrementally relaxed. It is, however, impossible to predict whether or when the South African government will remove exchange controls in their entirety. South African companies remain subject to restrictions on their ability to export and deploy capital outside of the Southern

African

Common Monetary Area, unless dispensation has been granted by the South African Reserve Bank. For a detailed discussion

of exchange controls, see "Item 10D.: Exchange controls".

The Mineral and Petroleum Resources Royalty Act was promulgated by the South African Minister of Finance on November 24, 2008 and provides for the payment of a royalty according to a formula based on taxable earnings before interest

and tax. It has a minimum rate of 0.5 percent and a maximum rate of 5 percent and is a tax deductible expense. It is estimated

that the formula will translate to a royalty rate of between 2.5 percent and 4 percent of gross sales in terms of current pricing

assumptions. The payment of royalties was scheduled to begin on May 1, 2009 but has been postponed to March 1, 2010 as

announced in the minister of finance's budget speech on February 11, 2009.

Comparison of operating performance in 2008, 2007 and 2006

The following table presents operating data for the AngloGold Ashanti group for the three year period ended December 31, 2008:

Operating data for AngloGold Ashanti

Year ended December 31

2008	2007	2006
Total attributable gold production (thousand ounces)		
4,982		
5,477		
5,635		
Total cash costs (\$/oz)		
465		
367		
321		
Total production costs (\$/oz)		
592		
504		
452		
Production costs (million US dollars)		2,159
1,917		
1,539		
Capital expenditure (million US dollars)		
1,239		
1,059		
817		
- Consolidated entities		
1,232		
1,050	811	
- Equity accounted joint ventures		
7		
9	6	

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Attributable gold production

For the year ended December 31, 2008, AngloGold Ashanti's total attributable gold production from continuing operations decreased by 495,000 ounces, or 9 percent, to 5 million ounces from 5.5 million ounces produced in 2007. In South Africa, gold production decreased by 10 percent from 2,328,000 ounces produced in 2007, to 2,099,000 ounces produced in 2008 mainly due to a decline in the volume of ore mined at Great Noligwa as a result of power shortages, stricter safety controls and lower volume mined at TauTona and Kopanang due to seismicity issues and power outages. Gold production in Argentina, Australia and Mali decreased from 204,000 ounces, 600,000 ounces and 441,000 ounces, respectively, produced in 2007, to 154,000 ounces, 433,000 ounces and 409,000 ounces, respectively, produced in 2008. This was mainly due to plant breakdowns and sedimentation problems at the plant that resulted in low mill throughput at Cerro Vanguardia (Argentina), the completion of mining the high grade ore in the base of the Mega Pit at Sunrise Dam (Australia) and a decrease in recovered grade as a result of stacking lower grade marginal ore at Yatela (Mali). The decrease in gold produced over 2008 at most mines was partially offset by an increase in gold production in Ghana and Guinea from 527,000 ounces and 280,000 ounces, respectively, produced in 2007 to 557,000 ounces and 333,000 ounces produced, respectively, in 2008. This was mainly due to improved plant availability and utilisation at Siguiri (Guinea) and Iduapriem (Ghana).

For the year ended December 31, 2007, AngloGold Ashanti's total attributable gold production from continuing operations decreased by 158,000 ounces, or 3 percent, to 5.5 million ounces from 5.6 million ounces produced in 2006. In South Africa, gold production decreased by 9 percent from 2,554,000 ounces produced in 2006, to 2,328,000 ounces produced in 2007 mainly due to a decline in the volume of ore mined at Great Noligwa as a result of lower face advance and lower volume mined at TauTona and Kopanang due to seismicity issues. Gold production in Argentina, Ghana and Mali decreased from 215,000 ounces, 592,000 ounces and 537,000 ounces, respectively, produced in 2006, to 204,000 ounces, 527,000 ounces and 441,000 ounces, respectively, produced in 2007. This was mainly due to lower grades at Cerro Vanguardia (in Argentina); lower volumes mined due to an eleven day plant shutdown and power outages at Obuasi (in Ghana) and the impact on production following the sale of Bibiani (in Ghana) concluded in December 2006. In Mali gold production for 2007 was lower compared to 2006 due to lower recovered grades at Yatela, Morila and Sadiola. The decrease in gold produced over 2007 at most mines was partially offset by an increase in gold production in Australia, Brazil, Guinea and Tanzania from 465,000 ounces, 339,000 ounces, 256,000 ounces and 308,000 ounces, respectively, produced in 2006, to 600,000 ounces, 408,000 ounces, 280,000 ounces and 327,000 ounces produced, respectively, in 2007. This was mainly due to the mining of high grade areas at Sunrise Dam (in Australia); at AngloGold Ashanti Brasil Mineração (in

