

ANGLOGOLD ASHANTI LTD

Form 6-K

March 31, 2008

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Report on Form 6-K dated March 31, 2008

Commission File Number 1-14846

AngloGold Ashanti Limited

(Translation of registrant's name into English)

76 Jeppe Street

Newtown, 2001

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

South Africa

(Address of principal executive offices)

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

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

Enclosure: Press release

ANGLOGOLD ASHANTI – ANNUAL FINANCIAL STATEMENTS 2007 –  
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARDS

Annual  
Financial  
Statements  
07

#### Scope of report

This suite of annual reports includes:

Annual Financial Statements 2007 which provides a comprehensive review of the year from operational, business and market perspectives and a detailed presentation of the group's annual financial statements.

Supplementary Information: Mineral Resources and Ore Reserves.

Report to Society which incorporates.

An expanded, comprehensive web-based report that provides a broad overview of AngloGold Ashanti's sustainable development initiatives at all its operations.

A condensed printed report based on the above.

Country reports which provide an overview of operational and sustainable development initiatives in each country in which the group operates.

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

The Annual Financial Statements 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act No. 61 of 1973 and the Listings Requirements of the JSE Limited (JSE). The guidelines of the King Report on Corporate Governance 2002 have also been taken into account in compiling of both the Annual Financial Statements 2007 and the Report to Society 2007. The latter has been produced in accordance with the Global Reporting Initiative (GRI) and the principles of the International Council of Metals and Mining (ICMM) and the UN Global Compact, both of which AngloGold Ashanti is a member. The Annual Financial Statements are submitted to the JSE and to the London, New York, Ghanaian and Australian stock exchanges as well as to the Paris and Brussels bourses. They are also submitted to the US Securities and Exchange Commission (SEC) on Form 6-K.

Significant corporate events in 2007 were the appointment of a new chief executive officer, Mark Cutifani with effect from 1 October 2007 on the retirement of Bobby Godsell on 30 September 2007 and the reduction in October 2007 of Anglo American plc's holding in AngloGold Ashanti to 16.6% from 42%. Significant changes to the board, executive management and operational organisation of the company were announced in the last quarter of the year.

These as well as other corporate events that occurred during the year are reported on fully in this report.

In addition to the Supplementary Information: Mineral Resources and Ore Reserves, the Annual Financial

Statements 2007 contains a summary of the group's mineral resources and ore reserves. Mineral resources and ore reserves in both documents are reported in accordance with the South African Code for Reporting of Mineral Reserves and Resources (SAMREC 2000) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2004).

Competent persons in terms of these codes have prepared, reviewed and confirmed the Mineral Resources and Ore Reserves reported.

In addition, AngloGold Ashanti is preparing an annual report on Form 20-F in compliance with the rules governing its listing on the New York Stock Exchange and in accordance with the accounting principles generally accepted in the United States. The Form 20-F must be filed with the SEC by no later than 30 June 2008.

All AngloGold Ashanti reports and documents are available

electronically on the corporate website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com), or the annual report website, [www.aga-reports.com](http://www.aga-reports.com). Printed copies may be requested from the contact persons listed on either the inside back cover of this report or on the website.

AngloGold Ashanti Limited (AngloGold Ashanti) has produced a suite of complementary reports to communicate on all aspects of its operating and financial performance for the year 1 January 2007 to 31 December 2007.

Supplementary

Information: Mineral

Resources and

Ore Reserves 2007

Report to Society 2007

Annual Financial

Statements 2007

Country Reports 2007

Online Report 2007

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Annual Financial Statements 2007

Key features 2007

Group overview – key data

**2007**

2006

% change

Gold produced

(000oz)

5,477

5,635

(3)

Average gold spot price

(\$/oz)

697

604

15

Average received gold price

(\$/oz)

629

577

9

Total cash costs

(\$/oz)

357

308

16

Total production costs

(\$/oz)

476

414

15

Ore reserves

(Moz)

73

67

9

Revenue (\$m)

3,472

3,106

12

Gold income

(\$m)

3,280

2,964

11

Gross (loss) profit

(\$m)

(136)

443

(131)

Adjusted gross profit

(1)

(\$m)

935

1,058

(12)

Adjusted headline earnings

(2)

(\$m)

278

411

(32)

Adjusted headline earnings per share

(US cents)

99

151

(34)

Dividends declared per share

(US cents)

20

62

(68)

Average R/\$ exchange rate

7.03

6.77

4

Exchange rate at year-end

6.81

7.00

(3)

Share price at year-end:

JSE (R/share)

293

330

(11)

NYSE (\$/share)

42.81

47.09

(9)

Market capitalisation at year-end

(\$m)

11,878

13,008

(9)

**5.5Moz**

Gold produced

**\$935m**

Adjusted gross profit

**20**

**US cents per share**

Total dividend declared



Production declines 3%

Minorities in Iduapriem acquired

Ore Reserves increase 9% to 73.1Moz and Mineral Resources,  
18% to 207.6Moz

Total cash costs up 16% to \$357/oz – pressured by lower  
production, stronger local currencies and inflation

Received gold price up by 9% to \$629/oz, partially offsets cost  
pressures

\$58 million delivered in savings initiatives

Adjusted headline earnings of \$278 million

Capital expenditure increases to \$1.1 billion as Boddington  
ramps up

Dividend maintained at 20% of adjusted headline earnings

*Note: Throughout this report, dollar or \$ represents US dollars unless otherwise stated.*

(1)

Gross profit excluding unrealised non-hedge derivatives and other commodity contracts. Refer to Non-GAAP  
disclosure note 2 on

page 27.

(2)

Headline earnings excluding unrealised non-hedge derivatives, fair value adjustments on the option component of the  
convertible bond,

adjustments to other commodity contracts and deferred tax thereon. Refer to Non-GAAP disclosure note 1 on page 26.

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Performance review – key data by region

%

**2007**

2006

change

Production

(000oz)

2,328

2,554

(9)

Total cash costs

(\$/oz)

343

285

20

Capital expenditure (\$m)

361

313

15

%

**2007**

2006

change

Production

(000oz)

1,655

1,779

(7)

Total cash costs

(\$/oz)

425

375

13

Capital expenditure (\$m)

182

191

(6)

%

**2007**

2006

change

Production

(000oz)

612

554

10

Total cash costs

(\$/oz)

262

221

19  
 Capital expenditure (\$m)  
 162  
 205  
 (21)  
 %

**2007**

2006  
 change  
 Production  
 (000oz)

600  
 465  
 29  
 Total cash costs  
 (\$/oz)

306  
 298  
 3  
 Capital expenditure (\$m)  
 281  
 86  
 227  
 %

**2007**

2006  
 change  
 Production  
 (000oz)

282  
 283  
 (0.5)  
 Total cash costs  
 (\$/oz)

269  
 248  
 8  
 Capital expenditure (\$m)  
 23  
 13  
 77

**SOUTH AMERICA**

AngloGold Ashanti has three gold mining operations in South America – two in Brazil and one in Argentina – which combined employed around 5,400 people (including contractors) and produced a total of 600,000 ounces, equivalent to 11% of group output. Ore reserves at these operations amounted to 4.8 million ounces at year-end. Together, these operations contributed \$189 million to group adjusted gross profit.

**UNITED STATES**

AngloGold Ashanti has one operating gold mine in the United States which employed some 400 people (including contractors) and produced around 300,000 ounces, equivalent to 5% of group output. Ore reserves amounted to 4.8 million ounces at year-end. This operation contributed \$74 million to group adjusted gross profit.

#### AUSTRALIA

AngloGold Ashanti has one operating gold mine in Australia and interests in two joint ventures, Boddington and Tropicana. In all, some 800 people (including contractors) are employed and a record of 600,000 ounces, equivalent to 11% of group output, was produced. Ore reserves amounted to 7.2 million ounces at year-end. The Australian operations contributed \$137 million to group adjusted gross profit.

#### SOUTH AFRICA

In 2007, the seven AngloGold Ashanti operations in South Africa employed around 37,000 people (including contractors) and produced 2.3 million ounces of gold, equivalent to 43% of group production. At year-end, South African ore reserves totalled 33.9 million ounces. These operations contributed \$403 million to group adjusted gross profit.

#### REST OF AFRICA

Outside of South Africa, AngloGold Ashanti has eight gold mining operations in Africa – in Ghana, Guinea, Mali, Namibia and Tanzania – which combined employed 16,000 people (including contractors) and produced a total of 1.7 million ounces, equivalent to 30% of group output. Ore reserves at these operations amounted to 22.5 million ounces at year-end. Together, these operations contributed \$128 million to group adjusted gross profit.

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Annual Financial Statements 2007

Corporate profile

AngloGold Ashanti is a leading global producer of gold. Headquartered in Johannesburg, South Africa, the company has 20 operations and a number of exploration programmes in both the established and new gold-producing regions of the world.

In 2007, AngloGold Ashanti produced 5.5 million ounces of gold from its operations – an estimated 7% of global production – making it the third largest producer in the world. The bulk of its production came from deep-level underground operations (40%) and surface operations (3%) in South Africa. Contributions from other countries were Ghana (10%), Mali (8%), Australia (11%), Brazil (7%), Tanzania (6%), USA (5%), Guinea (5%), Argentina (4%) and Namibia (1%).

In South Africa, ramping up of production at Moab Khotsong continued. Full production here is scheduled for 2009. Development proceeded at the group's newest venture, the Boddington mine in Australia, which is being developed in partnership with the Newmont Mining Corporation. Production (33.33% attributable) is expected to come on stream in late 2008/early 2009.

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Operations

Brasil

Mineraç

~

ao

Tropicana

DRC

During 2007, AngloGold Ashanti's global exploration programme continued to gain momentum, either directly or in collaboration with exploration partnerships and joint ventures, in Colombia and the Democratic Republic of Congo (DRC), Australia, Russia, China and the Philippines.

As at 31 December 2007, AngloGold Ashanti employed approximately 62,000 people, including contractors, had proved and probable ore reserves of 73.1 million ounces of gold and had incurred capital expenditure of \$1,059 million for the year.

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

*Stock exchange information*

AngloGold Ashanti's primary stock exchange listing is on the JSE Limited (Johannesburg). It is also listed on the exchanges in New York, London, Australia and Ghana as well as on Euronext Paris and Euronext Brussels. AngloGold Ashanti had 277,457,471 ordinary shares in issue and a market capitalisation of \$11.9 billion as at 31 December 2007 (31 December 2006: \$13.0 billion).

*Location of AngloGold Ashanti operations and exploration areas*

Chairman's letter

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Annual Financial Statements 2007

2007 was a period of increasing gold price strength, a trend that we have seen extended in the first few months of 2008. The average spot gold price for the year was \$697 per ounce, a 15% increase over that achieved in 2006. The received price, reflecting the impact of the group's realised hedge position, was \$629 per ounce, 9% higher than in the prior year.

Despite a higher received price, AngloGold Ashanti reported adjusted headline earnings for the 2007 financial year of \$278 million, 32% lower than for 2006. This decline was principally driven by a 3% fall in gold production to 5.5 million ounces and a 16% rise in total cash costs, to \$357 per ounce.

Production was affected by lower grades and cut-backs in production for safety reasons at Great Noligwa and TauTona, two of our largest South African mines, as well as by operational difficulties at Sadiola in Mali, Geita in Tanzania and Obuasi in Ghana. Lower production led to an increase in unit costs together with the broader cost pressures faced by our industry, inflation, stronger local currencies and uranium losses.

The dividend for the year at 20% of adjusted headline earnings, was 20 US cents per share (2006: 62 US cents per share) resulting in a total dividend distribution from the group of \$54 million (2006: \$171 million).

Significant events

The year under review has seen significant corporate and operational changes to the group that will fundamentally transform its complexion in the years to come.

The most significant change relates to the ownership of the group. In October 2005, Anglo American plc announced that it was contemplating a sale of its 52% interest in the group. By the end of 2006, it had reduced its holding to 42% and its ownership now stands at 16.6%. The placements of Anglo American's shares into the market were undertaken in a manner that reflected due consideration for the interests of both its own shareholders and those of AngloGold Ashanti. The challenge of being a fully independent gold resource company is one that AngloGold Ashanti is ready to meet as it prepares to mark, later this year, the tenth anniversary of its existence in its current form.

The retirement of former CEO Bobby Godsell and the appointment of Mark Cutifani as his successor represents another significant development in the history of the group. Bobby Godsell was and is a visionary, and has done much to shape the destiny of both the South African labour relations landscape and that of AngloGold Ashanti. We owe him our thanks and recognition for the creation of this global gold company. AngloGold Ashanti under his leadership has emerged as one of South Africa and Africa's leading companies, with listings on the world's largest exchanges and an enviable investor base around the globe, not only of leading institutional

investors but also many thousands of individuals, including employees. The group employs some 62,000 people (employees and contractors) in 10 countries, and contributes to the livelihoods of many hundreds of thousands more through the socio-economic impact that its mines and projects have in the countries and regions in which it operates. Bobby Godsell leaves behind a set of high corporate values and a fully committed team. We wish him well in his future endeavours.

The recruitment and appointment of Mark Cutifani, formerly Chief Operating Officer of CVRD Inco, was an ideal choice at this stage in the company's development. Mark is a mining engineer with a wide and impressive track record of both operating and executive

Dear shareholder



experience across a range of minerals, including gold, and geographies. Mark's initial steps include undertaking a comprehensive asset review, restructuring AngloGold Ashanti management and an increased focus on reducing the hedge book to allow the group to participate to a greater extent in the new gold price environment. These steps are indicative of his willingness to take decisive action to ensure best practice enacted with clear accountability so that the group is firmly positioned for the next phase of its development. He has earned the firm support of the board and his colleagues in the short period he has been with the company.

#### Safety

The company continues to place a great deal of emphasis on safety and this has been reinforced by Mark Cutifani. Regrettably, I must report that 34 people died at work during the course of the year. The board of AngloGold Ashanti extends its sympathies to the families and work colleagues of these men, and assures them, our shareholders and other stakeholders, that we have put in place renewed initiatives to focus on safety including our 'Safety is Our First Value' campaign across the group. Two such examples are the fundamental changes made to the mining methods employed at the TauTona mine in South Africa to minimise off-reef mining and thereby improve its safety risk profile; and our participation in a South African mining industry research and development project into seismicity and rockbursts. Of the 27 fatal accidents in South Africa, 63% were as a result of falls of ground. Two-thirds of these were caused by seismicity.

#### Operational performance

On the operational front, a number of challenges were experienced during the year, most notably at the Geita mine, recovery issues with the Sadiola sulphide orebody and continuing under-performance at Obuasi. I am confident that reviews undertaken during the year, which have confirmed the potential of these operations within our portfolio of long-life, low-cost operations, will bear fruit in the years ahead. Particularly noteworthy has been the group cost performance in an environment of operational and currency market challenges, with \$58 million delivered to the bottom line from cost savings initiatives during the year. This has helped mitigate some of the unit cash cost increases year-on-year.

Along with other companies that are major users of power in South Africa, the recent power crisis in this country has had a significant effect on the start of the new financial year and will require resourcefulness and ingenuity on our part and that of the country's power generator to limit its impact in the future. Our management is working closely with all the relevant parties to reach a workable solution and to minimise the impact on the business. It should be noted that over the past four years, our South African mines have reduced their consumption of electricity by 17%. We will continue to strive for better energy efficiency.

#### Corporate activity

On the corporate front, a number of activities were reported during the year as the company continued to manage and direct its portfolio of assets. AngloGold Ashanti's stake in the Iduapriem mine in Ghana was increased to 100% following the acquisition in September 2007 of the 10% interest previously held by the International Finance Corporation (IFC) and the 5% held by the Government of Ghana.

Immediately following the year-end in January 2008, AngloGold Ashanti announced that it had agreed to acquire 100% of the Golden Cycle Gold Corporation which owns a 33.33% stake in the company's Cripple Creek & Victor mine (CC&V), through a merger transaction in which Golden Cycle's shareholders will receive a consideration consisting of AngloGold Ashanti American

Chairman's letter continued

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Annual Financial Statements 2007

Depository Shares (ADSs), representing an approximate value of US\$149 million at the time of the announcement. On completion of the transaction, AngloGold Ashanti will own a 100% interest in CC&V which it manages.

In February 2008, AngloGold Ashanti announced that it had entered into a binding memorandum of agreement with B2Gold Corporation (B2Gold). B2Gold will acquire from AngloGold Ashanti additional interests in certain mineral properties in Colombia and, in exchange, AngloGold Ashanti will acquire an interest of 26% in the issued share capital of that company, including the effect of warrants when those are exercised. The transaction is in line with AngloGold Ashanti's strategy of leveraging the early-mover advantage it has established in this highly prospective country through select partnerships that allow accelerated and optimised exploration in Colombia while simultaneously focusing AngloGold Ashanti's resources directly on its own projects. This leads me to the subject of our exploration portfolio which has brought us some success during the year.

Investment in the future

In 2007, gold ore reserves increased by 9% net of depletion to 73.1 million ounces, with mineral resources rising by 18% net of depletion to 207.6 million ounces. Greenfields projects, that is those in areas unassociated with existing operations, in three countries namely Australia, Colombia and the Democratic Republic of Congo (DRC), delivered around 6.9 million attributable ounces into resources. These results are particularly noteworthy given the extensive base from which we begin.

AngloGold Ashanti also has a good portfolio of by-products which includes uranium, silver and copper. These reserves increased by 65%, 26% and 21% respectively during 2007. Capital expenditure of \$1.1 billion in 2007 reflects our continued confidence in the outlook for gold and in our ability to deliver significant value to shareholders in the medium and long term, via both organic and greenfield projects. A large portion of this expenditure (\$489 million) was on capital expenditure on new projects in South Africa (16%), in Brazil (18%) and on the Boddington project in Australia (51%).

Board resignations and appointments

As a consequence of Anglo American's decreased shareholding in the group, the directors representing that company on our board, Ms Cynthia Carroll and Mr René Médori, and his alternate, Mr Peter Whitcutt, resigned on 9 October 2007.

Other directors to whom we owe our thanks are: Mr Harry Calver, who was an alternate to Mr Bill Nairn, and Mr Roberto Carvalho Silva and Mr Neville Nicolau, who left the group during the course of the year. Mrs Elisabeth Bradley, who has served

the board with distinction since its formation, has said she will not be standing for re-election at this year's annual general meeting. Our thanks go to her too.

Our board is now considerably leaner than it has been in the past and comprises only two executive directors and ten non-executive directors, eight of whom are independent. This, from a governance perspective, is a major step forward and in line with our wish to comply with the highest levels of international corporate governance practice.

The prospects for the group remain fundamentally sound and our new strategic direction combined with a strong outlook for the gold price give cause for optimism. We also, however, face some significant challenges on production and costs while the hedge book impairs our ability to realise the benefits of the strength in the gold price. We anticipate continued support for the gold price in the year ahead but, assuming that current market conditions continue, then as a result of the current structure of the hedge book, our received price will be significantly lower than the spot price as we deliver into around 60% of our current hedge book over the next three years.

Gold production for 2008 is expected to be significantly lower than in 2007 at about 4.8 million to 5.0 million ounces, primarily owing to power constraints and safety interventions in South Africa and ongoing operational challenges at our Geita mine in Tanzania. Like our peers in the industry, we are subject to cost pressures which, coupled with lower production, will see our total unit cash costs higher in 2008 by around 20% as compared with 2007. The management team has initiated a number of steps to mitigate the impact of these factors.