Brazil) due to Cuiabá mine expansion completed in latter half of 2006; at Siguiri (in Guinea) due to higher volumes treated with the Carbon-in-pulp (CIP) plant being in full production and at Geita (in Tanzania) due to the impact of adverse weather conditions, the delay in the Nyankanga pit push-back and lower recovered grade in 2006.

A more detailed review of gold production at each of AngloGold Ashanti's operations is provided under "Item 4B.: Business overview".

Total cash costs and total production costs

Comparison of total cash costs and total production costs in 2008 with 2007

Cash costs at most of the operations situated in South Africa increased in 2008 when compared to 2007. This was largely a result of the reduced volumes mined, declining grades, increased power tariffs, wage increases and input cost inflation.

Cerro Vanguardia, the Argentinean mine, recorded an increase in cash costs of 137 percent from \$260 per ounce in 2007 to

\$617 per ounce in 2008, mainly as a result of lower volumes and grade, the increased cost of mining supplies, a function of the inflationary impact of higher commodity prices and higher maintenance costs (due to an extension on the useful life of some mine equipment), as well as an increase in wages and a decrease in by-product sales.

The Australian mine, Sunrise Dam, reported cash costs of \$559 per ounce for 2008 compared to \$262 per ounce for 2007, a

113 percent increase mainly due to significantly higher input costs, specifically for fuel and labor, during the year as well as a decrease in production.

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The Brazilian mines, Brasil Mineração and Serra Grande, reported cash costs of \$322 per ounce in 2008 compared to \$246 per ounce in 2007 and \$299 per ounce in 2008 compared to \$264 per ounce in 2007, respectively. This increase in cash costs at both mines is mainly attributable to the appreciation of the local currency against the US dollar. Higher local inflation on materials, services and maintenance costs was partially offset by the better price received for sulfuric acid by-product at Brasil Mineração.

Obuasi in Ghana reported increased cash costs of \$172 per ounce increasing to \$636 per ounce in 2008 as a result of the increase in prices of consumables and fuel, contractor costs and power tariffs, as well as higher royalty payments. Iduapriem reported an increase in cash costs from \$497 per ounce in 2007 to \$625 per ounce in 2008 mainly due to the increase in prices of consumables and fuel, contractor costs and power tariffs in the second half of the year, as well as higher royalty payments. The total cash costs of Siguiiri, in Guinea, were fractionally lower at \$468 per ounce in 2008 compared to \$471 per ounce in 2007.

The Malian operations reported increased cash costs. Yatela reported an increase in cash costs to \$621 per ounce in 2008 compared to \$300 per ounce in 2007 due to the significant decline in production, appreciation of the euro against the dollar and higher fuel and reagent prices. At Morila, cash costs increased in 2008 to \$424 per ounce compared to \$333 per ounce in 2007 mainly due to the decline in production, appreciation of the euro against the dollar and higher fuel prices, wages and mining contractor costs. At Sadiola, production increased 23 percent to 172,000 ounces, consequently cash costs decreased from \$414 per ounce in 2007 to \$401 per ounce in 2008.

Navachab in Namibia reported an increase in cash costs of 18 percent to \$559 per ounce as a result of an increase in the costs of labor, diesel fuel and explosives whilst the decline in gold production also had a negative effect.