The group has come a long way in its first decade since its creation, developing from its South African roots into a truly global gold producer. We continue to make new discoveries and invest for growth in our world-class asset base and, with a very high-quality management team under new leadership, I think we can more than meet the challenges that lie ahead of us. I believe that there is much to look forward to in the next decade.

Russell Edey

Chairman

7 March 2008

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#### CEO's review

My first few months with the company have been eventful, beginning with the reduction in Anglo American plc's holding in AngloGold Ashanti to 16.6% and the related secondary placement of \$3 billion of ordinary shares. These events were followed by a continuation of our disappointing safety performance, with the reporting of fatal incidents in South Africa and continental Africa. At an operational level, we struggled with delivery of acceptable performances at Geita and Obuasi while the imposition of energy restrictions in South Africa in January 2008 put further pressure on the business. In response to the operational issues, we moved quickly into restructuring the organisation and established a clearer accountability structure, focussing on delivery on commitments and the institution of the programmes necessary to turn these operating weaknesses into new opportunities for improvement. While my early focus has been on addressing those issues that dominate our immediate time horizon, it is clear, as I get to know our people, our resources and our assets, we have a wonderful opportunity to go forward and build on the strengths we have as a team and as a company, to create value for our shareholders and all of our business partners.

As we now say ... we must deliver on our commitments.

#### Safety

It is my firm belief that our starting point – every minute, every day, every week, and in every working place, every shaft, every office – is that our first and foremost value must be safety. This applies to our executive leadership team, all levels of managers, employee representatives, and all of our employees and contractors. We all must take individual accountability for our health and safety, and share a collective accountability – to look after each other in every facet of our work and interactions. While the right to a safe work environment is fundamentally a moral issue, it also makes sound business sense. Safety and productivity go hand-in-hand. We cannot have a productive workplace if we do not have safety. There is no conflict in these objectives – the processes and actions that will deliver an accident-free workplace are the same processes that will enable us to improve productivity and deliver a sustainable work environment to deliver 'safe operations'. It is no coincidence that our safest teams and operations are also our most productive. In this context, it is with deep regret that I report the death of 34 of our colleagues during the course of 2007. On behalf of the AngloGold Ashanti board and management, our sympathies are extended to the families and colleagues of those who have lost their lives while in our care.

Research tells us that around 70% of the fatal accidents at our operations last year were as a result of actions or operating standards that did not meet our collective expectations or standards on work practices. After a highly introspective review process and the putting in place of a number of initial

interventions, on 8 November 2007, a campaign, 'Safety is our first value', was launched at the South African operations, in partnership with and with the support of our employees, union representatives and government. We have identified seven key areas of action which can and will become an integral part of the continual improvement processes we are putting in place.

The key is to develop a deep understanding of the mining process and to be very disciplined and consistent in how we manage that process. Further, I believe that safety is more than an operational issue; it is a social phenomenon that reflects the

I consider it a privilege and it gives me great pleasure to present my first annual review as CEO of AngloGold Ashanti. Given that my term began almost three quarters of the way through 2007, I offer some first impressions and my perspectives on the way forward.

nature of our underlying relationships and our ability to communicate with each other. The South African underground mining environment is a microcosm of South African society as a whole, and there are certain legacy issues that create barriers to communication. In order truly to change our safety performance, we need to change the way in which we communicate with each other – at the most personal level. Allied to that is the need to look at innovative ways in which we can mine in the future and to engineer technological changes that will significantly reduce the risk to people in the workplace. While there is much work to be done I know we have the will, the right people and the resources to create an accident-free workplace. We need to work together to turn this belief into a working reality. Nonetheless, half of our operations operated without a fatal accident during the year, and eight of them improved their annual lost-time injury rates. To those operations, I extend my heartfelt congratulations and encouragement as they lead us towards a future we can all share.

#### Review of the year

As I reflect on our operations and financial performance for the year, I must observe and share the team's disappointment at the results achieved.

In terms of production, there was an overall decline of 3% to 5.5 million ounces, largely as a result of declines in production at Great Noligwa and TauTona in South Africa, less-than-hoped for improvements in production at Geita and ongoing under-performance at Obuasi in Ghana. Record production at Siguiri in Guinea, Mponeng in South Africa and Sunrise Dam in Australia failed to offset these declines.

Reduced production, appreciating local currencies, higher uranium losses and increased royalty payments and maintenance expenses, as well as inflationary pressures all contributed to an overall increase in total cash cost of 16% to \$357/oz. The latter was in line with or better than the reported performance of our peers, however, reflecting input cost pressures across the sector. Our cost saving initiatives, which in 2007 resulted in savings of \$58 million, brought total savings over the past three years to \$291 million. These savings also tempered this cost rise to some degree.

Adjusted headline earnings totalled \$278 million, a decline of 32%. This was a consequence of reduced production, increased costs and greater expenditure on exploration, which offset the benefits accruing from the higher received gold price.

Three particular aspects related to performance bear mention, namely those issues encountered at Obuasi and at Geita, and the impact of the power shortages in South Africa.

The Obuasi mine again failed to deliver on its plan or to its real potential. Following urgent reviews initiated towards the end of the year, we believe that a clearer picture of this asset and its potential is emerging. The primary factors contributing to under-performance stem from inappropriate mining methods, poor

grade management and a lack of mining flexibility as a result of low rates of development, the scattered geography of the operation and poor maintenance of critical equipment. A recovery plan for Obuasi is being put in place and, as we come to understand this orebody, we are more likely to be able to turn to account its potential. We have set ourselves a 15-month time horizon for this critical work.

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Annual Financial Statements 2007

CEO's review continued

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Geita remained an area of concern during the year. The collapse of the Nyankanga pit wall in February 2007 restricted access to deeper high-grade ore. The effects of this were further compounded by reduced recoveries owing to the effect of the refractory nature of the harder ore on the mill and the loss of key members of staff. There has also been a reduction in mineral resources and reserves by 2.3 million and 2 million ounces respectively as a result of higher costs, changes in estimation methods, changes in planning models and the flattening of mining slopes. In addition to management restructuring, the team is being supplemented by additional expertise to assist with immediate recovery programmes, while the scope of the recovery plan is being determined. Detailed plans are expected to be completed and under way by the end of June.

The power crisis in South Africa, which began in January 2008, has drastically affected the mining industry. When the national power utility, Eskom, gave notice of an immediate shortage of supply, we and other mining companies were forced to close operations on 25 January. The restart of the operations was a difficult process as the deep mines of South Africa cannot be turned on and off without careful time-weighted planning and execution. The way in which the crisis was initially managed was disappointing, reflecting as it did a failure of both policy and strategy. At the same time we recognise the need for all parties to work together to find a manageable solution to the crisis – and we must use this opportunity to reflect on how we use energy and look for long-term sustainable strategies to reduce power consumption and thus improve our long-term competitive cost position.

Every attention is being given to adapting our operating plans to accommodate a stable supply of 90% of our power allocation, as has been committed to by Eskom. This is based on optimising the reduced power supply, taking into account long-term risks and our contractual obligations. We are developing ideas for this, including enhancing power supplies to and increasing energy efficiencies at our operations. It will include intensive interaction with organised labour, government and Eskom, both through our own channels and through the offices of the Chamber of Mines.

We will do our utmost to avoid shutting down operations with the job losses this would imply. However, we are unable at this stage to guarantee that we will succeed in this endeavour – but we are committed and we will leave no stone unturned as we work with Eskom to find a manageable and sustainable operating solution.

The power outages experienced in early January resulted in a loss of production of some 200,000 ounces for the first quarter. Operating at a power supply of 90% for the remainder of the year will result in the loss of another 200,000 ounces, bringing the estimated total loss in production for the year from the South African operations as a result of power outages to



400,000 ounces.

**Operational restructuring**

As we embark on a new phase in the life of this company, so restructuring has been necessary. As a first phase, we have tried to address weaknesses in our business performance and delivery on our commitments. The focus here has been on the restructuring and refocusing of our executive team, to flatten the operational hierarchy, to decentralise operational performance metrics to the operations where they belong, and to ensure

clearer lines of accountability for delivery on our commitments. In doing so, we have now structured the business into three core management areas by time zone – Australia, Africa and the Americas – with an executive team member responsible for each one of the regions reporting directly to me. Because of the scale, both geographic and in the number of operations, the Africa region has been further sub-divided into Southern and West African operating entities, with regional offices being established respectively in Potchefstroom, South Africa, and Accra, Ghana. Their location is important – the people in those offices are dedicated to the performance of those operations that they support.

We have redefined the role of the corporate office as part of this process. Its role will now revolve around business strategy, the setting of policy and standards, providing support to the regions including the provision of shared services, the co-ordination of global exploration and product marketing.

Planning for delivery

Our fundamental objective as a business is to deliver shareholder value. We are developing our strategies to improve sustainable returns to our shareholders.

As a gold company, we have three critical tasks on which we must deliver:

Optimal performance from our operations;

Maximisation of benefits accruing to the investor from the market for our product, in this case the rising gold price;

and

Growth in our resource and asset base, through investment in exploration and capital infrastructure, consistent with delivering competitive returns on capital employed.

My observations in relation to our current performance on these points provide an important context for our work and focus going forward: our most recent production and cost performance has been inconsistent and declining; we are not adequately exposed to the rising gold price; and our asset base has grown only moderately. We must pay careful attention to the life cycle of the assets within the portfolio, the highly competitive nature of the industry today and the robust gold market.

In order to meet the objective to create sustainable value for our shareholders, we must understand the very nature of our resource and asset base. To help us achieve this key understanding, we needed, as a starting point, to undertake a review of our asset base. From the initial stages of this review, it has become clear that 30% of our operations are not delivering on their potential. Our options are clear. We cannot leave these operations as they are – we must recover this potential through our new approach or look for alternate pathways to value. Such a review is not a once-off event; it is something that needs to be undertaken on a regular basis as the operational profile and circumstances change, with each operation's performance and

potential being continually reviewed.

In adopting this approach we have also identified areas of under-investment. The conclusions and recommendations of the review of assets, which was conducted by a team that included both internal and external expertise, are currently being finalised. This review will give us a baseline expectation of the value and potential of each asset from which each one can be re-assessed in future so as to maintain flexibility and to enable informed decisions to be made as to where capital can be most efficiently deployed. Preliminary results have highlighted the gap between the greenfields and brownfields exploration programmes, the potential to increase the intensity CEO's review continued

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of production around several operations, and opportunities to make further improvements in process recoveries and cost efficiencies.

The review has also highlighted areas of value that have not been fully appreciated until now, such as the iron ore deposits in Brazil, the potential regarding the treatment of uranium tailings in South Africa and unrealised exploration potential at Siguiri in Guinea.

You would already have noted the results of some early recommendations such as the consolidation of ownership at Iduapriem, the proposed acquisition of Golden Cycle, our joint venture partner at CC&V, and the potential sale of our interest in Morila in Mali.

Direct exposure to the gold market

Critics of the gold mining industry have commented that the sector has not capitalised fully on the current boom in the gold price. To some degree, I would agree. While there has been an upsurge in the gold price in recent years, the prices of many other commodities have risen to an even greater extent, and many of these are used as inputs in the mining industry. In addition, salaries and wages have increased over this period and the resulting increase in costs has reduced the benefits of the higher gold price to the industry.

It is also true that our hedge book has played a role in preventing the full benefits of the higher gold price being received by AngloGold Ashanti. In the current gold market, the received gold price continues to diverge in percentage terms from the spot price – during the last quarter of 2007, our received price was around 13% less than the market price and this discount is expected to increase to 20% in 2008 (assuming a spot price of \$900/oz) as we deliver over 2 million ounces into the hedge book.

I am not a fan of hedging in a bullish gold market. We have in recent months continued to manage our hedge position and have reduced our net delta by 200,000 ounces to 10.4 million ounces during the fourth quarter of the year, when the gold price rose by \$91/oz. Deliveries into the contracts drove the reduction but the effect of this was dampened by an increase in the hedge delta as a result of the increasing gold price.

Even more important is the percentage of reserves that the hedge book represents. As at the end of 2007, the hedge book amounted to 15% of reserves and 5% of resources, partially as a result of the significant increase in both reserves and resources.

We anticipate continued support for the gold price in the year ahead but, assuming that current market conditions continue, then as a result of the current structure of the hedge book, our received price will be significantly lower than the spot price as we deliver into around 60% of our current hedge book over the next three years.

Pursuing growth

There was a pleasing increase in resources and reserves during

2007, indicating the success of our exploration programme. Mineral resources increased by 18% to almost 207.6 million ounces (after depletion). This includes an addition of 6.9 million ounces which were delineated by greenfields activity at three key prospects, Tropicana in Australia, Mongbwalu in the DRC and Gramalote in Colombia. Other significant additions were 17.1 million ounces at Mponeng and 4.7 million ounces at CC&V, both as a result of improved economics and extension to mine life. Ore reserves rose by 9% to 73.1 million ounces net of depletion. Significant additions were 3.8 million ounces at Moab Khotsong with the inclusion of Project Zaaipplaats, the area adjacent to the

operation which will enable access to the deeper Vaal Reef blocks to the south-west of the mine, and 3.4 million ounces at Mponeng following the inclusion of the Carbon Leader Reef below 120 level project.

Organic growth can still be expected from existing assets which have a growth base of 2 – 2.5 million ounces. The key to unlocking growth here is to improve productivity, efficiencies and to go deeper. The group is not averse to acquisitions in South Africa and elsewhere, should these propositions add value.

Managing the impact of an exiting shareholder

In line with its stated intentions, Anglo American plc reduced its holding in AngloGold Ashanti from 42% at the end of December 2006 to 16.6% in October 2007. This involved a \$3 billion secondary placement of shares.

The effect of the decline in this shareholding to the company is, firstly, that AngloGold Ashanti is no longer bound by Anglo American's global strategy and will be judged rather as a stand-alone company and be accountable in its own right for its performance. This, we believe, will also help to improve our growth prospects as AngloGold Ashanti is now free to compete for any asset without there being a potential conflict of interest.

The second benefit is one that is less tangible yet related. The reception by our shareholders, new and old, and the ease of placement of the shares have indicated a positive response to the removal of the overhang that a controlling shareholder presents to the market. We anticipate even greater levels of liquidity in trading and a greater diversity in shareholders than ever before, and with it the benefits that this will bring to relative share price performance.

Our social contract

One of the most fundamental reviews undertaken in the latter part of the year is the recognition that people are our business. At a time when the group and the industry as a whole face significant challenges in recruiting and retaining competent, skilled and experienced people, we are in a very fortunate position in this respect. But this is not something we take for granted and, during the course of 2008, our organisational development discipline will pay the closest attention to this critical aspect of our business. It is my ambition that we enter into a social contract with as many employees as possible and that in so doing we, as an employer, benefit from each employee delivering to us to the best of his or her ability in return for our contribution to enhancing his or her overall quality of life.

Our social contract extends beyond the boundaries of our operations and our individual employees. However, we recognise that we are guests in those countries in which we operate and have interests, and that if we are not adding value to those countries and to the communities around our operations, we have no future there. A comprehensive account of AngloGold Ashanti's approach to sustainable development

and its performance during the year can be found in the Report to Society 2007 which may be accessed at [www.aga-reports.com](http://www.aga-reports.com).

Thanks

The support that I have received from the board and our executive team, and indeed from the many employees and business partners that I have met in recent months, has been tremendous and I extend to them all my sincere appreciation.

CEO's review continued

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My thanks are also due to former Chief Operating Officers of the company, Neville Nicolau and Roberto Carvalho Silva, who left the group during the year.

I would like to save a special word of thanks for Bobby Godsell, former CEO and founding AngloGold Ashanti leader, who saw the company through from its inception in 1998 until his retirement in September 2007. Under his stewardship, AngloGold Ashanti has developed a high-quality asset and reserve base, an exceptional exploration portfolio and a team of dedicated employees building a global competitive company.

#### Conclusion

We face a challenging time but we have a highly motivated and skilled team in place whose members understand what they have to do and for what they are accountable. We look forward in the year ahead to dealing with our most important challenges:

Our priority, and our first value, is our drive for safety and the elimination of all accidents in the workplace.

We are closer to understanding our portfolio and our potential, and the building process necessary to revitalise the company to ensure that we optimise our assets and deliver value for our shareholders.

We are committed to taking full advantage of the gold price, by maximising our productive capability, reducing real costs and minimising the impact of the hedge book in a rising gold price environment.

We will continue to seek opportunities through our exploration, resource development and reserve conversion programmes.

#### Prospects

The outlook for the gold price continues to be positive. In addition to fundamental demand for the metal, the price is being underpinned by the rise in underlying costs in the gold mining industry (cash costs, exploration costs, stay-in-business expenses). New gold resources are increasingly difficult to find, resulting in a relative tightness in the market on the supply side, notwithstanding the holdings of gold held by central banks and other players in the asset market.

We forecast that production in 2008 will be between 4.8 million and 5 million ounces at a cash cost in a range of \$425/oz to \$435/oz. This is based on the assumption that the South African operations will receive 90% of current power requirements for the remainder of the year.

AngloGold Ashanti is in a phase of substantial investment in exploration and new project development. Our total capital expenditure for 2008 is forecast to be \$1.2 billion. This commitment to the future clearly demonstrates our confidence in our market, our operations and our people – we will deliver.

Mark Cutifani



Chief Executive Officer  
7 March 2008

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Board of directors

*Executive directors*

MR M CUTIFANI (49)

BE (Min. Eng)

Chief Executive Officer

Mark Cutifani was appointed to the board of AngloGold Ashanti on 17 September 2007. He was appointed Chief Executive Officer, effective 1 October 2007, following the retirement of Bobby Godsell. Prior to joining AngloGold Ashanti, Mark held the position of Chief Operating Officer at CVRD Inco where he was responsible for Inco's global nickel business. He has been involved in the mining industry since 1976, and has considerable experience in gold mining.

MR S VENKATAKRISHNAN

(VENKAT) (42)

BCom, ACA (ICAI)

Chief Financial Officer

Venkat was the finance director of Ashanti Goldfields Company Limited from 2000 until that company's merger with AngloGold in 2004. Prior to joining Ashanti, Venkat was a director in the Reorganisation Services Division of Deloitte & Touche in London. He was appointed to the board in August 2005.

*Non-executive directors*

MR RP EDEY (65)

FCA

Chairman

Russell Edey was appointed to the board in April 1998, as deputy chairman in December 2000 and as chairman in May 2002. Based in the United Kingdom, he is a non-executive director of Old Mutual plc, a member of the Conseil de Surveillance of Paris Orleans SA and a non-executive director of a number of companies within the N M Rothschild group.

Mr Edey is an independent non-executive director.

DR TJ MOTLATSI (56)

Hon DSoc Sc (Lesotho)

Deputy Chairman

James Motlatsi was appointed to the AngloGold board in April 1998 and as deputy chairman in May 2002. He has been associated with the South African mining industry since 1970 and is a past president of the National Union of Mineworkers. He is executive chairman of TEBA Limited. Dr Motlatsi is an independent non-executive director.

MR FB ARISMAN (63)

MSc (Finance)

Frank Arisman was appointed to the board in April 1998. He resides in New York and retired, after 32 years of service, from JP Morgan Chase, where he held the position of managing director. Mr Arisman is an independent non-executive director.

MR RE BANNERMAN (73)

MA (Oxon), LLM (Yale)

Reginald Bannerman has been in law practice since 1958 and is currently the principal partner at Messrs Bruce-Lyle, Bannerman & Thompson Attorneys in Ghana. He is a member of the General Legal Council of Ghana and a member of the board of the Valco Trust Fund, the largest privately run trust in Ghana. A former lecturer in law at the Ahmadu Bello University in Nigeria, he was also formerly the mayor of Accra, the capital city of Ghana.

Mr Bannerman was appointed to the board in February 2006 and is an independent non-executive director.

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MRS E Le R BRADLEY (69)

BSc, MSc

Elisabeth Bradley was appointed to the board in April 1998. She is non-executive chairman of Wesco Investments Limited and Toyota South Africa (Proprietary) Limited, and a director of a number of other companies. She is deputy chairman of the South African Institute of International Affairs. Mrs Bradley is an independent non-executive director.

MR JH MENSAH (79)

MSc (Economics)

Joseph Mensah, who holds an MSc in Economics from London University, has extensive experience in international and local economic management. Formerly Minister of Finance and Economic Planning and then Senior Minister in the government of Ghana, he is now the chairman of the National Development Planning Commission and a member of the Ghana Parliament representing the Sunyani East constituency. He joined the board with effect from 4 August 2006. Mr Mensah is an independent non-executive director.

MR WA NAIRN (63)

BSc (Mining Engineering)

Bill Nairn has been a member of the board since January 2000. He was re-appointed to the board in May 2001, having previously been alternate director to Tony Trahar. He was group technical director of Anglo American plc, prior to his retirement in 2004.

MR SM PITYANA (48)

BA (Hons) (Essex), MSc (London)

Sipho Pityana was appointed to the board with effect from 13 February 2007. He is the executive chairman of Izingwe Holdings (Proprietary) Limited and has occupied strategic roles in both the public and private sectors, including the positions of director general of the national departments of Labour and Foreign Affairs. He was formerly a senior executive of Nedbank and is currently a non-executive director of several companies.

Mr Pityana is an independent non-executive director.

PROF WL NKUHLU (63)

BCom, CA (SA), MBA

Wiseman Nkuhlu, who holds a BCom degree from the University of Fort Hare, is a Chartered Accountant with the South African Institute of Chartered Accountants and is a past national president of that institute. He also holds an MBA from the University of New York and is a respected South African academic, professional and business leader. Professor Nkuhlu was appointed to the board and deputy chairman of the Audit and Corporate Governance Committee with effect from 4 August 2006, and assumed chairmanship of the committee with effect from 5 May 2007 following the retirement of Mr CB Brayshaw.

Prof Nkuhlu is an independent non-executive director.

MR SR THOMPSON (48)

MA (Geology)

Simon Thompson was appointed to the board in 2004. He is a non-executive director of UC Rusal and was previously a director of Anglo American plc, where he was chairman of the Base Metals Division, the Exploration Division and the Tarmac Group.

Executive management

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DR CE CARTER (45)

BA (Hons), DPhil, EDP

Executive Vice President –

Business Strategy

Charles Carter joined Anglo American in 1991 and moved to the Gold and Uranium Division in 1996, and was part of the team responsible for the formation of AngloGold. In May 2005, he was appointed an executive officer, with responsibility for overseeing the company's global investor relations programme. He was appointed as executive vice president – business strategy in December 2007.

MR RN DUFFY (44)

BCom, MBA

Executive Vice President – Business

Development

Richard Duffy joined Anglo American in 1987 and in 1998 was appointed executive officer and managing secretary of AngloGold. In November 2000, he was appointed head of business planning and in 2004 assumed responsibility for all new business opportunities globally. In April 2005, this role was expanded to include greenfields exploration. He was appointed to the Executive Committee in August 2005. Richard was appointed as executive vice president – business development in December 2007.

MR G EHM (51)

BSc Hons, MAusIMM, MAICD

Executive Vice President – Australasia

Graham Ehm has 30 years of diverse experience in mine operations and project management, covering the nickel, phosphate, copper, uranium and gold sectors. He was appointed General Manager Sunrise Dam Gold Mine in 2000, Regional Head – Australia in 2006 and took up his current role as executive vice president – Australasia in December 2007.

MR RW LARGENT (47)

BSc (Min. Eng), MBA

Executive Vice President – Americas

Ron Largent has been with the company since 1994. He is a board member of the Colorado Mining Association in Denver and has served on the Board of Directors for the California Mining Association and the Nevada Mining Association. In 2001 he was appointed as General Manager of the Cripple Creek & Victor Gold Mine and took up his current role as executive vice president – Americas in December 2007.

MR RL LAZARE (51)

BA, HED, DPLR, SMP

Executive Vice President – Africa

Robbie Lazare joined Anglo American Gold and Uranium Division in 1982, working in a variety of management posts until 1999 when he was appointed general manager of TauTona. In

December 2004, he was appointed an executive officer with responsibility for South African operations. He was appointed executive officer – Africa underground region in July 2005 and took up his current role as executive vice president – Africa in December 2007.

MR MP LYNAM (46)

BEng (Mech)

Vice President – Treasurer

Mark Lynam joined the Anglo American group in 1983 and has been involved in the hedging and treasury area since 1990. In 1998 he joined AngloGold as treasurer and was appointed an executive officer in May 2004. He was appointed as vice president – treasurer in December 2007.

Following the appointment of Mark Cutifani as chief executive officer, AngloGold Ashanti re-organised its executive management team with effect from 1 December 2007, in line with the renewed strategic focus of the company. A decentralised regional operating structure was established with three executive vice presidents for Africa, the Americas and Australasia, reporting directly to the chief executive officer. In addition, the heads of business strategy, business development, business effectiveness, sustainability and organisational development were made executive vice presidents. These operations and functional executive vice presidents, the vice president – treasurer, the vice president – compliance and corporate administration, together with the chief executive officer and the chief financial officer, constitute the company's executive management.

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MR PW ROWE (58)

BSc (Chem. Eng)

Executive Vice President – Business

Effectiveness

Peter Rowe joined AngloGold Ashanti in June 2004 as head of AngloGold Ashanti Australia. Following 20 years with Anglo American and De Beers, he moved to Australia in the early 1990s where he held a number of senior managerial positions including that of project director of the Fimiston expansion, general manager of the Boddington Gold Mine and managing director and CEO of Bulong Nickel. He was appointed executive officer with responsibility for the corporate technical group in January 2006 and took up his current role as executive vice president – business effectiveness in December 2007.

MR TML SETILOANE (48)

FAE, BSc (Mech Eng)

Executive Vice President – Sustainability

Thero Setiloane joined AngloGold in May 2003 from Real Africa Holdings, where he had been an executive director. He is the chairman of Rand Refinery Limited. He was appointed an executive officer and a member of AngloGold Ashanti's executive committee in February 2006 and as executive vice president – sustainability in December 2007.

MS YZ SIMELANE (42)

BA LLB, FILPA, MAP

Vice President – Compliance and

Corporate Administration

Yedwa Simelane joined AngloGold in November 2000 from the Mineworkers' Provident Fund where she was the senior manager of the Fund. She was appointed an executive officer in May 2004 and took up her current role as vice president – compliance and corporate administration in December 2007.

MR NW UNWIN (55)

BA

Executive Vice President – Organisational

Development

Nigel Unwin has many years experience in the field of human resources. He was appointed an executive officer in 1999. He joined Anglo American as a trainee in human resources in 1974 and spent 18 years in operations and corporate roles. He then worked in the CFTA retail sector for seven years before joining AngloGold in 1999 as an Executive Officer. Following the acquisition of Acacia Resources by AngloGold at the end of 1999 and managed the integration of the two companies in Australia before taking over the HR and IT portfolios in 2001. He was appointed to his current role of executive vice president – organisational development in December 2007.

Prior to the re-organisation of the executive management team, the following represented the 'executive officers' team until 30 November 2007:



Mr CE Carter  
Mr SJ Lenahan  
Mr DH Diering  
Mr MP Lynam  
Mr RN Duffy  
Mr FRL Neethling  
Mrs D Earp (resigned  
Mr PW Rowe  
effective 1 March 2007)  
Mr TML Setiloane  
Mr DC Ewigleben  
Mr YZ Simelane  
Mr BW Guenther  
Mr NW Unwin  
Mrs HH Hickey  
*Company secretary*  
MS L EATWELL (53)  
FCIS

Lynda Eatwell joined AngloGold in 2000 as assistant company secretary and was appointed company secretary in December 2006. She is responsible for ensuring compliance with statutory and corporate governance requirements and the regulations of stock exchanges on which AngloGold Ashanti is listed.

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Attributable tonnes

Average

Attributable

treated/milled

grade recovered

gold production

(Mt)

(g/t)

(000 oz)

Operation

**2007**

2006

2005

**2007**

2006

2005

**2007**

2006

2005

*South Africa*

2,328

2,554      2,676

Vaal River

Great Noligwa

2.0

2.4      2.3

7.54

8.08      9.30      483

615      693

Kopanang

1.8

2.0      2.0

7.24

7.01      7.38      418

446      482

Moab Khotsong

(1)

0.3

0.2      –

7.94

6.35      –

67

44      –

Tau Lekoa

1.4

1.5      2.1

3.62

3.76      3.96      165

176      265

Surface operations

8.0		
7.2	5.8	
0.49		
0.49	0.51	125
113	95	

West Wits

Mponeng		
1.9		
1.9	1.7	
9.50		
9.93	9.15	587
596	512	

Savuka

0.3		
0.4	0.6	
6.69		
7.68	6.80	73
89	126	

TauTona

(2)		
1.8		
2.0	1.6	
9.67		
10.18	9.62	409
474	502	

*Argentina*

204		
215	211	
Cerro Vanguardia (92.5%)		
0.9		
0.9	0.9	
6.88		
7.29	7.70	204
215	211	

*Australia*

600		
465	455	
Sunrise Dam		
(3)		
3.8		
4.0	3.6	
4.86		
3.39	3.68	600
465	455	

*Brazil*

408		
339	346	
Brasil Mineração		
(2)		
1.4		

1.1	1.3	
7.48		
7.60	7.27	317
242	250	
Serra Grande (50%)		
(2)		
0.4		
0.4	0.4	
7.21		
7.51	7.93	91
97	96	
<i>Ghana</i>		
527		
592	680	
Bibiani		
(5)		
–		
2.1	2.4	–
0.55	1.45	
–		
37	115	
Iduapriem		
(3)(4)		
2.8		
3.0	3.2	
1.85		
1.74	1.71	167
167	174	
Obuasi		
(2)		
6.0		
6.2	4.7	
4.43		
4.39	4.77	360
387	391	
<i>Guinea</i>		
280		
256	246	
Siguiiri (85%)		
(3)		
8.3		
7.0	5.8	
1.05		
1.08	1.21	280
256	246	
<i>Mali</i>		
441		
537	528	
Morila (40%)		
1.7		
1.7	1.5	

3.36		
3.88	5.41	180
207	262	
<i>Sadiola (38%)</i>		
1.6		
1.8	1.9	
2.76		
3.22	2.73	140
190	168	
<i>Yatela (40%)</i>		
(6)		
1.2		
1.3	1.3	
3.46		
4.12	2.99	120
141	98	
<i>Namibia</i>		
80		
86	81	
<i>Navachab</i>		
1.6		
1.5	1.2	
1.56		
1.81	2.05	80
86	81	
<i>Tanzania</i>		
327		
308	613	
<i>Geita</i>		
5.1		
5.7	6.1	
2.01		
1.68	3.14	327
308	613	
<i>USA</i>		
282		
283	330	
<i>Cripple Creek &amp; Victor</i>		
(6)		
20.9		
21.8	19.2	0.53
0.54	0.62	282
283	330	

(1) Attributable production at Moab Khotsong prior to commercial production in 2006 was capitalised against pre-production costs.

(2) The yields of TauTona, Brasil Mineração, Serra Grande and Obuasi represent underground operations.

(3) The yields of Sunrise Dam, Iduapriem and Siguiriri represent open-pit operations.

(4)

The minority shareholdings of the International Finance Corporation (10%) and Government of Ghana (5%) were acquired effective

1 September 2007 and Iduapriem is now fully owned by AngloGold Ashanti.

(5)

The yield of Bibiani represents surface and dump reclamation in 2006 and open-pit operations in 2005. Bibiani was sold effective

1 December 2006.

(6)

The yield of Yatela and the Cripple Creek & Victor Joint Venture reflects recoverable gold placed/tonnes placed.

Operations at a glance – summary

For the year ended 31 December

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Attributable adjusted gross

Attributable cash gross

Total cash costs

(1)

profit (loss)

(1)

profit (loss)

(1) (2)

Page

(\$/oz)

(\$m)

(\$m)

number

Operation

**2007**

2006

2005

**2007**

2006

2005

**2007**

2006

2005

*South Africa*

343

285	291	403
-----	-----	-----

549	230	657
-----	-----	-----

788	399	
-----	-----	--

Vaal River

Great Noligwa

403

261	264	61
-----	-----	----

156	87	
-----	----	--

108

203	120	
-----	-----	--

64

Kopanang

307

291	277	99
-----	-----	----

109	54	
-----	----	--

133

136	74	
-----	----	--

66

Moab Khotsong

(3)

668

655	–	
-----	---	--

(40)

(22)

–

(8)			
(3)			
-	70		
Tau Lekoa			
474			
440	410		
1			
(4)			
(14)			
25			
25	9	68	
Surface operations			
305			
281	287	37	
31	16	41	
35	16		
West Wits			
Mponeng			
264			
237	279	165	
156	49		
214			
216	86		
58			
Savuka			
403			
336	430	11	
21	(8)		
17			
24	(1)		
60			
TauTona			
317			
269	256	67	
101	44		
128			
152	95		
62			
<i>Argentina</i>			
264			
228			
174	48		
37	32	73	
69	56		
Cerro Vanguardia (92.5%)			
261			
225	171	45	
35	31	68	
65	52		
72			
Minorities and exploration			



-		
-		
-		
3		
2	1	5
4	4	
<i>Australia</i>		
313		
306	279	137
137	46	186
173	78	
Sunrise Dam		
306		
298	269	137
137	46	
186		
173	78	
74		
<i>Brazil</i>		
260		
216	184	141
138	86	186
165	108	
Brasil		
Mineração		
233		
195	169	88
86	48	
119		
101	61	
78		
Serra Grande (50%)		
263		
198	158	27
26	22	35
33	26	
80		
Minorities and exploration		
-		
-		
-		
26		
26	16	32
31	21	
<i>Ghana</i>		
432		
390	339	
3		
(26)		
(29)		
68		

60	40		
Bibiani			
(4)			
—			
437	305		
—			
5	(10)		
—			
9	3		
Iduapriem			
(5)			
373			
368	348	23	
7	(2)		
35			
23	9	84	
Obuasi			
459			
395	345	(24)	
(42)			
(16)			
28			
21	26		
82			
Minorities and exploration			
—			
—			
—			
4			
4	(1)		
5			
7	2		
<i>Guinea</i>			
464			
399			
301	14		
4	15	50	
42	40		
Siguiiri (85%)			
464			
399	301		
9			
—	12	40	
33	33		
86			
Minorities and exploration			
—			
—			
—			
5			
4	3		

10		
9	7	
<i>Mali</i>		
350		
250	220	92
146	69	115
188	115	
Morila (40%)		
350		
275	191	38
52	39	51
69	65	
90		
Sadiola (38%)		
414		
270	265	24
49	20	29
61	32	
88		
Yatela (40%)		
322		
228	263	30
44	11	35
57	18	
90		
<i>Namibia</i>		
419		
265		
321	13	
22	10	19
28	17	
Navachab		
419		
265	321	13
22	10	19
28	17	
92		
<i>Tanzania</i>		
452		
497		
298	6	
(2)		
9	50	
37	47	
Geita		
452		
497	298	
6		
(2)		
9		
50		

37	47	
94		
USA		
282		
260		
236	74	
23	17	
106		
62	57	
Cripple Creek & Victor		
269		
248	230	74
23	17	
106		
62	57	
96		
Other –		
–		
4		
30	(15)	
17		
40	(2)	
AngloGold Ashanti		
357		
308	281	935
1,058	470	
1,527		
1,652	955	

(1)

Refer to Non-GAAP disclosure.

(2)

Adjusted gross profit (loss) plus amortisation of tangible and intangible assets, less non-cash revenues.

(3)

All income and expenses were capitalised until commercial production was reached in the first quarter of 2006.

(4)

Bibiani was sold effective 1 December 2006.

(5)

The minority shareholdings of the International Finance Corporation (10%) and Government of Ghana (5%) were acquired effective

1 September 2007 and Iduapriem is now fully owned by AngloGold Ashanti.

Operations at a glance – summary

For the year ended 31 December

22

Annual Financial Statements 2007

US Dollar million

**2007**

2006

2005

2004

2003

*Income statement*

Gold income

3,280

2,964      2,629      2,309      2,029

Cost of sales

(2,636)

(2,282)

(2,309)

(1,924)

(1,526)

(Loss) gain on non-hedge derivatives and other commodity contracts

(1)

(780)

(239)

(135)

(142)

119

Gross (loss) profit

(136)

443      185      243      622

Corporate administration and other expenses

(126)

(84)

(64)

(51)

(36)

Market development costs

(16)

(16)

(13)

(15)

(19)

Exploration costs

(120)

(61)

(45)

(44)

(38)

Amortisation of intangible assets

-

-

(31)

(29)				
Other net operating expenses				
(20)				
(18)				
(20)				
(12)				
(14)				
Operating special items				
(21)				
(18)				
(77)				
12	(8)			
Operating (loss) profit				
(439)				
246	(34)			
102	478			
Dividend received from other investments				
2				
–				
–				
–				
–				
Interest received				
45				
32	25	49	42	
Exchange gain (loss)				
1				
(2)				
(5)				
4	(3)			
Fair value adjustment on option component of convertible bond				
47				
16	(32)			
27	–			
Finance costs and unwinding of obligations				
(125)				
(123)				
(108)				
(87)				
(53)				
Fair value (loss) gain on interest rate swaps				
–				
–	(1)			
2	6			
Share of associates' (loss) profit				
(23)				
(1)				
(3)				
–	2			
(Loss) profit before taxation				
(492)				

168	(158)		
97	472		
Taxation			
(145)			
(180)			
35	41		
(142)			
(Loss) profit after taxation from continuing operations			
(637)			
(12)			
(123)			
138	330		
Discontinued operations			
Profit (loss) from discontinued operations			
1			
(2)			
(36)			
(11)			
—			
(Loss) profit for the year			
(636)			
(14)			
(159)			
127	330		
<i>Allocated as follows</i>			
Equity shareholders			
(668)			
(44)			
(182)			
108	312		
Minority interest			
32			
30	23	19	18
(636)			
(14)			
(159)			
127	330		
<i>Other financial data</i>			
Adjusted gross profit			
(2)			
\$m			
935			
1,058	470	441	559
Cash gross profit			
(3)			
\$m			
1,527			
1,652	955	793	791
Headline (loss) earnings			
\$m			
(648)			

(82)			
(145)			
129	318		
Adjusted headline earnings			
(4)			
\$m			
278			
411	153	259	282
Adjusted gross margin			
%			
26			
32	17	19	27
Cash gross margin			
%			
43			
49	34	34	38
EBITDA			
(5)			
\$m			
1,224			
1,409	772	690	667
EBITDA margin			
%			
34			
41	28	29	32
Interest cover			
(6)			
times			
9			
11	6	7	
13			
(Loss) earnings per ordinary share (cents)			
Basic			
US cents			
(237)			
(16)			
(69)			
43	140		
Diluted			
US cents			
(237)			
(16)			
(69)			
43	139		
Headline			
US cents			
(230)			
(30)			
(55)			
51	143		
Adjusted headline earnings			



(4)				
US cents				
99				
151	58	103	127	
Dividends declared per ordinary share				
US cents				
20				
62	36	56		
101				
Weighted average number of shares				
million				
281				
273	265	251	223	
Issued shares at year-end				
million				
282				
280	265	264	223	