Geita in Tanzania reported a 30 percent increase in cash costs from \$627 per ounce in 2007 to \$814 per ounce in 2008 this was mainly due to lower production, the higher costs of power generation, spares and reagents also had a negative effect. In North America, Cripple Creek reported a \$41 per ounce increase to \$310 per ounce in 2008 mainly due to higher commodity and diesel fuel prices.

Overall, total cash costs for 2008 increased by \$98 per ounce, or 27 percent, the primary causes being \$53 per ounce was due to inflation, \$25 per ounce to lower grades, \$20 per ounce to lower volumes and a net \$22 per ounce for other variances. These increases were partially offset by exchange gains of \$22 per ounce.

Comparison of total cash costs and total production costs in 2007 with 2006

Cash costs in all of the operations situated in South Africa increased in 2007 when compared to 2006. This was largely a result of the reduced volumes mined, declining grades, safety-related stoppages and wage increases.

Cerro Vanguardia, the Argentinean mine, recorded an increase in cash costs of 17 percent from \$223 per ounce in 2006 to \$260 per ounce in 2007, mainly as a result of higher local inflation, increases in contractor and maintenance costs as well as an increase in the size of the workforce partially offset by higher silver by-product revenue.

The Australian mine, Sunrise Dam, reported cash costs of \$262 per ounce for 2007 compared to \$333 per ounce for 2006, a 21 percent decrease mainly due to record gold production in 2007.

The Brazilian mines, Brasil Mineração and Serra Grande, reported cash costs of \$246 per ounce in 2007 compared to \$207 per ounce in 2006 and \$264 per ounce in 2007 compared to \$196 per ounce in 2006, respectively. This increase in cash costs at both mines is mainly attributable to higher local inflation and reduced grade recovered and the appreciation of the local currency against the US dollar.

Obuasi in Ghana reported increased cash costs of \$67 per ounce increasing to \$464 per ounce in 2007 as a result of reduced production and increases in prices of consumables and rates of service contracts. Iduapriem reported an increase in cash costs from \$413 per ounce in 2006 to \$497 per ounce in 2007 mainly due to the combined impact of the mill shutdown and increases in contract mining costs. The operations at Siguirí, in Guinea, reported a \$73 per ounce increase in cash costs to \$471 per ounce, mainly as result of the appreciation of the Guinean franc against the US dollar, higher royalty payments linked to the higher gold price and higher fuel and labor costs.

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The Malian operations reported increased cash costs. Yatela reported an increase in cash costs to \$300 per ounce in 2007 compared to \$241 per ounce in 2006 due to the decline in production, appreciation of the euro and FCFA against the dollar and higher fuel prices. At Morila, cash costs increased in 2007 to \$333 per ounce compared to \$266 per ounce in 2006 mainly due to the decline in production, appreciation of the euro and FCFA against the dollar and higher fuel prices. At Sadiola, production declined 26 percent to 140,000 ounces, consequently cash costs increased from \$268 per ounce in 2006 to \$414 per ounce in 2007.

Navachab in Namibia reported an increase in cash costs of 36 percent to \$475 per ounce as a result of an increase in the costs of labor and explosives whilst a grade-related decline in gold production also had a negative effect. Geita in Tanzania reported a slight decrease in cash costs from \$630 per ounce in 2006 to \$627 per ounce in 2007. Reduced expenditure on equipment re-builds, contractor services and an increased level of production contributed to the containment of costs. In North America, Cripple Creek reported a \$21 per ounce increase to \$269 per ounce in 2007 mainly due to higher commodity and diesel fuel prices.

Overall, total cash costs for 2007 increased by \$46 per ounce, or 14 percent, of which \$21 per ounce was due to inflation, \$20 per ounce to lower efficiencies, \$8 per ounce to decreased by-product sales, \$6 per ounce to lower volumes and \$5 per ounce to exchange and royalty effects. These increases were partially offset by higher grades of \$2 per ounce and other variances of \$12 per ounce.

Total production costs per ounce increased from \$504 per ounce in 2007 to \$592 per ounce in 2008 and from \$452 per ounce in 2006 to \$504 per ounce in 2007.