(1)  
Refer to Non-GAAP disclosure note 3 on page 28

(2)  
Refer to Non-GAAP disclosure note 2 on page 27

(3)  
Refer to Non-GAAP disclosure note 6 on page 29

(4)  
Refer to Non-GAAP disclosure note 1 on page 26

(5)  
Refer to Non-GAAP disclosure note 7 on page 30

(6)  
Refer to Non-GAAP disclosure note 8 on page 30

Summarised group financial results  
For the year ended 31 December

23

US Dollar million

**2007**

2006

2005

2004

2003

*Balance sheet*

## Assets

## Tangible and intangible assets

7,162

6,469 6,307 6,323 3,176

## Cash and cash equivalents

496

495 209 289 505

## Other assets

2,162

1,979 1,777 1,590 1,176

## Total assets

9,820

8,943 8,293 8,202 4,857

## Equity and liabilities

## Total equity

2,442

3,047 2,662 3,209 1,681

## Borrowings

1,872

1,482 1,894 1,605 1,158

## Deferred taxation

1,051

1,103 1,154 1,356 598

## Other liabilities

4,455

3,311 2,583 2,032 1,420

## Total equity and liabilities

9,820

8,943 8,293 8,202 4,857

*Other financial data*

## Equity

(1)

3,923

4,539 4,236 4,708 2,568

## Net capital employed

(1)

5,362

5,588 5,980 6,082 3,274

## Net debt

(2)

1,376

987 1,685 1,316 653

## Net asset value – US cents per share

(3)				
867				
1,087	1,005	1,214	754	
Net tangible asset value – US cents per share				
(4)				
711				
939	854			
1,049	569			
Market capitalisation				
(5)				
11,878				
13,008	13,069	9,614	10,420	
<i>Financial ratios</i>				
Return on equity				
(6)				
%				
7				
9	4	7		
12				
Return on net capital employed				
(7)				
%				
7				
9	5	8		
11				
Net debt to net capital employed				
%				
26				
18	28	22	20	
Net debt to equity				
%				
35				
22	40	28	25	
<i>Exchange rates</i>				
Rand/dollar average exchange rate				
7.03				
6.77	6.37	6.44	7.55	
Rand/dollar closing exchange rate				
6.81				
7.00	6.35	5.65	6.67	
Australian dollar/dollar average exchange rate				
1.19				
1.33	1.31	1.36	1.54	
Australian dollar/dollar closing exchange rate				
1.14				
1.27	1.36	1.28	1.33	
Brazilian real/dollar average exchange rate				
1.95				
2.18	2.44	2.93	3.07	
Brazilian real/dollar closing exchange rate				
1.78				

2.14      2.35      2.65      2.89

(1)

Refer to Non-GAAP disclosure note 9 on page 30

(2)

Refer to Non-GAAP disclosure note 10 on page 31

(3)

Refer to Non-GAAP disclosure note 11 on page 31

(4)

Refer to Non-GAAP disclosure note 12 on page 31

(5)

Refer to Non-GAAP disclosure note 16 on page 32

(6)

Refer to Non-GAAP disclosure note 13 on page 31

(7)

Refer to Non-GAAP disclosure note 14 on page 32

Summarised group financial results

For the year ended 31 December

24

Annual Financial Statements 2007

US Dollar million

**2007**

2006

2005

2004

2003

*Cash flow statement*

Cash flows from operating activities

Cash generated from operations

1,121

1,281            673            570            562

Cash utilised by discontinued operations

(2)

(1)

(31)

(2)

—

Taxation paid

(237)

(143)

(30)

(34)

(102)

Net cash inflow from operating activities

882

1,137            612            534            460

Cash flows from investing activities

Capital expenditure

(1,024)

(817)

(722)

(585)

(363)

Net proceeds from disposal and acquisition of mines and subsidiaries

1

9            4

(171)

10

Net proceeds from disposal and acquisition of investments, associate  
loans and acquisitions and disposal of tangible assets

(13)

43            (18)

(20)

61

Dividends received from other investments

2

—

—

—

—

Interest received

37

25	18	37	33
Net loans repaid (advanced)			
—			
5	(1)		
83			
(15)			
(Increase) decrease in cash restricted for use			
(25)			
(3)			
17	(6)		
—			
Utilised in hedge restructure			
—			
—	(69)		
(123)			
—			
Net cash outflow from investing activities			
(1,022)			
(738)			
(771)			
(785)			
(274)			
Cash flows from financing activities			
Net proceeds from share issues			
34			
507	9	3	
10			
Net borrowings proceeds (repaid)			
310			
(397)			
316	259	197	
Finance costs paid			
(73)			
(88)			
(74)			
(72)			
(40)			
Dividends paid			
(144)			
(132)			
(169)			
(198)			
(314)			
Proceeds from hedge restructure			
—			
—	—		
40	—		
Net cash inflow (outflow) from financing activities			
127			
(110)			
82	32		

(147)			
Net (decrease) increase in cash and cash equivalents			
(13)			
289	(77)		
(219)			
39			
Translation			
14			
(3)			
(3)			
13	53		
Cash and cash equivalents at beginning of year			
495			
209	289	495	413
Cash and cash equivalents at end of year			
496			
495	209	289	505
<i>Other financial data</i>			
Free cash flow			
(1)			
347			
633	160	205	311
(1)			
Refer to Non-GAAP disclosure note 15 on page 32.			
Summarised group financial results			
For the year ended 31 December			

25

**2007**

2006

2005

2004

2003

*Operating results*

## Underground operations

## Metric tonnes milled

000

13,112

13,489      13,806      13,554      13,047

## Yield

g/t

6.99

7.20      7.31      7.50      8.03

## Gold produced

000 oz

2,948

3,123      3,243      3,270      3,367

## Surface and dump reclamation

## Metric tonnes treated

000

12,429

12,414      8,061      7,102

36,822

## Yield

g/t

0.49

0.50      0.52      0.60      0.27

## Gold produced

000 oz

197

201      136      138      320

## Open-pit operations

## Metric tonnes mined

000

172,487

173,178      168,904      135,171      125,529

## Stripping ratio

(1)

4.48

4.82      5.02      6.34      8.95

## Metric tonnes treated

000

25,312

26,739      25,541      18,236      13,967

## Yield

g/t

2.34

2.14      2.74      3.21      3.43



Gold produced			
000 oz			
1,904			
1,843	2,246	1,883	1,540
Heap-leach operations			
Metric tonnes mined			
000			
59,720			
63,519	61,091	71,837	59,507
Metric tonnes placed			
(2)			
000			
22,341			
23,329	22,227	22,120	18,265
Stripping ratio			
(1)			
1.77			
1.83	1.97	2.08	2.59
Recoverable gold placed			
(3)			
kg			
16,242			
18,162	18,500	18,670	14,976
Yield			
(4)			
g/t			
0.73			
0.78	0.83	0.84	0.81
Gold produced			
000 oz			
428			
468	541	538	389
Total gold produced			
000 oz			
5,477			
5,635	6,166	5,829	5,616
– South Africa			
2,328			
2,554	2,676	2,857	3,281
– Argentina			
204			
215	211	211	209
– Australia			
600			
465	455	410	432
– Brazil			
408			
339	346	334	323
– Ghana			
527			
592	680	485	

–			
– Guinea			
280			
256	246	83	
–			
– Mali			
441			
537	528	475	577
– Namibia			
80			
86	81	66	73
– Tanzania			
327			
308	613	570	331
– USA			
282			
283	330	329	390
– Zimbabwe			
–			
–	–	9	–
Average price received			
(5)			
\$/oz sold			
629			
577	439	394	363
Total cash costs			
(5)			
\$/oz produced			
357			
308	281	264	214
Total production costs			
(5)			
\$/oz produced			
476			
414	374	332	263
Capital expenditure			
(6)			
\$m			
1,059			
817	722	585	449
Monthly average number of employees			
61,522			
61,453	63,993	65,400	55,439
LTIFR			
8.24			
7.70	6.77	6.56	8.83
FIFR			
0.21			
0.22	0.14	0.19	0.29
Definitions			
(1)			

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

(2)

Tonnes placed onto leach pad.

(3)

Recoverable gold placed onto leach pad inventory.

(4)

Recoverable gold placed/tonnes placed.

Comments

(5)

Gold price and costs of mining inputs have risen simultaneously, putting pressure on industry profit margins as a whole.

(6)

Capital expenditure has increased year-on-year in accordance with AngloGold Ashanti's growth strategy.

Summarised group operating results

For the year ended 31 December

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Annual Financial Statements 2007

From time to time, AngloGold Ashanti Limited may publicly disclose certain 'Non-GAAP financial measures' in the course of its financial presentations, earnings releases, earnings conference calls and otherwise.

The group utilises certain Non-GAAP performance measures and ratios in managing the business and may provide users of this financial

information with additional meaningful comparisons between current results and results in prior operating periods.

Non-GAAP financial

measures should be viewed in addition to, and not as an alternative to, the reported operating results or cash flow from operations or

any other measure of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be

comparable to similarly titled measures other companies use.

SA Rands

US Dollars

2006

**2007**

Figures in million

**2007**

2006

1. Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts and fair value adjustment on convertible bond

(1)

(adjusted headline

earnings)

(850)

(4,136)

Headline loss (group note 14)

(648)

(82)

Loss on unrealised non-hedge derivatives and other commodity

4,507

7,114

contracts

1,071

615

Deferred tax on unrealised non-hedge derivatives and other

(742)

(673)

commodity contracts (group note 12)

(98)

(106)

(137)

(333)

Fair value adjustment on option component of convertible bond

(47)

(16)

Headline earnings adjusted for the loss on unrealised non-hedge derivatives, other commodity contracts and fair value

2,777

1,971

adjustment on convertible bond.

278

411

(1)

Loss on unrealised non-hedge derivatives and other commodity contracts in the income statement comprises the change in fair value of all non-hedge derivatives and other commodity contracts as follows:

- Open positions: The change in fair value from the previous reporting date or date of recognition (if later) through to the current reporting date; and
- Settled positions: The change in fair value from the previous reporting date or date of recognition (if later) through to the date of settlement.

Headline earnings adjusted for the loss on unrealised non-hedge derivatives, other commodity contracts and fair value adjustment on convertible bond are intended to illustrate earnings after adjusting for:

- The unrealised fair value change in contracts that are still open at the reporting date as well as the unwinding of the historic marked-to-market value of the positions settled in the period;
- The unrealised fair value change on the option component of the convertible bond amounting to \$47 million, R333 million (2006: \$16 million, R137 million); and
- The unrealised fair value change on the onerous uranium contracts.

Non-GAAP disclosure

For the year ended 31 December

27

SA Rands

US Dollars

2006

**2007**

Figures in million

**2007**

2006

1. Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts and fair value adjustment on convertible bond

(1)

(adjusted headline earnings) (*continued*)

1,018

700

Cents per share

99

151

This calculation is based on adjusted headline earnings of

\$278

million, R1,971 million (2006: \$411 million, R2,777 million) and 281,455,107 (2006: 272,808,217) shares being the weighted average number of ordinary shares in issue during the financial year.

2. Gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts (adjusted gross profit)

Reconciliation of gross (loss) profit to gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts

2,700

(524)

Gross (loss) profit

(136)

443

Loss on unrealised non-hedge derivatives and other commodity

4,507

7,114

contracts

1,071

615

Gross profit adjusted for the loss on unrealised non-hedge

7,207

6,590

derivatives and other commodity contracts

(1)

935

1,058

(1)

Gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts is intended to illustrate earnings after adjusting for:

- The unrealised fair value change in contracts that are still open at the reporting date as well as the unwinding of the historic marked-to-market value of the positions settled in the period; and
- The unrealised fair value change on the onerous uranium contracts.

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Annual Financial Statements 2007

Non-GAAP disclosure continued

For the year ended 31 December

SA Rands

US Dollars

2006

**2007**

Figures in million

**2007**

2006

2. Gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts (adjusted gross profit) (*continued*)

Gross profit (loss) adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts is analysed by origin as follows:

3,746

2,845

South Africa

403

549

245

338

Argentina

48

37

934

960

Australia

137

137

946

987

Brazil

141

138

(186)

25

Ghana

3

(26)

19

101

Guinea

14

4

986

646

Mali

92



146  
 148  
 90  
 Namibia  
 13  
 22  
 (19)  
 52  
 Tanzania  
 6  
 (2)  
 167  
 518  
 USA  
 74  
 23  
 221  
 28  
 Other, including corporate and non-gold producing subsidiaries  
 4  
 30  
 7,207  
 6,590  
 935  
 1,058  
 3. Loss on non-hedge derivatives and other commodity  
 contracts is summarised as follows:  
 Group:  
 2,552  
 2,033  
 Gain on realised non-hedge derivatives  
 291  
 376  
 (4,343)  
 (7,305)  
 Loss on unrealised non-hedge derivatives  
 (1,099)  
 (591)  
 (9)  
 49  
 Unrealised gain (loss) on other commodity physical borrowings  
 7  
 (1)  
 Provision reversed (raised) for loss on future deliveries and  
 (155)  
 142  
 other commodities  
 21  
 (23)  
 Loss on non-hedge derivatives and other commodity contracts  
 (1,955)

(5,081)  
per the income statement  
(780)  
(239)  
Company:  
1,112  
506  
Gain on realised non-hedge derivatives  
74  
166  
(1,938)  
(1,814)  
Loss on unrealised non-hedge derivatives  
(278)  
(265)  
(9)  
23  
Unrealised gain (loss) on other commodity physical borrowings  
3  
(1)  
(101)  
80  
Provision reversed (raised) for loss on future deliveries and  
other commodities  
13  
(15)  
Loss on non-hedge derivatives and other commodity contracts  
(936)  
(1,205)  
per the income statement  
(188)  
(115)  
4. Price received  
20,137  
23,052  
Gold income per income statement  
3,280  
2,964  
(804)  
(889)  
Adjusted for minority interests  
(127)  
(119)  
19,333  
22,163  
3,153  
2,845  
2,552  
2,033  
Gain on realised non-hedge derivatives  
291

376  
21,885  
24,196  
3,444  
3,221  
173,639  
170,265  
Attributable gold sold – kg and oz (000)  
5,474  
5,583  
126,038  
142,107  
Revenue price per unit – R/kg and \$/oz  
629  
577

29

SA Rands

US Dollars

2006

**2007**

Figures in million

**2007**

2006

5. Total costs

11,839

13,959

Total cash costs (group note 4)

1,988

1,746

(73)

(246)

Adjusted for minority interests and non-gold producing companies

(34)

(11)

Total cash costs adjusted for minority interests and non-gold

11,766

13,713

producing companies

1,954

1,735

152

131

Retrenchment costs (group note 4)

19

22

(35)

445

Rehabilitation and other non-cash costs (group note 4)

65

(3)

4,059

4,143

Amortisation of tangible assets (group note 4)

590

597

13

14

Amortisation of intangible assets (group note 4)

2

2

(122)

(146)

Adjusted for minority interests and non-gold producing companies

(21)

(18)

Total production costs adjusted for minority interests and

15,833  
 18,300  
 non-gold producing companies  
 2,609  
 2,335  
 175,253  
 170,365  
 Gold produced – kg and oz (000)  
 5,477  
 5,635  
 67,133  
 80,490  
 Total cash cost per unit – R/kg and \$/oz  
 357  
 308  
 90,345  
 107,415  
 Total production cost per unit – R/kg and \$/oz  
 476  
 414  
 6. Cash gross profit  
 Gross profit adjusted for the loss on unrealised non-hedge  
 7,207  
 6,590  
 derivatives and other commodity contracts (note 2)  
 935  
 1,058  
 4,059  
 4,143  
 Amortisation of tangible assets (group note 4)  
 590  
 597  
 13  
 14  
 Amortisation of intangible assets (group note 4)  
 2  
 2  
 (43)  
 3  
 Non-cash revenues  
 –  
 (5)  
 11,236  
 10,750  
 1,527  
 1,652  
 Cash gross profit is analysed by origin as follows:  
 5,366  
 4,628  
 South Africa  
 657

788
465
513
Argentina
73
69
1,179
1,308
Australia
186
173
1,136
1,308
Brazil
186
165
396
485
Ghana
68
60
282
352
Guinea
50
42
1,274
809
Mali
115
188
192
131
Namibia
19
28
246
358
Tanzania
50
37
432
742
USA
106
62
268
116
Other, including corporate and non-gold producing subsidiaries
17
40

11,236

10,750

1,527

1,652

30

Annual Financial Statements 2007

Non-GAAP disclosure continued

For the year ended 31 December

SA Rands

US Dollars

2006

**2007**

Figures in million

**2007**

2006

7. EBITDA

1,349

(2,636)

Operating (loss) profit per the income statement

(439)

246

4,059

4,143

Amortisation of tangible assets (group note 4)

590

597

13

14

Amortisation of intangible assets (group note 4)

2

2

–

7

Impairment of goodwill (group notes 6, 14 and 17)

1

–

44

6

Impairment of tangible assets (group notes 6, 14 and 16)

1

6

Loss on unrealised non-hedge derivatives and other commodity

4,507

7,114

contracts (note 3)

1,071

615

(2)

(3)

Share of associates' EBITDA (group note 8)

–

(1)

(13)

30

Discontinued operations (EBITDA component) (group note 13)



5  
 (2)  
 (333)  
 (56)  
 Profit on disposal of assets (group note 6)  
 (7)  
 (48)  
 (36)  
 –  
 Recovery of exploration loan previously expensed (group note 6)  
 –  
 (5)  
 Profit on disposal of shares in Nufcor Uranium Limited  
 (9)  
 –  
 (group note 6)  
 –  
 (1)  
 9,579  
 8,619  
 1,224  
 1,409  
 8. Interest cover  
 9,579  
 8,619  
 EBITDA (note 7)  
 1,224  
 1,409  
 822  
 880  
 Finance costs (group note 7)  
 125  
 123  
 71  
 68  
 Capitalised finance costs (group notes 7 and 16)  
 10  
 10  
 893  
 948  
 135  
 133  
 11  
 9  
 Interest cover – times  
 9  
 11  
 9. Equity and net capital employed  
 20,895  
 16,204  
 Shareholders' equity per balance sheet

2,379  
 2,985  
 Adjusted to exclude:  
 1,503  
 1,011  
 – Other comprehensive income (group note 28)  
 148  
 215  
 45  
 108  
 – Actuarial losses (group note 28)  
 16  
 6  
 22,443  
 17,323  
 2,543  
 3,206  
 7,722  
 7,159  
 Deferred tax (group note 33)  
 1,051  
 1,103  
 Adjusted to exclude:  
 1,581  
 2,246  
 – Deferred tax on derivatives and other comprehensive income  
 330  
 226  
 28  
 (8)  
 – Deferred tax on actuarial losses  
 (1)  
 4  
 31,774  
 26,720  
 Equity  
 3,923  
 4,539  
 436  
 429  
 Minorities (group note 29)  
 63  
 62  
 9,963  
 10,441  
 Borrowings – long-term portion (group note 30)  
 1,533  
 1,423  
 413  
 2,309  
 Borrowings – short-term portion (group note 30)

339  
59  
42,586  
39,899  
Capital employed  
5,858  
6,083  
(3,467)  
(3,381)  
Cash and cash equivalents (group note 25)  
(496)  
(495)  
39,119  
36,518  
Net capital employed  
5,362  
5,588

31

SA Rands

US Dollars

2006

**2007**

Figures in million

**2007**

2006

10. Net debt

9,963

10,441

Borrowings – long-term portion (group note 30)