A more detailed review of total cash costs and total production costs at each of AngloGold Ashanti's operations is provided under "Item 4B.: Business overview".

Reconciliation of total cash costs and total production costs to financial statements

Total cash costs and total production costs are calculated in accordance with the guidelines of the Gold Institute industry standard and Industry practice and are not US GAAP measures. The Gold Institute, which is incorporated into the National Mining Association, was a non-profit international association of miners, refiners, bullion suppliers and manufacturers of gold products, which developed a uniform format for reporting total production costs on a per ounce basis. The guidance was first

adopted in 1996 and revised in November 1999.

Total cash costs, as defined in the Gold Institute industry guidelines, are production costs as recorded in the statement of operations, less offsite (i.e. central), general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees, refinery charges and social development costs) and rehabilitation costs, plus royalties and employee termination costs.

Total cash costs as calculated and reported by AngloGold Ashanti include costs for all mining, processing, onsite administration costs, royalties and production taxes, as well as contributions from by-products, but exclusive of depreciation, depletion and amortization, rehabilitation costs, employment severance costs, corporate administration costs, capital costs and exploration costs. Total cash costs per ounce are calculated by dividing attributable total cash costs by attributable ounces of gold produced.

Total production costs, as defined in the Gold Institute industry guidelines, are total cash costs, as calculated using the Gold Institute industry guidelines, plus amortization, depreciation and rehabilitation costs.

Total production costs as calculated and reported by AngloGold Ashanti include total cash costs, plus depreciation, depletion and amortization, employee severance costs and rehabilitation and other non-cash costs. Total production costs per ounce are calculated by dividing attributable total production costs by attributable ounces of gold produced.

Total cash costs and total production costs should not be considered by investors in isolation or as alternatives to production costs, net income/(loss) applicable to common stockholders, income/(loss) before income tax provision, net cash provided by operating activities or any other measure of financial performance presented in accordance with US GAAP or as an indicator of the company's performance. While the Gold Institute has provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production

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costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis

for comparison with other gold mining companies. However, AngloGold Ashanti believes that total cash costs and total

production costs in total by mine and per ounce by mine are useful indicators to investors and management as 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.

A reconciliation of production costs as included in the company's audited financial statements to total cash costs and to total

production costs for each of the three years in the period ended December 31, 2008 is presented below. In addition the Company has also provided below detail of the attributable ounces of gold produced by mine for each of those periods.

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For the year ended December 31, 2008

Operations in South Africa

(in \$ millions, except as otherwise noted)

Mponeng

TauTona

Savuka

Great

Noligwa

Kopanang

Tau Lekoa

Moab

Khotsong

Surface

operations

Corporate

(6)

Production costs

155

125

29

152

128

78

74

41

13

Plus:

Production costs of equity accounted joint ventures

(1)

-

-

-

-

-

-

-

-

9

Less:

Rehabilitation costs & other non-cash costs

(2)

(7)

(1)

-

-
(2)
(1)
-
26
Plus:
Inventory movement
(1)
-
-
-
-
-
-
-
-
-
Royalties
-
-
-
-
-
-
-
-
-
Related party transactions
(2)
(3)
(1)
-
(1)
(2)
(1)
(1)
-
-
Adjusted for:
Minority interests
(3)
-
-
-
-
-
-
-
-
-
Non-gold producing companies and adjustments
-

-
-
-
-
-
-
(32)
Total cash costs
149
117
28
151
126
75
72
41
16
<i>Plus:</i>
Depreciation, depletion and amortization
44
37
5
32
53
25
50
3
12
Employee severance costs
1
2
-
3
2
1
-
-
-
Rehabilitation and other non-cash costs
2
7
1
-
-
2
1
-
(26)
<i>Adjusted for:</i>
Minority interests

(3)

-
-
-
-
-
-
-
-
-

(8)

Non-gold producing companies and adjustments

-
-
-
-
-
-
-
-

(3)

Total production costs

196

163

34

186

181

103

123

44

(9)

Gold produced (000' ounces)

(4)

600

314

66

330

362

143

192

92

-

Total cash costs per ounce

(5)

248

373

424

458

348

524

375

446

-
Total production costs per ounce
(5)
327
519
515
564
500
720
641
478
-

133

134

For the year ended December 31, 2008

Operations in Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, Tanzania and USA
(in \$ millions, except as otherwise noted)

**ARGEN-
TINA**

AUSTRALIA

BRAZIL

GHANA

**GUI-
NEA**

MALI

NAM-

IBIA

TANZA-

NIA

USA

Cerro

Vanguardia

Sun

rise

Dam

**Bodd-
ington**

(8)

Anglo

Gold

Asha-

nti

Brasi

Mine-

ração

Serra

Grande

Obuasi

Iduap-

riem

Siguiri

Sadiola

Yatela

Morila

Navachab

Geita

Cripple

Creek &

Victor

Production costs

99

231		
(1)	106	
52	227	118
157		
-		
-		
-		
37		
268		
70		
Plus:		
Production costs of equity accounted		
joint ventures		
(1)		
-		
-		
-		
-		
-		
-		
-		
60		
34		
65		
-		
-		
-		
Less:		
Rehabilitation costs & other non-cash		
costs		
(5)		
-		
1		
1		
-		
-		
1		
(1)		
-		
1		
-		
(1)		
5		
(3)		
Plus:		
Inventory movement		
(4)		
1		
-		
(4)		

-
(9)
1
(3)
-
1
(2)
-
(65)
63
Royalties
12
10
-
-
-
9
5
31
9
3
9
2
7
2
Related party transactions
(2)
-
-
-
-
-
-
-
-
-
2
-
-
-
-
Adjusted
for:
Minority interests
(3)
(7)
-
-
-
(26)
-

-
(28)
-
-
-
-
-
-

Total cash costs

95
242
- 103
26 227 125
156
69
41
72
38
215
132

Plus:

Depreciation, depletion and amortization

17
46
-
42
17
81
24
36
32
2
13
4
55
31

Employee severance costs

-
-
-
-
-
-
-
-
-
-
-
-

Rehabilitation and other non-cash costs

5		
-		
(1)		
(1)		
-		
-		
(1)		
1		
-		
(1)		
-		
1		
(5)		
3		
Adjusted		
for:		
Minority interests		
(3)		
(2)		
-		
-		
-		
(8)		
-		
-		
(5)		
-		
-		
-		
-		
-		
-		
Total production costs		
115		
288		
(1)	144	
35	308	148
188	101	
42		
85		
43		
265		
166		
Gold produced (000' ounces)		
(4)		
154		
433		
-	320	
87	357	200
333	172	

66		
170		
68		
264		
258		
Total cash costs per ounce		
(5)		
617		
559		
-	322	
299	636	625
468	401	621
424		
559		
814		
(7)		
310		
Total production costs per ounce		
(5)		
747		
665		
-	450	
402	863	740
565	587	636
500		
632		
1,004		
643		

135

For the year ended December 31, 2008

AngloGold Ashanti operations - Total

(in \$ millions, except as otherwise noted)

Total

Production costs per financial statements

2,159

Plus:

Production costs of equity accounted joint ventures

(1)

168

Plus:

Rehabilitation costs & other non-cash costs

12

Less/(plus):

Inventory movement

(22)

Royalties

99

Related party transactions

(2)

(7)

Adjusted for:

Minority interests

(3)

(61)

Non-gold producing companies and adjustments

(32)

Total cash costs

2,316

Plus/(less):

Depreciation, depletion and amortization

661

Employee severance costs

9

Rehabilitation and other non-cash costs

(12)

Adjusted for:

Minority interests

(3)

(23)

Non-gold producing companies and adjustments

(3)

Total production costs

2,948

Gold produced (000' ounces)

(4)

4,982

Total cash costs per ounce

(5)

465

Total production costs per ounce

(5)

592

(1) *Production costs and related expenses of equity accounted joint ventures are included in the calculation of total cash costs per*

ounce and total production costs per ounce.