1,533

1,423

413

2,309

Borrowings – short-term portion (group note 30)

339

59

10,376

12,750

Total borrowings

1,872

1,482

(3,467)

(3,381)

Cash and cash equivalents (group note 25)

(496)

(495)

6,909

9,369

Net debt

1,376

987

11. Net asset value – cents per share

21,331

16,633

Total equity per balance sheet

2,442

3,047

280

282

Number of ordinary shares in issue (millions) (note 27)

282

280

7,607

5,907

Net asset value – cents per share

867

1,087

Number of ordinary shares in issue consists of:

277,457,471 (2006: 276,236,153) ordinary shares (group note 27)

4,140,230 (2006: 4,185,770) E ordinary shares (group note 27)

12. Net tangible asset value – cents per share

21,331

16,633

Total equity per balance sheet

2,442

3,047

(2,909)

(2,996)

Intangible assets (group note 17)

(440)

(415)

18,422

13,637

2,002

2,632

280

282

Number of ordinary shares in issue (millions) (note 27)

282

280

6,569

4,843

Net tangible asset value – cents per share

711

939

13. Return on equity

Headline earnings adjusted for the loss on unrealised non-hedge derivatives, other commodity contracts and fair value

2,777

1,971

adjustment on convertible bond (note 1)

278

411

31,774

26,720

Equity (note 9)

3,923

4,539

29,315

29,247

Average equity

4,231

4,388

Note – equity for 2005 amounted to \$4,236 million,

R26,856 million

9

7

Return on equity – %

7



32

Annual Financial Statements 2007

Non-GAAP disclosure continued

For the year ended 31 December

SA Rands

US Dollars

2006

**2007**

Figures in million

**2007**

2006

14. Return on net capital employed

Headline earnings adjusted for the loss on unrealised non-hedge derivatives, other commodity contracts and fair value adjustment

2,777

1,971

on convertible bond (note 1)

278

411

822

880

Finance costs (group note 7)

125

123

Headline earnings adjusted for the loss on unrealised non-hedge derivatives, other commodity contracts, fair value adjustment on

3,599

2,851

convertible bond and finance costs

403

534

39,119

36,518

Net capital employed (note 9)

5,362

5,588

38,518

37,819

Average net capital employed

5,475

5,784

Note – Net capital employed for 2005 amounted to \$5,980 million, R37,917 million

9

8

Return on net capital employed – %

7

9

15. Free cash flow

7,825

6,238

Net cash inflow from operating activities per cash flow

882

1,137

(3,416)

(3,758)

Stay-in-business capital expenditure per cash flow

(535)

(504)

4,409

2,480

347

633

16. Market capitalisation

Number of listed ordinary shares in issue at year end (millions)

276

277

(group note 27)

277

276

Closing share price as quoted on the JSE and New York Stock

329.99

293.00

Exchange

42.81

47.09

91,155

81,295

Market capitalisation

11,878

13,008

17. Average number of employees

South Africa

36,976

35,968

Argentina

1,017

906

Australia

781

479

Brazil

4,352

4,428

Ghana

7,549

9,443

Guinea

2,917

2,708

Mali

1,615



1,473

Namibia

409

313

Tanzania

3,226

3,220

USA

405

369

Other, including corporate and non-gold producing subsidiaries

2,275

2,146

61,522

61,453

33

Forecast

Expected Forecast

capital

production

total cash cost

expenditure

000 oz

\$/oz

(1)

\$m

(2)

South Africa

1,800 – 1,900

402 – 412

331

Argentina

200 – 205

329 – 339

22

Australia

400 – 420

595 – 605

404

Brazil

400 – 415

290 – 300

110

Ghana

580 – 620

420 – 430

172

Guinea

260 – 270

475 – 485

16

Mali

400 – 420

410 – 420

8

Namibia

75 – 80

520 – 530

34

Tanzania

330 – 340

595 – 605

64

United States of America

290 – 300

310 – 320

28

Other

–

– 18

AngloGold Ashanti

4,800 – 5,000

425 – 435

1,207

The table above provides guidance for the year in respect of attributable forecast ounces, total cash costs \$/oz and capital expenditure, taking into consideration the impact of a 90% power supply in South Africa, as well as the current operational constraints at Geita.

(1)

Assumes the following exchange assumptions to the US dollar: R7.75/\$, A\$/0.90, BRL1.75/\$ and Argentinean peso 3.10/\$.

(2)

Capital expenditure is managed in line with earnings and cash flows and may fluctuate accordingly. Forecast capital expenditure for operations with minorities is reported at 100%. For entities which are proportionately consolidated, the forecast capital spend is the attributable share.

One-year forecast – 2008

For the year ended 31 December

US Dollar million

Notes

(1)

%

**2007**

%

2006

Value added

Gold income

2 and 3

3,280

2,964

Purchases of goods and services in order to operate mines  
and produce refined metal, including market development  
costs net of other income

(1,352)

(1,041)

Value-added by operations

68

1,928

85 1,923

Fair value gain on option component of convertible bond

2

47

1 16

Profit on disposal of assets

14

–

7

2 54

Income from investments and interest received

3 and 8

1

24

1 31

Government

Deferred taxation

12

3

94

1 30

Utilised in the group

Retained income

26

722

10 217

Total value added

100

2,822

100 2,271

Value distributed

Employees		
Salaries, wages and other benefits		
10		
35		
998		
39	887	
Government		
– Current taxation		
12		
9		
239		
9	210	
Providers of capital		
– Finance costs and unwinding of obligations		
7		
4		
125		
6	123	
– Dividends declared		
2		
54		
8	173	
– Minorities		
29		
1		
32		
1	30	
Other		
– Impairment of tangible and intangible assets		
6		
–	2	
–	6	
– Loss from discontinued operations		
13		
–	–	
–	2	
– Exchange loss		
–		
–		
–	2	
– Loss on non-hedge derivatives and other commodity contracts		
28		
780		
11	239	
Total value distributed		
79		
2,230		
74	1,672	
Re-invested in the group		
– Amortisation and depreciation		

4, 16 and 17

21

592

26            599

100

2,822

100

2,271

(1)

Refer to the notes in the group financial statements on pages 174 to 275.

Group value-added statement

For the year ended 31 December

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Annual Financial Statements 2007

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## Group information

## Current profile

AngloGold Ashanti, 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 20 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 73.1 million ounces as at 31 December 2007.

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

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

## History and significant development of the company

AngloGold Ashanti, as it conducts business today, was formed on 26 April 2004 following the business combination of AngloGold Limited (AngloGold) with Ashanti Goldfields Company Limited (Ashanti), incorporated in Ghana on 19 August 1974.

1998

AngloGold Limited was formed in June 1998 through the consolidation of the gold interests of Anglo American Corporation of South Africa Limited (AAC) and its associated companies, namely 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 company. Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs), the vehicle for the consolidation, changed its name to AngloGold Limited and increased its authorised share capital, effective 30 March 1998.

AngloGold acquired minority shareholders interest in Driefontein Consolidated Limited (17%); Anmercosa Mining (West Africa) Limited (100%); Western Ultra Deep Levels Limited (89%); Eastern Gold Holdings Limited (52%); Erongo Mining and Exploration Company Limited (70%).

AngloGold Limited was founded in June 1998

with the consolidation of the gold mining interests of Anglo American. The company, AngloGold Ashanti as it is now, was formed in April 2004 from the business combination between AngloGold and Ashanti Goldfields. Today, AngloGold Ashanti is the third largest gold producing mining company in the world.



*1999*

AngloGold purchased Minorco's gold interests in North and South America.

AngloGold acquired Acacia Resources in Australia.

*2000*

AngloGold acquired a 40% interest in the Morila mine in Mali from Randgold Resources Limited.

AngloGold acquired a 50% interest in the Geita mine in Tanzania from Ashanti Goldfields Company Limited (Ashanti) and in 2004, following the business combination with Ashanti, acquired the remaining 50% interest.

In support of its market development initiatives, AngloGold acquired a 25% interest in OroAfrica, South Africa's largest manufacturer of gold jewellery and a 33% holding in Gold Avenue, an e-commerce business in gold.

*2001*

AngloGold sold the Elandsrand and Deelkraal mines to Harmony Gold Mining Company Limited (Harmony).

AngloGold disposed of its interests in No. 2 Shaft Vaal River Operations to African Rainbow Minerals (ARM).

AngloGold made an unsuccessful take-over bid for Normandy Mining Limited.

*2002*

The sale of AngloGold's Free State assets to ARM and Harmony became effective.

AngloGold acquired an additional 46.25% of the equity, as well as the total loan assignment, of Cerro Vanguardia SA from Pérez Companc International SA, increasing its interest in Cerro Vanguardia to 92.5%.

AngloGold disposed of its wholly owned subsidiary, Stone and Allied Industries (O.F.S.) Limited.

*2003*

AngloGold disposed of its wholly owned Amapari project to Mineração Pedra Branca do Amapari.

AngloGold finalised the sale of its 49% stake in the Gawler Craton Joint Venture, including the Tunkillia project located in South Australia to Helix Resources Limited.

AngloGold concluded the sale of its interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc.

AngloGold disposed of its entire investments in East African Gold Mines Limited and in Randgold Resources Limited.

AngloGold purchased a portion of the Driefontein mining area in South Africa from Gold Fields Limited.

*2004*

AngloGold sold its Western Tanami project to Tanami Gold NL in Australia.

The business combination between AngloGold and Ashanti Goldfields Company Limited was completed, resulting in the company changing its name to AngloGold Ashanti Limited.

AngloGold Holdings plc, a subsidiary of AngloGold, completed an offering of \$1 billion principal amount 2,375% convertible

bonds, due 2009 and guaranteed by AngloGold Ashanti.

AngloGold Ashanti acquired a 29.8% stake in Trans-Siberian Gold plc (TSG).

AngloGold Ashanti sold its Union Reefs assets to the Burnside Joint Venture, comprising subsidiaries of Northern Gold NL (50%) and Harmony (50%).

AngloGold Ashanti disposed of its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Proprietary) Limited.

AngloGold Ashanti subscribed for a 12.3% stake in the expanded issued capital of Philippines explorer Red 5 Limited.

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Annual Financial Statements 2007

Group information continued

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AngloGold Ashanti sold its 40% equity interest in Tameng Mining and Exploration (Pty) Limited of South Africa (Tameng) to Mahube Mining (Pty) Limited.

*2005*

AngloGold Ashanti completed a substantial restructuring of its hedge book in January 2005.

AngloGold Ashanti signed a three-year \$700 million revolving credit facility.

AngloGold Ashanti sold exploration assets in the Laverton area in Australia.

Aflease Gold and Uranium Resources Limited purchased from AngloGold Ashanti, its Weltevreden mine.

The Director-General of Minerals and Energy notified AngloGold Ashanti in August 2005 that application for the new order mining rights in terms of the South African Mineral Resources and Petroleum Development Act had been granted.

AngloGold Ashanti disposed of its La Rescatada project to ARUNANI SAC, a local Peruvian corporation, with an option to repurchase 60% of the project should economically viable reserves in excess of 2 million ounces be identified within three years.

AngloGold Ashanti acquired an effective 8.7% stake in China explorer, Dynasty Gold Corporation.

*2006*

AngloGold Ashanti raised \$500 million in an equity offering.

AngloGold Ashanti acquired two exploration companies, namely Amikan and AS APK from TSG as part of AngloGold Ashanti's initial contribution towards its strategic alliance with Polymetal.

AngloGold Ashanti and B2Gold (formerly Bema Gold) formed a new company to jointly explore a select group of AngloGold Ashanti's mineral opportunities located in northern Colombia, South America.

AngloGold Ashanti (U.S.A.) Exploration Inc, International Tower Hill Mines Ltd (ITH) and Talon Gold Alaska, Inc. (Talon), a wholly owned subsidiary of ITH, entered into an Asset Purchase and Sale and Indemnity Agreement whereby AngloGold Ashanti sold to Talon a 100% interest in six Alaskan mineral exploration properties and associated databases in return for an approximate 20% interest in ITH. AngloGold Ashanti has the option to increase or dilute its stake in these projects, subject to certain conditions.

AngloGold Ashanti signed a Heads of Agreement with Antofagasta plc to jointly explore a highly prospective belt in Southern Colombia for new gold and copper deposits. Both AngloGold Ashanti and Antofagasta will have the right to increase their interests by 20% in copper-dominant and gold-dominant properties subject to certain conditions.

AngloGold Ashanti disposed of its entire business undertaking, related to the Bibiani mine and Bibiani North prospecting permit

to Central African Gold plc.

AngloGold Ashanti 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.

AngloGold Ashanti 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*

For details of all announcements made by the company during 2007 and subsequent to year-end, refer to 'Significant announcements during the year under review and subsequent to year-end' in the Directors' report on page 156.

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Annual Financial Statements 2007

The gold and uranium markets

Products

AngloGold Ashanti's main product is gold. Revenue is also derived from the sales of silver and uranium oxide. AngloGold Ashanti sells its products on world markets.

Gold market

The gold market is relatively liquid compared to many other commodity markets. Physical demand for gold is primarily for fabrication purposes, including jewellery (which accounts for just less than 80% of fabricated demand), electronics, dentistry, decorations, medals and official coins. In addition, central banks, financial institutions and private individuals buy, sell and hold gold bullion as an investment and as a store of value.

The use of gold as a store of value (a consequence of the tendency of gold to retain its value in relative terms against basic goods, and particularly in times of inflation and monetary crisis) and the large quantities of gold held for this purpose in relation to annual mine production have meant that, historically, the potential total supply of gold is far greater than demand at any one time. Thus, while current supply and demand play some part in determining the price of gold, this does not occur to the same extent as with other commodities. Instead, the gold price has from time to time been significantly affected by macro-economic factors such as expectations of inflation, interest rate changes, exchange rate changes, changes in reserve policy by central banks, and by global or regional political and economic events. In times of price inflation and currency devaluation, gold is often bought as a store of value, leading to increased purchases and support for the price of gold.

*The market in 2007*

Continued strong levels of investor and speculator interest, particularly in the fourth quarter of the year, pushed the gold price to levels just short of record highs, records which were then surpassed soon after year end in an exceptionally buoyant market. The average gold spot price for the year, at \$697/oz, was 15% higher than that in 2006.

Although prices were relatively range-bound during the first half of the year, the end of the third quarter and the fourth quarter saw a strong surge in the dollar gold price and particularly high levels of investor interest. Fabrication demand followed an inverse pattern, with the more stable prices of the first half leading the market to record high levels of jewellery consumption in certain regions, which then fell away in the fourth quarter as price volatility took its toll, particularly in more price-sensitive markets. The exception to this pattern was the Chinese market, where jewellery demand remained relatively solid in the fourth quarter despite the high levels of price

volatility.

The main contributing factor to the price gains seen in the second half of the year was economic uncertainty relating to credit concerns and the impact of the sub-prime mortgage crisis in the US. Inflationary concerns driven by higher food, oil and commodity prices also played a role, as did the escalation in geopolitical tension, particularly at year-end.

Rand gold prices saw new record highs of R187,000/kg during the year and an average spot price for the year of just over R157,000/kg.

AngloGold Ashanti's primary source of revenue is from gold, with silver and uranium oxide contributing as by-products. The markets for all of these products rose strongly in 2007 with the prices of gold and uranium in particular at or close to record levels.

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#### Investment

Overall, the investment market saw lower levels of demand than in 2006, however, this demand was heavily concentrated in the last half of 2007, for the aforementioned reasons.

Particular strength was exhibited in trade on commodity exchanges and also in the gold Exchange-Traded Funds (ETFs). Total ETF holdings at year-end stood at close to 28 million ounces, with a total value of over \$23 billion. This represents a significant level of growth over year-end holdings in 2006, even though this itself represented a doubling over levels of funds held the previous year. The majority of ETF investment occurred in the US-listed fund, StreetTracks.

#### Demand

Over the first half of 2007, physical demand from jewellery fabrication recovered strongly from the low levels of 2006, reaching record highs in several major markets. In the second half of the year, however, this level of demand could not be sustained in the face of a more volatile price environment, which impacted heavily on traditional markets, and with the increasingly difficult consumer and retail environment in developed markets such as the US.

Overall, fabrication demand for jewellery in 2007 increased by 6% in tonnage terms over 2006 levels, with the bulk of that increased contributed by the larger emerging markets of East Asia, India and the Middle East. European demand is expected to remain flat, whereas demand from the US market fell in tonnage terms by 14% over 2006.

It was in the Indian market that the contrast in consumption levels between the two halves of the year was most marked. Demand reached record levels in rupee and tonnage terms for both jewellery and retail investment in the second quarter of the year. Together these totalled 317 tonnes, half of global mine output for the quarter and 90% higher than the relatively low level attained in the same quarter in 2006.

Demand in the first half of the year increased by 72% over the corresponding period in the previous year. This strong level of consumption was fuelled in part by economic growth, particularly in the agricultural sector, as well as by a stable rupee gold price. In the second half of the year, however, the rupee/dollar exchange rate showed significant volatility, and this combined with a period of volatility in dollar gold prices created a set of circumstances unfavourable to gold consumption. Price volatility is a significant deterrent to demand in the Indian market, and in the second half of 2007 the periods of most extreme price volatility coincided with some of the more auspicious gold buying occasions, such as Diwali. Demand in the fourth quarter was particularly poor, and fourth quarter offtake reached the lowest level since the early 1990s. Over the year as a whole, an increase in jewellery offtake in tonnage terms of 6% was recorded.

Demand in the Middle East, specifically in the six Gulf markets, was also dented considerably in the second half of the year, with a sharp shift in consumer sentiment away from gold jewellery consumption brought about by a combination of volatile price levels, inflationary concerns and significant



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## Annual Financial Statements 2007

The gold and uranium markets continued escalations in rent charges. As the currencies of these markets are pegged against the dollar, there is no cushioning for consumers against dollar gold price volatility. In the region, Turkey and Egypt experienced healthier demand, with good tourist seasons and increased economic stability helping to fuel consumption.

The Chinese market proved most resilient to the more volatile prices as most retailers maintain a margin of around 10% over the gold price and therefore tend not to adjust prices on a daily basis according to each and every fluctuation in the dollar gold price. The Chinese economy also continued to record strong growth. The demand picture during the first months of 2008 however, may turn out to be less healthy, as manufacturers are already reporting resistance among retailers to restocking at current high prices.

In the US, gold demand in 2007 reached the lowest level since 1992. Retailers continued to reduce their focus on the category in the light of rising prices and to seek out product with lower gold content so as to offer a lower-cost range of product to an increasingly price-sensitive consumer. Only the high end of the market, which typically retails 18 carat product, remained strong. Margins in this segment are higher than in the mass market segment and consumers are less sensitive to price increases.

Despite high gold prices, supplies of scrap into the market were weaker than in 2006. In part this seems to have been due to the fact that significant personal gold inventories were liquidated in 2006 and have not been replaced as yet. Another factor was the price surge which took place towards the end of the year. Consumers were deterred from selling old jewellery by the expectation that prices might rise still further.

Industrial demand increased marginally by 2% over 2006 levels. A slowdown in the demand for electronic goods over the second half of the year impacted on growth in this sector.

## Official market

Official sector sales for the calendar year were 485 tonnes, some 30% higher than in 2006. Gold sales by the Central Bank Gold Agreement (CBGA) signatories account for the bulk of this increase and in the third year of the second CBGA agreement (which came to an end on 26 September 2007) 475.8 tonnes of the available quota of 500 tonnes had been released onto the market.

Sales during the first half of 2008 are expected to reach between 200 tonnes and 300 tonnes, with some small-scale purchases offset against this figure.