(2) *Relates solely to production costs as included in the Company's consolidated financial statements and has, accordingly, been*

included in total production costs and total cash costs.

(3) *Adjusting for minority interest of items included in calculation, to disclose the attributable portions only.*

(4) *Attributable production only.*

(5) *In addition to the operational performances of the mines, total cash costs per ounce and total production costs per ounce are*

affected by fluctuations in the currency exchange rate. AngloGold Ashanti reports total cash costs per ounce and total

production costs per ounce calculated to the nearest US dollar amount and gold produced in ounces.

(6) *Corporate includes non-gold producing subsidiaries.*

(7) *Total cash costs per ounce calculation includes heap-leach inventory change.*

(8) *There was no production attributable to AngloGold Ashanti in 2008. Subsequent to year-end the Company announced the sale*

of its 33.33 percent interest in Boddington to Newmont Mining Corporation.

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For the year ended December 31, 2007**Operations in South Africa**

(in \$ millions, except as otherwise noted)

Mponeng**TauTona****Savuka****Great****Noligwa****Kopanang****Tau Lekoa****Moab****Khotsong****Surface****operations****Corporate**

(6)

Production costs**159****132****30****201****133****80****51****39****49***Plus:*

Production costs of equity accounted joint ventures

(1)

- - - - - - - - (8)

Less:

Rehabilitation costs & other non-cash costs

- 1 - (2)

(1) - (5) -

(23)

Plus:

Inventory movement

(1)

(1)

-

(1)

(1)

(1)

-

-

-

Royalties

-	-	-	-	-	-	-	-	-
Related party transactions								
(2)								
(3)	(2)	(1)	(3)	(3)	(1)	(1)	(1)	-
<i>Adjusted for:</i>								
Minority interests								
(3)								
-	-	-	-	-	-	-	-	1
Non-gold producing companies and adjustments								
-								
-								
-								
-								
-								
-								
(8)								
Total cash costs								
155								
130								
29								
195								
128								
78								
45								
38								
11								
<i>Plus:</i>								
Depreciation, depletion and amortization								
53	64	5	50	37	45	34	3	15
Employee severance costs								
1								
1								
-								
1								
1								
1								
-								
-								
-								
Rehabilitation and other non-cash costs								
-								
(1)								
-								
2								
1								
-								
5								
-								
23								

Adjusted for:

Minority interests

(3)

- - - - - - - - - -

Non-gold producing companies and adjustments

-
-
-
-
-
-
-

(4)

Total

production

costs

209 194 34 248 167 124 84 41 45

Gold produced (000' ounces)

(4)

587 409 73 483 418 165 67 125 -

Total cash costs per ounce

(5)

264 318 397 404 306 473 672 304 -

Total production costs per ounce

(5)

356 474 466 513 400 752 1,254 328 -

137

For the year ended December 31, 2007

Operations in Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, Tanzania and USA
(in \$ millions, except as otherwise noted)

ARGEN-
TINA

AUSTRALIA

BRAZIL

GHANA

GUI-
NEA

MALI

NAMI-

BIA

TANZA-

NIA

USA

Cerro

Vanguardia

Sunrise

Dam

Bodd-

ington

(8)

Anglo

Gold

Ashanti

Brasil

Miner-

ação

Serra

Grande

Obuasi

Iduapriem

(9)

Siguiri

Sadiola

Yatela

Morila

Navachab

Geita

Cripple

Creek &

Victor

Production costs

44 145

1

82

52
 176
 92
 136 - - - 36 206 73

Plus:

Production costs of equity accounted
 joint ventures

(1)

- -

-

-

-

-

-

-

54

30

50

- - -

Less:

Rehabilitation costs & other non-cash
 costs

(4) 3 (1)

(4)

(2)

(18)

(7) (6) (3)

(1) -

2

(4)

(4)

Plus:

Inventory movement

6 (2)

-

-

(1)

1

2

(3)