## Hedging

Gold producers reduced their hedging positions considerably in

2007. Over 400 tonnes were bought in the market in this way, a figure only slightly below the record level of de-hedging measured in 2004. The majority of this activity took place in the first half of the year, and was driven by the activities of a small number of major players.

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As at 31 December 2007, the net delta hedge position of AngloGold Ashanti was 10.39 million ounces or 323 tonnes, valued at the spot price of gold on that day of \$836/oz. The marked-to-market value of the hedge position at this date was negative \$4.27 billion.

#### *Marketing channels*

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 – either a large bar weighing approximately 12.5 kilograms and containing 99.5% gold, or smaller bars weighing 1.0 kilograms or less with a gold content of 99.5% and above – the metal is then sold either through the refineries' channels or directly to bullion banks and the proceeds are 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 such consignment stocks from the margins charged by them to physical buyers, over and above the amounts paid by such banks to mining companies for the gold.

Where forward sales contracts exist against which AngloGold Ashanti delivers physical product, the same channel of the refinery is used. In this case, the refinery does not sell the metal on the company's behalf, but instead delivers the finished gold bars to the bullion bank with which the group's forward contract is held. The physical delivery to the counterparty bank of the appropriate amount of gold fulfills 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 development*

AngloGold Ashanti has since its inception been committed to growing the market for its product, particularly as gold jewellery sales in many developed markets have declined materially over the years in favour of other luxury goods. In response, the company's marketing programmes aim to increase the desirability of gold to sustain and grow demand and to support the deregulation of the market in key economies.

AngloGold Ashanti's market development activities centre on the following areas:

Strategic projects undertaken in key and critical gold jewellery offtake markets (USA, India, China, Italy, Middle East), which aim to develop positive corporate identification and recognition while achieving, where sensible and possible, financial returns for AngloGold Ashanti;

Host country projects of a downstream development nature;  
and

AuDITIONS, the company's gold jewellery design  
competition.

AngloGold Ashanti remains a member of the World Gold Council  
(WGC) and undertakes its own strategic marketing projects in  
such a way as to co-operate with and support the WGC's wider  
objectives.

*Strategic projects*

India

India is the world's largest consumer market in tonnage terms.  
Gold demand here is firmly embedded in cultural and religious  
traditions and is seen as a symbol of wealth and prosperity. It is  
considered to be an auspicious metal that is bought and given  
as a gift during religious festivals.

With the assistance of a pre-eminent Indian jewellery retailer,  
AngloGold Ashanti's projects in India are intended to help bring  
about the modernisation of the country's traditional gold  
jewellery sector. One concept centres on transforming the  
traditional, semi-urban jewellery retailing environment into a more  
modern and efficient one that presents rural consumers with a  
high-quality, professional and trusted 'local' jewellery store,  
which can better compete with stores selling such lifestyle items  
as electronics and cell phones. Other concepts focus on the  
development and distribution of branded collections of jewellery  
into the market.

China

China has been identified as a key strategic market by  
AngloGold Ashanti both because of its size – it is the third largest  
market worldwide for jewellery – and because of its potential for  
growth. In China, AngloGold Ashanti has partnered with a  
Hong Kong-based retailer to develop and roll-out a retail  
concept that targets independent, high-income earning  
women wishing to express their independence and  
individuality through accessories of gold.

The gold and uranium markets continued

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The roll out of this concept has included the co-sponsoring of AuDITIONS China so as to expand the reach of the company's jewellery design competition to the China mainland. A collection of jewellery for commercial sale was developed on the basis of the competition designs. AngloGold Ashanti has also partnered with the retailer to establish concept stores for gold jewellery in major urban centres in China. The first of these stores will open in Beijing in April 2008.

United States

The American gold jewellery market is characterised primarily as an adornment market in which gold jewellery is purchased mainly as a fashion accessory. During the past ten years, there has been some slippage in gold jewellery consumption in volume terms in the US market relative to that of other luxury and lifestyle goods.

Contributing in part to this decline has been the commoditisation of gold jewellery through the mass-market retail channel, which has tended to sell jewellery on price rather than design style.

Consumer research, however, suggests that the US customer shops in a fashion- and trend-conscious way and is therefore generally receptive to brands and branding. Furthermore, the US market is viewed by consumers in other important consumption categories as an opinion- and trend-forming market. Influencing the purchasing motives and buying patterns of the US consumer base can therefore influence other key consumption regions around the world.

In response to these factors, AngloGold Ashanti, together with the WGC, partnered with a large US jewellery wholesaler and distributor to develop and promote at retail level selected collections of gold jewellery from the new product ranges of the Italian-based Gold Expressions (GE) manufacturers. This project is intended to promote the sale of fashionably-designed and progressively-styled gold jewellery in the US retail market and to lay the foundation for Italian manufacturers to build themselves or their products into consumer brands.

Middle East

As a region, the Middle East (comprising the United Arab Emirates, Turkey and Saudi Arabia) is the third largest consumer market for gold in volume terms. The increase in disposable income in this region as a result of both higher oil revenues and rising numbers of tourists has impacted positively on gold jewellery consumption.

While the challenge from increasingly more prominent lifestyle, luxury and branded products is, as it is in other markets, clearly growing, the gold category in the Middle East has so far sustained its already high rate of gold consumption per capita compared to the rates of growth in population and per capita disposable income.

AngloGold Ashanti has partnered with the WGC and a leading jewellery wholesaler in the region to develop a business concept to launch and promote at the local retail level selected collections of mid- to high-end gold jewellery from the product ranges of Italian-based manufacturers. The project is intended to improve the gold jewellery product and retailing proposition offered to both the domestic and the tourist consumer segments in the Middle East.

*Host Country Jewellery Sector Development*

AngloGold Ashanti's marketing efforts have historically been directed at the growth and development of the jewellery sector in countries that host AngloGold Ashanti operations. These projects are intended to bring benefit to the company on several levels:

Corporate image-building;  
Supporting host governments' beneficiation agendas; and  
Providing a platform for strategic market development projects.

These projects will continue to be important for jewellery sector development and will be focused primarily in South Africa, Brazil and Ghana. AngloGold Ashanti continues to hold a 25% stake in the Oro Group, the largest gold jewellery manufacturer in South Africa, with projects in Ghana and Brazil currently under investigation.

*AuDITIONS*

In 2004, following the business combination of AngloGold and Ashanti, the AngloGold Ashanti AuDITIONS brand was created to unite the company's gold jewellery design competitions and to reinforce the company's brand in look, feel and character. The concept of AuDITIONS is premised on the metaphor of the performing arts, with designers auditioning in gold through their pieces.

The overall strategic objective of AuDITIONS is to stimulate innovative design in high-caratage gold around the world in order to raise the profile of and drive demand for this jewellery category among consumers. AuDITIONS competitions also seek, through

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their contacts with the jewellery manufacturing and retail trade, to promote the concept of innovative jewellery design and expose the trade to new and innovative design and techniques. It is intended to build AuDITIONS into an independent global competition brand and, with the help of the WGC, the competition has been extended to the key gold markets of India, China and the Middle East, from its original bases in South Africa and Brazil.

#### Uranium

AngloGold Ashanti remains South Africa's largest producer of uranium. Several initiatives are under way to boost AngloGold Ashanti's uranium production further. In 2007, a new tailings dam was commissioned in order to segregate untreated uranium-bearing material from material which had previously been treated. Work has begun on an upgrade of the uranium plant at Vaal River and this will be commissioned in 2009. Nufcor Uranium Limited (Nufcor) has also entered into contracts with several other uranium producers to treat their material. The first deliveries under these contracts started in late 2007.

Following a run of price increases lasting more than four years, the spot price of U

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reached an all-time high of \$136/lb in mid-June 2007. The price weakened thereafter due to weak seasonal demand during the summer months. The spot price dropped to a low of \$75/lb at the start of October before recovering to end the year at \$90/lb.

Recent spot price volatility has been predominantly demand-driven with utilities backing away from the market in light of the record prices for uranium. Conversely, term market prices have remained remarkably steady with published prices remaining at \$95/lb throughout the second half of 2007. Term activity remains the dominant contracting force in the uranium market with up to 90% of utility demand procured via direct multi-year supply agreements with producers.

Forward uranium market fundamentals remain positive with robust demand augmented via an increasing number of new reactor build projects. Market prices are anticipated to remain robust for several years with the potential for price spikes in the event of further supply disruption.

The mining industry continued to experience high prices for many commodities and consumables used in the production of gold, as well as in some cases, constraints on supply. In particular, oil prices continued to rise significantly from \$60 per barrel at the beginning of January to \$94 per barrel at year-end. During the year, gold prices were relatively static in the first three quarters trading in a 10% range from the beginning of the year followed by an aggressive upward trend in the fourth quarter closing at \$836/oz with a trading range of \$606 to \$836/oz for the year. The primary economic factors influencing gold prices include strong demand, inflationary concerns caused by high commodity prices, record crude oil prices, continuing weakness of the US dollar and flat mine supply of gold.

A weaker US dollar caused costs reported in US dollars, which are not protected by currency hedges, to increase.

Results for the year

Average dollar gold spot price of \$697/oz, 15% higher than in 2006.

The received gold price increased from 2006 by 9% to \$629/oz.

Adjusted gross profit declined by 12% to \$935 million.

Adjusted headline earnings decreased by 32% to \$278 million from \$411 million or to 99 US cents per share in 2007 from 151 US cents per share in 2006. Factors affecting adjusted headline earnings were mainly those affecting adjusted gross profit, i.e. the benefits of the higher gold price was eroded by the effects of inflation, higher rehabilitation costs, lower income from by-products and lower gold production, increases in corporate and operating expenses offset by increased interest received.

The net loss for the year was \$636 million (2006: \$14 million) mainly due to the unrealised loss on non-hedge derivatives and other commodity contracts following higher spot prices.

A final dividend of 53 South African cents per share or approximately 7 US cents per share was declared, resulting in a total dividend for 2007 of 143 South African cents or approximately 20 US cents per share.

Reduction in shareholding of Anglo American plc from approximately 42% in December 2006 to 16.6% in December 2007.

Return on net capital employed decreased from 9% to 7% in line with the lower profit margins.

Gold production from continuing operations declined from 5.6 million ounces in 2006 to 5.5 million ounces in 2007.

Total cash costs increased by 16% to \$357/oz, largely owing to the impact of stronger local operating currencies, inflation and decreased production.

Ore Reserves increased by 6.2 million ounces net of depletion to 73.1 million ounces and Mineral Resources



were net of depletion 26.0 million ounces higher at 207.6 million ounces as at the end of December 2007.

#### Exchange rates

The average exchange rate for the year ended 31 December 2007 was R7.03:\$1 compared with R6.77:\$1 in 2006. The average value of the Australian dollar versus the US dollar for 2007 was A\$1.19/\$1 compared with A\$1.33/\$1 in 2006. The average value of the Brazilian real versus the US dollar for 2007 was BRL1.95:\$1 compared with BRL2.18:\$1 in 2006.

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##### Financial review

The 2007 financial year was characterised by a surging gold price towards year-end, the benefits of which failed to offset cost pressures – of oil in particular – and a weakening of the dollar on global currency markets.

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#### Gold production

The decrease in production of 158,000 ounces to 5.5 million ounces was largely a result of grade and seismicity issues in the South African operations reducing output by 226,000 ounces and reductions in Mali of 37,000 ounces resulting from the Sadiola sulphide recovery issue with a small reduction in Ghana, after adjusting for the disposal of Bibiani, of 65,000 ounces. This was partially offset by increases in Australia of 135,000 ounces because of accessing the high-grade ore in the open-pit operation and increases in Geita of 19,000 ounces, being better grades and partial recovery from the pit wall setbacks of 2006. Brazil increased production by 69,000 ounces as a result of the Cuiabá expansion project. The remaining group mines generally reported a total decrease in production of 53,000 ounces in 2007.

#### Income statement

##### Gold income

The average gold spot price of \$697/oz for the year was 15% higher than that in 2006. However, due to deliveries into the hedge book, the received gold price increased by only \$52/oz or 9% to \$629/oz.

Gold income increased by 11%, rising from \$2,964 million in 2006 to \$3,280 million in 2007.

This increase was primarily a result of the improvement in the received price of gold partially offset by the lower production.

##### Cost of sales

Cost of sales increased by 16% from \$2,282 million in 2006 to \$2,636 million in 2007. This was largely attributable to the mix of currency and inflationary effects, resulting from increased mining contractor costs and higher diesel, fuel, transport and electricity prices. This was partially offset by the effects of cost-saving initiatives.

Cost of sales changes can be analysed as follows:

Total cash costs increased to \$1,988 million in 2007 from \$1,746 million in 2006, equating to an increase in cash costs per ounce from \$308 in 2006 to \$357 in 2007. Of the \$49/oz increase in per ounce cash costs, \$21/oz was due to inflation and \$20/oz to lower efficiencies resulting from higher treatment and maintenance cost, \$8/oz to decreased by-product sales, \$6/oz to lower volumes and \$5/oz to exchange and royalty effects. These increases were partially offset by higher grades of \$2/oz and other variances of \$9/oz. During the year, the contingent liability disclosed in prior years, concerning water-pumping costs was satisfactorily resolved by the establishment of a jointly owned company. The establishment costs have been written off as the Group do not believe the amount will be recoverable.

The cost savings programme achieved savings of \$58 million.

Retrenchment costs were \$19 million in 2007 compared with \$22 million in 2006. The costs in 2006 were incurred as a result of a general cost efficiency drive and staff reductions at African mines. In 2007, the general cost efficiency drive was continued at all the African mines.

Rehabilitation and other non-cash costs increased by \$68 million compared with the previous year resulting in a charge of \$65 million compared to a credit of \$3 million, largely because of changes to estimates, the effect of interest rates in the discounting and a reassessment of the processes to be undertaken to complete the group's restoration obligations. This was especially impacted by changes in certain regulations implemented during the year at the African mines.

The amortisation of tangible assets at \$590 million was \$7 million lower than in 2007. This minor reduction is largely attributable to the reassessment of the useful lives of our mining assets.

Corporate and other administration expenses increased by \$42 million on the previous year to \$126 million, mainly as a result of the costs associated with share-based payment expenses, increased retirement costs, higher consultancy and advisory fees, salary and bonus inflation and lower cost recoveries.

Market development costs amounted to \$16 million, most of which was spent through the World Gold Council.

Exploration continued to focus around the operations in the countries in which the group operates, namely, Australia, Ghana, Guinea, Tanzania, Mali, Namibia, South Africa and the USA. In addition, exploration activities continued to focus on new prospects in the Democratic Republic of Congo, Colombia, China and Russia. The total exploration spend for 2007 was \$167 million of which \$92 million was for greenfields exploration and \$47 million was capitalised expenditure at existing mine sites. The increase in exploration costs of \$59 million on the previous year was primarily a result of increased expenditure at

greenfields sites in South America and Australia. For further information on Exploration, activities refer to pages 101 to 105.

Loss on non-hedge derivatives and other commodity contracts was \$780 million in 2007 compared to a loss of \$239 million in the previous year. The loss is primarily a result of the revaluation of non-hedge derivatives resulting from changes in the prevailing spot gold price. During the year the spot price of gold has increased from \$636/oz at 1 January 2007 to \$836/oz at year-end. This bull trend has continued during 2008. Refer to pages 38 to 43 on the Gold market for the market view during 2007.

Other operating expenses include post-retirement medical provisions for operations, mainly in South Africa, of \$3 million, other employment costs of \$15 million and sundry expenses.

The group incurred an operating special items loss of \$21 million which arose from a reassessment of indirect tax recoverables at the African mines of \$26 million, provisions for royalty disputes and insurance claims not yet received of \$7 million and impairments of \$2 million, partially offset by profits on the disposal of and recoveries from various assets of \$14 million.

#### Operating (loss) profit

The group reported an operating loss in 2007 of \$439 million compared with an operating profit of \$246 million in 2006, as a result of the increased revenue from the average gold price, offset by the effects of increased costs of sales and the unrealised loss on non-hedge derivatives and other commodity contracts.

Adjusted gross profit decreased by 12%, from \$1,058 million to \$935 million. Major factors affecting adjusted gross profit were the significantly higher gold price, which contributed \$274 million. This was offset by the negative effect of changes in operating currencies of \$13 million, inflation, which reduced profit by \$105 million, efficiency variances of \$108 million resulting from higher treatment and maintenance costs, by-product profit declines of \$63 million, rehabilitation reassessments of \$66 million. The combination of lower volumes and improved grades had a negative effect of \$34 million and that of other sundry adverse variances amounted to \$8 million.

#### Loss attributable to equity shareholders

The loss attributable to equity shareholders resulted from the net effect of the operating (loss) profit and the following:

An increase in interest received of \$13 million to \$45 million, mainly as a result of increased funds arising from the higher average gold price.

Finance costs of \$103 million, which approximate those of 2006, are as a result of similar average borrowing levels during the year in a stable interest rate environment for variable overdrafts and bank loans and the fixed interest rate on the

convertible bond. The unwinding of the decommissioning and restoration obligations amounted to \$22 million for the current year compared to \$16 million in the previous year.

The taxation charge decreased by \$35 million to \$145 million from a charge of \$180 million in 2006, primarily as a result of lower earnings for the year, a decrease in the effective rates of taxation and the effect of higher tax losses in the current year.

Minorities' share of earnings of \$32 million.

Cash flow

Operating activities

Cash generated from operations was a combination of the loss before taxation of \$492 million as set out in the income statement, adjusted for movements in working capital and non-cash flow items. The most significant non-cash flow items were the movement on non-hedge derivatives and other commodity contracts of \$1,088 million and the amortisation of tangible assets of \$590 million.

Cash generated by operations of \$1,121 million was reduced by normal taxes paid of \$237 million and cash utilised by discontinued operations of \$2 million, to \$882 million.

Net cash inflow from operating activities was \$882 million in 2007, which is 22% lower than the amount of \$1,137 million recorded in 2006. The decrease was mainly as a result of higher payments to suppliers which increased by 24%, partly offset by a higher average gold price received for the year which in turn resulted in increased receipts from customers of 9%.

Investing activities

Funds of \$882 million generated from operating activities were used to grow the group and a sum of \$1,022 million was invested in capital projects.

Total capital expenditure for 2007 was \$207 million more than in 2006, mainly owing to expenditure during the year of

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\$117 million for the Cuiabá expansion in Brazil and, in Australia, for the Boddington project of \$249 million.

In addition, the 15% minority interest in Iduapriem was acquired for \$25 million as well as the acquisition of the two exploration companies from Trans-Siberian Gold for \$40 million. The exploration companies consist of Amikan (which holds the Veduga deposit and related exploration and mining licences) and AS APK (which holds the Bogunay deposit and related exploration and mining licences).

Investments acquired during 2007 include investments in the rehabilitation trust funds established by AngloGold Ashanti in compliance with regulatory requirements.

Proceeds from the disposal of investments, tangible and discontinued assets amounted to \$55 million. This related to the disposal of assets and discontinued assets arising from the cessation of operations at Ergo and various smaller exploration properties.

#### Financing activities

The net cash flows from financing activities increased by \$237 million to an inflow of \$127 million in 2007 (outflow of \$110 million in 2006).

Proceeds from borrowings during 2007 amounted to \$870 million, and included \$195 million on the previous \$700 million syndicated loan facility and a \$525 million drawdown on the new \$1,150 million syndicated loan facility and other sundry amounts.

Repayment of borrowings amounted to \$560 million and included \$375 million on the previous \$700 million syndicated loan facility. Other loan repayments included normal scheduled payments in terms of loan agreements.

Dividend payments totalling \$144 million were made during the year, compared with dividends paid of \$132 million in 2006.

The net result of AngloGold Ashanti's operating, investing and financing activities was a net cash outflow of \$13 million which, when combined with the opening balance of \$495 million, and a positive translation of \$14 million, resulted in a closing cash and cash equivalents balance of \$496 million.

#### Overview of the hedge book

AngloGold Ashanti actively manages its hedged commitments in a value accretive manner. During 2007, the Group continued delivering in and buying back a number of hedge contracts, although the increase in the gold price resulted in an increase in the net delta hedge position from the beginning of the year. The company currently believes that market circumstances favourable to the gold price are likely to remain in place for some time and will continue to manage the hedge book accordingly.

Refer to note 39 on page 263 of this annual report for further analysis and details of the group's hedge position.

#### Outlook

AngloGold Ashanti expects (attributable) production for 2008 to

be lower than that in 2007 in a range of 4.8 to 5.0 million ounces primarily due to the power constraints in South Africa, delays in accessing higher grade ore in Tanzania and lower grades when compared to 2007 in Australia. Total cash costs are anticipated to range between \$425 and \$435/oz based on the following exchange rate assumptions: R7.35/\$, A\$/0.88, BRL1.81/\$ and ARS3.10/\$.

Capital expenditure for 2008 is expected to be \$1.2 billion and will be managed in line with profitability and cash flows. The increase over prior years is due to completion of the Boddington project in Australia and some expansion at the South African operations.

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AngloGold Ashanti as an employer and corporate citizen

Significant increases in employee complement were reported in Australia and Namibia owing to staffing up at the Boddington joint venture and the full impact of the revised shift arrangements at Sunrise Dam, and the full transition to owner mining at Navachab. In contrast, employee numbers declined in Ghana where restructuring continued at the Obuasi operation.

The group has in place a set of core business principles which governs its relationships with employees, employee associations and trade unions, neighbouring communities, regulatory authorities, suppliers and customers, and supports the company's vision, mission and values. AngloGold Ashanti recognises these groups as stakeholders and business partners in its activities and seeks to reduce any potentially adverse effects of its operations and business. As a company with extensive mining and metallurgical processing operations, key areas of focus are the management of occupational health and safety, regional health, social and environmental impacts. More detailed disclosure on these may be found in the Report to Society 2007, available at [www.aga-reports.com](http://www.aga-reports.com).

## Occupational safety and health

*Core business principle*

Every manager and employee takes responsibility for health and safety; and together strive to create workplaces that are free from occupational injury and illness.

*Performance*

The group's safety performance was disappointing in 2007. While the fatal injury frequency rate (FIFR) was 4.5% lower year-on-year at 0.21 per million hours worked, the lost-time injury frequency rate (LTIFR) rose by 7% in 2007, to 8.24 per million hours worked.

An intensive review of the group's safety strategy, particularly in South Africa, was undertaken during the year and the 'Safety is our first value' campaign was launched. Details of individual operational performance are reported in the Review of operations section.

On the occupational health front, noise-induced hearing loss (NIHL), occupational lung disease (OLD) (including silicosis) and, in South Africa, pulmonary tuberculosis (TB) remain the most AngloGold Ashanti is a significant employer in many of the countries and regions in which it operates. In 2007, the group employed some 62,000 people, 77% permanent employees and 23% contractors. By far the majority are employed in South Africa (60%), followed by Ghana (12%), Brazil (7%), Tanzania (5%) and Guinea (5%).



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critical. Medical surveillance programmes are in place at most of the group's operations with plans afoot to intensify efforts at a number of the African operations. No new occupational disease cases were reported in Brazil, Argentina, the US or Australia.

NIHL occurs over a period of time following consistent exposure to high levels of noise.

Hearing conservation programmes comprise three features: engineering control to reduce noise at source, the use of hearing protection devices and medical surveillance. In South Africa, 78 employees were compensated for NIHL in 2007 (2006: 67 employees).

Exposure to silica dust is the major contributing factor in the development of OLD and efforts to reduce dust levels, improved dust monitoring and medical surveillance remain important in the programme to eliminate silicosis. During 2007, 207 cases of OLD were compensated in South Africa. Also in 2007, 462 new cases of silicosis were recorded in South Africa and submitted for compensation (2006: 367 new cases).

Some success has been achieved in reducing and managing TB in South Africa, where rigorous World Health Organization-based TB control programmes are in place. For the third consecutive year, TB statistics in South Africa declined, with 927 employees diagnosed with the disease. There is a strong relationship between TB and HIV/AIDS.

Employment

*Employees: core business principle*

We provide our employees with opportunities to develop their skills while sharing risks and rewards in workplaces that promote innovation, teamwork and freedom with accountability.

We embrace cultural diversity.

*Performance*

Certain human rights conventions, including those relating to freedom of association and collective bargaining, are entrenched within South African labour legislation and the South African constitution as well as in the laws and regulations of many of the countries in which the company operates. AngloGold Ashanti is committed to upholding the fundamental rights conventions of the International Labour Organisation (ILO) and no breaches of these conventions were alleged or reported during the year. As the company is a signatory to the Voluntary Principles on Security and Human Rights, human rights training, particularly for security personnel, is being undertaken.

A new global organisational development strategy is being implemented within the group. The strategy recognises the role of the individual as being a member of a family and a community and as an employee, and acknowledges the role of the company in supporting that and assisting the employee to reach his or her full potential. A key goal of this strategy is the promotion of diversity and localisation at all levels and all operations, enabling employees to take advantage of the extensive opportunities the group can offer.

The group's Employee Share Ownership Plan (ESOP) in South Africa has been fully implemented with more than 30,000 individuals now having an equity stake in the company. Discussions with

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AngloGold Ashanti as an employer and corporate citizen continued the Ghana Mineworkers' Union in respect of implementing a similar programme in that country are ongoing.

For a number of reasons, including legislation and customs, mining has not been a career easily accessible to women, AngloGold Ashanti has put plans in place in those countries where it has been necessary to ensure this attraction, retention, development and promotion of women. Key statistics related to women in the group at the end of 2007 are as follows:

women at board level – 8.0%

permanent employees\* who are women – 8.6%

\* In South Africa, 9.1% of permanent employees are women.

Education and training initiatives to alleviate the skills shortage and develop employees to their full potential continued during the year and included Adult Basic Education and Training (ABET), bursary schemes and learnerships, support for tertiary education, management development programmes and executive development programmes.

Community

*Core business principle*

We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there. We are committed to working in an environmentally friendly way.

*Performance*

The group's relationships with communities are guided by operation- or region-specific community policies, and are complemented by a company-wide management system which is currently being fully implemented. Several modules in the community and social development systems, focusing largely on issues such as resettlement and compensation, human rights and security, and the preservation of cultural and sacred sites, were developed during the year, with further implementation planned for 2008.

The phenomenon of artisanal and small-scale mining, encountered particularly at the group's operations and explorations prospects at Geita (Tanzania), Obuasi (Ghana), Siguiiri (Guinea) and in the DRC, has on occasion given rise to conflict. During the year we continued to participate in the global debate on the matter and on the ground, in consultation with communities and other parties, we continue to explore sustainable opportunities for alternative livelihoods for small-scale miners. The group is developing a strategy that promotes co-habitation and mutual respect for each others' rights, within the legal and regulatory framework within a country.

In terms of corporate social investment, AngloGold Ashanti contributed \$7.7 million to corporate social investment (using a strict definition of the term that excludes sponsorships or the infrastructural developments attached to mining operations).

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Group operations are required to play a meaningful role in the development of local economic activity in the interest of contributing towards the sustainability of host communities.

Regional health

*Core business principle*

We are committed to prompt and supportive action in response to any major health threats in the regions in which we operate.

*Performance*

The primary regional health threats identified are HIV/AIDS in southern Africa, and malaria in west and east Africa.

In 2007, AngloGold Ashanti was recognised by a number of independent entities, non-government organisations and conferences for its work in delivering sustainable healthcare solutions in the communities in which it operates. In June 2007, the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC) identified the AngloGold Ashanti Obuasi Malaria Control Programme as a global example of excellence in the private sector's response to these three pandemics. AngloGold Ashanti also won three awards in the second annual ABSA Healthcare Initiative Awards held in August 2007, a part of the Pan African Health Congress, for its integrated HIV/AIDS and tuberculosis control programmes in South Africa, and for the malaria control programmes at its operations in east and west Africa, winning in the category of Listed Company/Multinational Organisation/Hospital Group, as well as the Most Sustainable Project award and the award for Project with the Biggest Impact.

The estimated HIV/AIDS prevalence levels at the group's African operations are in line with similar demographically segmented portions in the general population. It is estimated that the HIV/AIDS prevalence levels among employees at the South African operations in 2007 remained stable at around 30% of the workforce.

Key objectives of the group HIV/AIDS programme are to minimise the risk of HIV/AIDS on the company and its employees by reducing and ultimately eliminating new infections, efficiently managing those infected and supporting those with advanced AIDS. The programme focuses on:

AngloGold Ashanti as an employer and corporate citizen continued

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Prevention of HIV, by means of various workplace initiatives, including voluntary counselling and testing (VCT). Assuming single testing, around 102% of the South African workforce were tested in 2007 (2006: 75%).

Treatment programmes, which involve the clinical care of those infected by the virus, including the use of antiretroviral therapy (ART). ART is available to all employees at all our operations in Africa, either directly from company facilities, through company-sponsored or -funded facilities, or from state facilities.

Support for the AIDS-ill requiring separation from the company and palliative care, including support for various community initiatives.

Total expenditure on the company's HIV/AIDS programme in South Africa amounted to approximately R25.2 million (\$3.6 million) in 2007 (2006: R21.5 million; \$3.2 million).

Malaria remains an area of concern for AngloGold Ashanti's operations in Ghana, Guinea, Mali and Tanzania. Not only does the disease result in death, illness and absenteeism among employees, but it is a major cause of death in young children and pregnant women, with an obvious effect on employees' families and communities.

An extensive malaria programme is in place at Obuasi and the lessons learnt here are being applied elsewhere. A revised integrated malaria control programme began at Geita in Tanzania in September 2007, with indoor residual spraying of the Mchaura staff village and all mine vehicles. Work began during the year on the development of an integrated campaign at Siguiri in Guinea, modelled on the programme at Obuasi.

The incidence of malaria has continued to decline at Obuasi following the third year of the integrated malaria control campaign, from 164 per 1,000 employees in 2006 to 61 in 2007.

Environment

*Core business principle*

We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there.

*Performance*

As a member of the International Council on Mining and Metals, AngloGold Ashanti subscribes to the sustainable development framework and its principles for sustainable development, and is committed to publicly reporting. During the year, the group produced a set of five environmental guidelines to be used in conjunction with the group's environmental policy. These guidelines cover the management of water, air quality, waste material, chemicals and land. A number of other guidelines are currently under consideration and will be produced as and when required.

All AngloGold Ashanti operations have had their environmental management systems certified in conformance with the ISO 14001 standard, and all the requisite permits for their current operations are in place. AngloGold Ashanti Health (Pty) Ltd, a subsidiary of the company that provides healthcare services to employees in South Africa, was also recommended for certification.

In line with increasingly stringent governance and risk management requirements at a company level, AngloGold Ashanti initiated a corporate environmental review programme during the year.

The programme reviewed whether all significant environmental aspects had been identified and whether appropriate monitoring systems had been established to manage these aspects, including suitable monitoring systems.

Closure plans, which are reviewed and updated annually, are in place at all operations. These take into account operational conditions, planning and legislative requirements, international protocols, technological developments and advances in good practice. In addition, an assessment of closure liabilities is undertaken and reviewed on an annual basis and, increasingly reviewed and assured by independent third parties.

A key performance objective for 2007 was the implementation of the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (the Cyanide Code). The code is a voluntary industry initiative developed under the auspices of the United Nations Environment Programme to promote responsible management of cyanide used in gold mining, to enhance the protection of human health, and reduce the potential for environmental impacts. AngloGold Ashanti was one of the first signatories to the code in November 2005 and, in line with this, committed to having all of its operations audited by an independent third party to demonstrate its compliance with the code.

In addition to participating in the global debate on climate change and its potential impacts, AngloGold Ashanti has considered its position, evaluating both risks and opportunities in respect of climate change, and embarking on a process of establishing its carbon footprint and its greenhouse gas emissions. In 2007, AngloGold Ashanti participated in the global Carbon Disclosure Project's, survey of the top 40 companies listed on the JSE. CDP is a global institutional investor collaboration intent on understanding and quantifying climate change implications for business. AngloGold Ashanti's response may be found at [www.cdproject.net](http://www.cdproject.net).

Brasil

Mineraç

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USA

Great Noligwa

Mponeng

TauTona

Savuka

Kopanang

Tau Lekoa

Moab Khotsong

Tropicana

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Review of operations

Location of AngloGold Ashanti's operations

AngloGold Ashanti is in the business of mining and exploring for gold, its major source of revenue. In the process, silver, uranium oxide and sulphuric acid are produced as by-products. As at the end of December 2007, AngloGold Ashanti, a leading global producer of gold, had 20 operations on four continents, a substantial project pipeline and an extensive, worldwide exploration programme.

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Safety:

Regrettably, 34 AngloGold Ashanti employees were involved in fatal accidents during the course of 2007, as compared with 37 fatalities in 2006. This translates to a fatal injury frequency rate (FIFR) for the group of 0.21 per million hours worked for the year (2006: 0.22 per million hours worked). Of the 34 fatalities, 27 occurred at the South African operations and four at Obuasi in Ghana, two at Morila in Mali and one at Serra Grande in Brazil.

In terms of lost-time injuries, the lost-time injury frequency rate (LTIFR) per million hours worked for the year was 8.24 as compared to 7.70 in 2006, a deterioration of 7%. There were nevertheless operations, Yatela, Morila, Siguiiri and Iduapriem where safety performance was excellent.

For AngloGold Ashanti, safety is of paramount importance and the company will continue to strive to improve its safety performance across its global asset base.

Operational review:

In 2007, gold production totalled 5.5 million ounces compared to 5.6 million ounces in 2006. This decline in production was largely a result of the reduced volumes mined at the South African operations owing to safety concerns, and at some of the operations in Mali which are nearing the end of their productive lives. Record production was reported at Sunrise Dam in Australia and at Siguiiri in Guinea, while at Moab Khotsong in South Africa the ramp-up in production continued. Total cash cost per ounce for the year was \$357 compared to \$308 in 2006.

Capital expenditure amounted to \$1,059 million (2006: \$817 million) of which 29% was stay-in-business expenditure and 25% expenditure on ore reserve development, principally at the South African operations. The remaining 46% was expenditure on new project development.

Major expansion projects in development currently are:

in South Africa, the build up of production at Moab Khotsong which completed its second 12 months of production (full production is scheduled for 2013) and the expansion projects at TauTona and Mponeng;

in Brazil, the Cuiabá expansion project at AngloGold Ashanti Mineração which will increase production at this operation by around 40% came into production in 2007; and

in Australia, the underground expansion at Sunrise Dam, the Boddington expansion project, a joint venture with Newmont Mining Corporation, and the pre-feasibility study on the Tropicana project which began in June 2007 and is scheduled for completion by mid-2008.

Outlook:

Gold production for 2008 is forecast to be between 4.8 million and 5.0 million ounces at a total cash cost in a range of \$425/oz and \$435/oz. This is based on the following exchange rate assumptions: R7.75/\$, A\$/0.90, Brazilian real 1.75/\$ and Argentinean peso 3.10/\$.

Capital expenditure of around \$1,207 million is scheduled, of which 33% relates to the Australia region, primarily for the development of Boddington, 27% to South Africa, 14% to Ghana and 9% to Brazil.

**Safety:**

At the South African operations, there were most regrettably 27 fatalities during the course of 2007, five fewer than in 2006. This resulted in a FIFR of 0.29 per million hours worked for the year as opposed to 0.35 in 2006. The LTIFR for the South African operations as a whole for 2007 was 12.72 per million hours worked (2006: 12.53), indicating a deterioration in safety levels, although there were improvements in the safety performance at Kopanang, Moab Khotsong and Tau Lekoa. The safety of AngloGold Ashanti's workforce remains a priority and in November 2007, the 'Safety is our first value' campaign was launched at the South African operations. This behaviour-based campaign will begin with developing a framework for managing safety, the template for which will be based on OSHAS 18001 and OSHAS 18002. The safety campaign was launched in collaboration with the trade unions and government representatives. Simultaneously, various safety interventions were implemented at the operations to re-emphasise the company's principles and standards regarding safety. The focus is on leadership, behaviour and on improving compliance with operating standards at all levels.

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**South Africa****2007****2006****2005**

Gold production

(000oz)

2,328

2,554

2,676

Total cash costs

(\$/oz)

343

285

291

Adjusted gross profit

(\$ million)

403

549

230

Capital expenditure

(\$ million)

361

313

347

Total number of employees\*

36,976

35,968

40,754

\* includes contractors

Review of operations – South Africa

AngloGold Ashanti's seven mining operations in South Africa are grouped into the West Wits and Vaal River regions. These deep-level operations produced 2.3 million ounces in 2007, equivalent to 43% of group production.



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Operating review:

Gold production from the South African operations totalled 72,429 kilograms (2,328,000 ounces) in 2007, down by 9% on the 79,427 kilograms (2,554,000 ounces) produced in 2006. An increase in output at Moab Khotsong was offset by marked declines in production at Great Noligwa and TauTona.

Total cash costs at the South Africa operations rose by 25% to R77,372/kg (\$343/oz) from R61,667/kg (\$285/oz) in 2006. This was largely a result of the reduced volumes mined, declining grades, safety-related stoppages and wage increases. A two-year wage agreement, effective from 1 July 2007, was signed through the Chamber of Mines with three recognised labour unions. The agreement covers 29,000 employees and allows for wage increases of between 8% and 10%.

The increase in the second year will be at CPIX plus 1% with a minimum of 8%. The agreement also allows for various other benefits.

The relatively stronger South African rand and uranium by-product losses combined to offset the increase in the gold price received, which rose from R130,056/kg (\$596/oz) in 2006 to R142,116/kg (\$629/oz) in 2007, resulting in an adjusted gross profit of R2,845 million (\$403 million) for 2007, compared to R3,746 million (\$549 million) in 2006.

Capital expenditure at the South African operations totalled R2,535 million (\$361 million) (2006: R2,116 million (\$313 million)), largely on expansion projects at Mponeng and TauTona, and the ramping up at Moab Khotsong.

Uranium oxide (U<sub>3</sub>O<sub>8</sub>) is an important by-product at the operations in the Vaal River region and in 2007, these operations collectively produced 1.2 million pounds of U<sub>3</sub>O<sub>8</sub>.

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**Mponeng****2007****2006****2005**

Pay limit

(oz/t)

0.23

0.23

0.34

(g/t)

7.83

7.74            11.53

Recovered grade

(oz/t)

0.277

0.290

0.267

(g/t)

9.50

9.93

9.15

Gold production

(000oz)

587

596

512

Total cash costs

(\$/oz)

264

237

279

Total production costs

(\$/oz)

348

338

363

Adjusted gross profit

(\$m)

165

156

49

Capital expenditure

(\$m)

86

48

47

Total number of employees

5,561

5,284

5,574

Employees

5,126

4,760

4,897

Contractors

435

524                      677

Review of operations – South Africa continued

West Wits

The Mponeng, Savuka and TauTona mines are situated on the West Wits Line, near the town of Carletonville, straddling the border of the province 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 33,258 kilograms (1,069,000 ounces) of gold, equivalent to 20% of group production.