-

-

1 (1) (4) 42

Royalties

11

11

-

-

-

8

4

28				
6				
5				
8				
1	7	-		
Related party transactions				
(2)				
-	-			
-				
-				
-				
-				
-				
1				
2				
1	-	-	-	
Adjusted for:				
Minority interests				
(3)				
(4)	-	-		
-				
(25)				
-				
(8)				
(23)				
-				
-				
-	-	-	-	
Total cash costs				
53	157			
-	78			
24				
167				
83				
132				
58				
36				
60	38	205	111	
Plus:				
Depreciation, depletion and amortization				
17	53			
-				
32				
18				
67				
21				
45				
6				
4				
13	6	58	32	

Employee severance costs

-
-
-
-
14
-
-
-
-
-
- - - -

Rehabilitation and other non-cash costs

4 (3)
1
4
2
18
76
3
1
- (2) 4 4

Adjusted for:
Minority interests

(3)
(1) - -
-
(10)
-
(2)
(7)
-
-
- - - -

Total production costs

73 207
1
114
34
266
109
176
67
41
73 42 267 147

Gold produced (000' ounces)

(4)
204
600 - 317 91 360 167 280 140 120 180
80
327
282

Total cash costs per ounce

(5)

260

262 - **246** **264** **464** **497** **471** **414** **300** **333**

475

627

(7)

269

Total production costs per ounce

(5)

358

345 - **360** **374** **739** **653** **629** **479** **342** **406**

525

817

521

137

138

For the year ended December 31, 2007

AngloGold Ashanti operations - Total

(in \$ millions, except as otherwise noted)

Total

Production costs per financial statements

1,917

Plus:

Production costs of equity accounted joint ventures

(1)

126

Less:

Rehabilitation costs & other non-cash costs

(79)

Plus/(less):

Inventory movement

36

Royalties

89

Related party transactions

(2)

(11)

Adjusted for:

Minority interests

(3)

(59)

Non-gold producing companies and adjustments

(8)

Total cash costs

2,011

Plus:

Depreciation, depletion and amortization

678

Employee severance costs

19

Rehabilitation and other non-cash costs

79

Adjusted for:

Minority interests

(3)

(20)

Non-gold producing companies and adjustments

(4)

Total production costs

2,763

Gold produced (000' ounces)

(4)

5,477

Total cash costs per ounce

(5)

367

Total production costs per ounce

(5)

504

- (1) *Production costs and related expenses of equity accounted joint ventures are included in the calculation of total cash costs per ounce and total production costs per ounce.*
- (2) *Relates solely to production costs as included in the Company's consolidated financial statements and has, accordingly, been included in total production costs and total cash costs.*
- (3) *Adjusting for minority interest of items included in calculation, to disclose the attributable portions only.*
- (4) *Attributable production only.*
- (5) *In addition to the operational performances of the mines, total cash costs per ounce and total production costs per ounce are affected by fluctuations in the currency exchange rate. AngloGold Ashanti reports total cash costs per ounce and total production costs per ounce calculated to the nearest US dollar amount and gold produced in ounces.*
- (6) *Corporate includes non-gold producing subsidiaries.*
- (7) *Total cash costs per ounce calculation includes heap-leach inventory change.*
- (8) *There was no production attributable to AngloGold Ashanti in 2007.*
- (9) *Remaining minority interests of 15 percent were acquired effective September 1, 2007.*

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For the year ended December 31, 2006

Operations in South Africa

(in \$ millions, except as otherwise noted)

Mponeng

TauTona

Savuka

Great

Noligwa

Kopanang

Tau Lekoa

Moab

Khotsong

Surface

operations

Corporate

(6)

Production costs

137

128

29

161

128

78

29

32

(39)*Plus:*

Production costs of equity accounted joint ventures

(1)

- - - - - - - -

(28)

Less:

Rehabilitation costs & other non-cash costs

1 (2) 1 (1) - (1) (1) - 6

Plus:

Inventory movement

5

3

1

1

3

-

1

-

1

Royalties

- - - - - - - -

Related party transactions

(2)								
(1)	(1)	(1)	(1)	(1)	-	-	-	-

Adjusted for:

Minority interests

(3)								(2)
-	-	-	-	-	-	-	-	

Non-gold producing companies and adjustm