Mponeng

Description:

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

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

Safety:

Safety at Mponeng deteriorated during the year, with the LTIFR rising from 10.70 in 2006 to 13.08 in 2007. There were also, most regrettably, six fatalities during the year with the result that FIFR rose to 0.42 (2006: 0.30). Four of these fatalities were caused by seismic events, one a result of a fall of ground and one an accident involving machinery.

Operating review:

Production declined by 2% to 18,260 kilograms (587,000 ounces) in 2007 compared with 18,549 kilograms (596,000 ounces) in 2006. The various planned and unplanned work stoppages and safety initiatives conducted towards the end of the year, combined with a decline in grade and reduced face advance, contributed to the decrease in production.

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There was a 4% decline in the area mined in 2007, largely as a result of a 3% decrease in face length.

Cost-saving initiatives were implemented at Mponeng and cost increases were kept to a minimum during the year. Total cash costs rose by 16% to R59,596/kg (\$264/oz), largely a result of the fatal accidents and the resulting loss of production days. Also affecting costs were the strength in the rand and the increase in expenditure on seismic-related support.

Adjusted gross profit increased by 9% from R1,063 million (\$156 million) in 2006 to R1,159 million (\$165 million), largely as a result of the higher price received and the treating and milling of the entire stockpile.

Capital expenditure (including the amounts spent on below 120 VCR project) for the year totalled R604 million (\$86 million) (2006: R325million (\$48 million)). This included the purchase of equipment and ore reserve development. The SS2 shaft, which extends the mining depth to 6,700m, was commissioned in December 2007 at a cost of R75 million (\$11 million).

Growth prospects:

There are currently two growth projects under consideration at Mponeng.

VCR below 120 project: this entails accessing the mineral reserves below 120 level. It is estimated that this project will add 2.5 million ounces to production at a cost of \$252 million (R2.03 billion).

This project was approved by the board in February 2007, following which construction began. On-reef development and thus the start of production are scheduled for 2013 with full production due in 2015.

CLR below 120 project: Work is currently under way on this project aimed at accessing the Carbon Leader Reef which is located about 900m below the VCR. Initial estimates are that it has the potential to contribute 6.8 million ounces to production at a cost of \$1.1 billion (R7.5 billion). The project is to be presented to the board for formal approval in October 2008 and is due to begin in January 2009 with production scheduled to begin in 2017.

Outlook:

Production in 2008 is projected to be in a range of 13,563 to 14,309 kilograms (436,000 to 460,000 ounces), a decrease of 20%, at a total cash cost ranging from R69,000/kg to R72,000/kg (\$278/oz to \$288/oz). Capital expenditure of R568 million (\$73 million) is planned, to be spent mostly on the VCR below 120 and CLR below 120 level projects.

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**Savuka**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.40

0.31

0.45

(g/t)

13.72

10.75

15.18

Recovered grade

(oz/t)

0.195

0.224

0.198

(g/t)

6.69

7.68

6.80

Gold production

(000oz)

73

89

126

Total cash costs

(\$/oz)

403

336

430

Total production costs

(\$/oz)

476

359

517

Adjusted gross profit

(\$m)

11

21

(8)

Capital expenditure

(\$m)

9

2

6

Total number of employees

1,143

1,040

2,325

Employees

1,063

975

2,178

Contractors

80

65

147

Review of operations – South Africa continued

Savuka

Description:

Savuka is situated on the West Wits line in the province of Gauteng, approximately 70 kilometres south-west of Johannesburg. Savuka is close to the town of Carletonville in North West Province. The mine currently mines both the Carbon Leader Reef (CLR) and the Ventersdorp Contact Reef (VCR).

This mining operation comprises sub and tertiary shaft systems with the latter reaching a depth of 3,777 metres, making Savuka the deepest mine in the world. Longwall mining was the preferred extraction method until recently but the operation is in the process of converting to sequential grid mining. There are 23 panels currently in operation.

Ore mined at Savuka is processed firstly at TauTona's processing 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 electrowinning and smelting.

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Savuka was scheduled to close in April 2006. However, the strengthening gold price at that time, and a revised business plan for Savuka based on shared managerial and processing resources, have contributed to a turnaround at this operation which is now making a positive contribution to AngloGold Ashanti.

Safety:

There was a deterioration in safety during the year with an overall LTIFR for the year of 25.99 per million hours worked compared to 19.30 in 2006. There were two fatalities caused by seismic falls of ground to give a FIFR of 0.79 for the year (2006: 0.0). Steps were taken to address safety including dedicated 'safety' days, mass communication and employee workshops. These were in addition to the launch of the 'safety is our first value' campaign.

Operating review:

Production was down to 2,284 kilograms (73,000 ounces) in 2007, although output was greater than had been initially planned. Volumes mined were 9% down on 2006 with tonnes milled down by 5%. Increased development for much of the year aimed at improving the stoping widths resulted in reduced grades. However, once this had been achieved, reduced face advances, work stoppages and safety interventions also had a negative effect on production.

Total cash costs increased by 25% to R91,089/kg (\$403/oz), largely as a result of the reduced production and lower grades which were affected by the decline in stoping activity and increase in development waste.

Although adjusted gross profit was boosted by an increase in the received gold price, this was insufficient to offset the rise in costs. Adjusted gross profit consequently declined by 46% to R79 million (\$11 million).

Growth prospects:

There is an extensive resource to the west of current mining activities.

Exploration and drilling programmes are being undertaken to determine extent and accessibility of this resource and to target potential mining prospects prior to the conduct of feasibility studies.

The restructuring programme instituted at Savuka over the last two years has increased its life of mine.

Outlook:

Production in 2008 is projected to be between 1,742 and 1,835 kilograms (56,000 and 59,000 ounces), a decrease of 20%, at a total cash cost of between R108,000/kg and R110,000/kg (\$432/oz to \$442/oz). Capital expenditure of R79 million (\$10 million) is planned.

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Annual Financial Statements 2007

**TauTona**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.4

0.53

0.72

(g/t)

16.11

18.25

24.43

Recovered grade

(oz/t)

0.282

0.297

0.281

(g/t)

9.67

10.18

9.62

Gold production

(000oz)

409

474

502

Total cash costs

(\$/oz)

317

269

256

Total production costs

(\$/oz)

464

384

364

Adjusted gross profit

(\$m)

67

101

44

Capital expenditure

(\$m)

71

70

74

Total number of employees

4,992



5,166

5,455

Employees

4,160

4,164

4,459

Contractors

832

1,002

996

Review of operations – South Africa continued

TauTona

Description:

TauTona is situated close to Savuka near the town of Carletonville. TauTona exploits the Ventersdorp Contact Reef (VCR) and the Carbon Leader Reef (CLR). Mining operations are conducted at depths ranging from 1,800 metres to 3,500 metres at which the deepest stoping sections are found. The mine consists of a main shaft system supported by secondary and tertiary shafts. The mining method used here is primarily longwall mining. 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 electrowinning, smelting and the final recovery of the gold.

Safety:

There was a deterioration in safety at TauTona during 2007. The LTIFR for the year was 18.14 (2006: 17.09) and there were five fatalities (2006: 16), the major cause of which was rockfalls and/or falls of ground. The FIFR for the year was 0.40 (2006: 1.23).

Operating review:

Gold production declined by 14% to 12,714 kilograms (409,000 ounces) (2006: 14,736 kilograms (474,000 ounces)), owing to a greater-than-scheduled decline in the volume of ore mined. This was a result of increased seismic activity in the vicinity of the CLR shaft pillar which is being mined, and at several high-grade production panels, where production was

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halted for limited periods during the course of the year owing to the fatal accidents caused by seismic activity. Both face length and face advance were negatively affected by seismicity during the year. The increased geological risk from this seismic activity necessitated re-planning regarding mine layout and mining methods.

The decline in production, together with an increase in input costs, annual wage increases, work stoppages and a stronger rand contributed to an 22% increase in total cash costs to R71,523/kg (\$317/oz). The increase in cash costs occurred despite the implementation of various cost-saving initiatives, which were insufficient to offset the increase in costs associated with the reduction in production and costs related to the repair of seismic damage.

Consequently, adjusted gross profit decreased by 31% to R476 million (\$67 million) (2006: R693 million (\$101 million)), despite the considerably improved price received.

Capital expenditure was 5% higher at R500 million (\$71 million), less than had been planned.

Growth prospects:

There are currently three growth projects under way at TauTona:

CLR below 120 level project is accessed via a twin-decline system down to 128 level.

Production is planned to begin in 2009 and the project is scheduled to produce 2.5 million ounces of gold from 2009 to 2019. The project has total budgeted capital expenditure of \$172 million (R1.2 billion) of which \$73 million (R512 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 2010, is estimated to total more than 425,000 ounces at an average cash cost of \$118/oz during this period. Capital expenditure for this project is R272 million (\$40 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 by mid-2009. Total production over a nine-year period until 2013 is estimated at almost 226,000 ounces at a capital cost of R123 million (\$18 million). Of this, R95 million (\$14 million) has been spent to date. The average project cash cost is calculated to be \$158/oz.

Outlook:

Production in 2008 is projected to decrease by 27% to between 8,834 and 9,332 kilograms (284,000 and 300,000 ounces) at a total cash cost between R99,000/kg and R101,000/kg (\$396/oz and \$406/oz). The reduced production will be in line with the implementation of stricter rock engineering guidelines at the shaft pillar and at drilling ahead of faces where seismically active structures have been identified. There may be a further decrease in forecast production, mainly a result of work stoppages caused by the non-availability of power and safety concerns. Capital expenditure of R475 million (\$61 million) is planned.

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**Great Noligwa**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.34

0.28

0.39

(g/t)

11.69

9.57

13.24

Recovered grade

(oz/t)

0.220

0.236

0.271

(g/t)

7.54

8.08

9.30

Gold production

(000oz)

483

615

693

Total cash costs

(\$/oz)

403

261

264

Total production costs

(\$/oz)

507

342

329

Adjusted gross profit

(\$m)

61

156

87

Capital expenditure

(\$m)

37

49

43

Total number of employees

6,634

6,579

6,856

Employees

5,908

5,883

5,704

Contractors

726

696

1,152

Review of operations – South Africa continued

Vaal River

The Great Noligwa, Kopanang, Moab Khotsong and Tau Lekoa mines are situated near the towns of Klerksdorp and Orkney on the border of North West Province and the Free State. The AngloGold Ashanti Vaal River operations have among them four gold plants, one uranium plant and one sulphuric acid plant.

Combined, the Vaal River operations (including surface operations) produced 39,171 kilograms (1,259,000 ounces) of gold, equivalent to 23% of group production.

Great Noligwa

Description:

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

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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.

Safety:

Safety as measured by the LTIFR deteriorated year-on-year. The LTIFR for the year was 14.46 (2006: 12.21). There were regrettably two fatalities (2006: seven) caused by falls of ground, to give a FIFR of 0.11, as compared to 0.36 in 2006.

Operating review:

Production declined by 27% to 15,036 kilograms (483,000 ounces) in 2007, compared to 19,119 kilograms (615,000 ounces) in 2006. This was a result of poor face advance combined with a lack of mining flexibility given the geological features encountered, and increased mining of pillars at the boundary limits of the mining lease area. The decline in production was also affected by safety-related work stoppages and the running of safety training initiatives towards the end of the year. The overall result was a 16% decline in tonnes mined.

Overall, total cash cost for the year rose by 61% to R90,817/kg (\$403/oz). Increases in costs were the result of lower volumes, higher input costs, annual wage increases and losses on uranium by-product. The losses on uranium were caused by firstly, reduced production and secondly, uranium purchases which had to be made to meet contractual obligations. This increase in costs had a negative effect on adjusted gross profit which fell by 59% to R434 million (\$61 million). Capital expenditure totalled R261 million (\$37 million).

Growth prospects:

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

Outlook:

Production for 2008 is scheduled to decline by around 18% to between 11,696 and 12,349 kilograms (376,000 to 397,000 ounces) at a total cash cost of between R125,000 and R127,000/kg (\$500/oz and \$510/oz). Capital expenditure of R208 million (\$27 million) is planned.

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Annual Financial Statements 2007

**Kopanang**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.36

0.32

0.39

(g/t)

12.18

10.92

13.25

Recovered grade

(oz/t)

0.211

0.204

0.215

(g/t)

7.24

7.01

7.38

Gold production

(000oz)

418

446

482

Total cash costs

(\$/oz)

307

291

277

Total production costs

(\$/oz)

393

355

341

Adjusted gross profit

(\$m)

99

109

54

Capital expenditure

(\$m)

52

41

41

Total number of employees

5,935

5,815

6,030

Employees

5,470

5,360

5,506

Contractors

465

455

524

Review of operations – South Africa continued

Kopanang

Description:

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

The Kopanang operation comprises a single shaft system. Given the geologically complex orebody occurring at Kopanang, a scattered mining method is used with the orebody being accessed mainly via footwall tunnelling, raised on the dip of the reef and stoped on strike.

Kopanang has a gold processing plant that uses both conventional semi-autogenous grinding and carbon-in-pulp technology. There are two streams of ore into the plant, one of which is fed mainly by Vaal Reef ore while the other is fed exclusively by Ventersdorp Contact Reef ore from Tau Lekoa.

Safety:

Safety as measured by the LTIFR improved year-on-year. The LTIFR for the year was 13.10 (2006: 15.22). There were regrettably three fatalities (2006: two) caused by accidents involving machinery and explosives. FIFR for the year was 0.22 compared to 0.14 in 2006.

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Operating review:

Gold production declined by 6% to 13,013 kilograms (418,000 ounces)

(2006: 13,886 kilograms (446,000 ounces)) with volumes mined decreasing by 5%. Although an initial drop in production was made up subsequently when increased volumes of higher grade material were mined, resulting in an improved yield for the year, this was insufficient to prevent an overall decline in production year-on-year. Seismic activity was a concern during the year as this limited access to high-grade areas. In addition, mining face length was restricted by the unexpected geological structures encountered, the intersection of methane, a lack of mining flexibility and shifts lost owing to safety-related training and work stoppages.

The decreased production, combined with increased input costs including the implementation of winter power tariffs and annual wage increases contributed to a 10% increase in total cash costs to R69,201/kg (\$307/oz).

Consequently, adjusted gross profit decreased by 6% to R699 million (\$99 million)

(2006: R744 million, \$109 million), despite the considerably improved price received. Capital expenditure rose by 29% to R362 million (\$52 million).

Growth prospects:

A new waste washing plant is planned at a cost of R11 million (\$1.6 million). 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 explored which, if it proves viable, will extend the life of mine.

Outlook:

The overall yield of ore mined is expected to decline in 2008 as the mining of lower grade panels located further from the shaft come into production. The production profile will increase, however, as the decline in yield is offset by additional development planned to overcome problems regarding face length, which arose as a result of the lengthy legal process to acquire the EDOM block of ground. This ground, which lies at the extremity of the mine boundary, has the potential to increase the life of the operation by one year and improve production flexibility. Gold production is forecast to be between 10,265 and 10,825 kilograms (330,000 to 348,000 ounces) in 2008.

It is estimated that total cash costs for 2008 will be in the region of between R86,000/kg and R88,000/kg (\$345/oz and \$355/oz) and capital expenditure is planned to increase to R521 million (\$67 million) primarily due to the new uranium leach plant.



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Annual Financial Statements 2007

**Tau Leko**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.16

0.14

0.19

(g/t)

5.39

4.85

6.23

Recovered grade

(oz/t)

0.106

0.110

0.116

(g/t)

3.62

3.76

3.96

Gold production

(000oz)

165

176

265

Total cash costs

(\$/oz)

474

440

410

Total production costs

(\$/oz)

622

614

509

Adjusted gross profit (loss) (\$m)

1

(4)

(14)

Capital expenditure

(\$m)

16

11

15

Total number of employees

2,851

2,893

4,105

Employees

2,506

2,514

3,021

Contractors

345

379

1,084

Review of operations – South Africa continued

Tau Lekoa

Description:

Tau Lekoa is one four mining operations in the Vaal River area. It is close to the town of Orkney on the North West Province side of the Vaal River. Unlike the other Vaal River operations, the major reef mined at Tau Lekoa is the Ventersdorp Contact Reef. Mining operations are conducted at depths ranging from 800 metres to 1,743 metres, making this one of the shallower AngloGold Ashanti mines in South Africa. Tau Lekoa has an expected life of mine of nine years. The Tau Lekoa operation comprises a twin-shaft system. Because of the geologically complex orebody occurring at Tau Lekoa, a scattered mining method is used with the orebody being accessed via footwall tunnelling while stoping takes place on strike. There are currently seven shaft levels with an average of 70 panels in operation. Tau Lekoa employs hydro-electric power as its primary source of energy.

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

Safety:

Although safety as measured by the rate of lost-time injuries improved to 19.07 compared to 24.99 in 2006, in terms of fatalities, safety standards declined. There were regrettably four fatalities at Tau Lekoa to give a FIFR for the year of 0.58 (2006: 0.15).

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Operating review:

Production declined by 6% to 5,137 kilograms (165,000 ounces) in 2007 from 5,473 kilograms (176,000 ounces) in 2006, despite a marginal improvement in face advance. This was in line with a scheduled down-sizing of the operation in 2006/7, and a planned decline in yields and inventory depletion. Production was achieved despite work stoppages, both planned and unplanned, around safety-related matters and the implementation of safety training initiatives. While Tau Leko has proved that current levels of production are both sustainable and profitable, its primary challenge is to maintain high levels of output per employee without compromising safety.

Total cash costs rose by 13% to R107,016/kg (\$474/oz) compared to R94,730/kg (\$440/oz) the previous year.

There was an improvement from an adjusted gross loss of R22 million (\$4 million) in 2006 to an adjusted gross profit of R10 million (\$1 million), a result of the higher gold price received and the realignment of the operation. Capital expenditure for the year totalled R113 million (\$16 million) (2006: R74 million (\$11 million)).

Growth prospects:

The current aim of the Tau Leko operation is to maintain current levels of production.

Outlook:

Production in 2008 is projected to decrease to between 4,230 and 4,479 kilograms (136,000 to 144,000 ounces) at a total cash cost of between R123,000/kg and R126,000/kg (\$495/oz to \$505/oz). Capital expenditure of R125 million (\$16 million) is planned.

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Annual Financial Statements 2007

**Moab Khotsong**

**2007**

**2006**

**2005\***

Pay limit

(oz/t)

1.52

–

–

(g/t)

52.12

–

–

Recovered grade

(oz/t)

0.232

0.185

–

(g/t)

7.94

6.35

–

Gold production

(000oz)

67

44

–

Total cash costs

(\$/oz)

668

655

–

Total production costs

(\$/oz)

1,234

1,107

–

Adjusted gross loss

(\$m)

(40)

(22)

–

Capital expenditure

(\$m)

89

83

94

Total number of employees

3,534

2,904

2,521

Employees

1,986

1,539

1,320

Contractors

1,548

1,365

1,201

\* Commercial production began in January 2006.

Review of operations – South Africa continued

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 so as 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 a depth of between 2,600 metres and 3,054 metres below surface.

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

Safety:

There were most regrettably five fatalities at Moab Khotsong in 2007. The primary cause of the fatal accidents was seismic events. The FIFR for the year was 0.57 (2006: 0.27).

There was, however, an improvement in the LTIFR to 13.48 (2006: 15.75).

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Operating review:

Production continued to ramp-up with 2,081 kilograms (67,000 ounces) being produced in 2007 (2006: 1,371 kilograms (44,000 ounces)) – 726 kilograms (23,000 ounces) were produced in the fourth quarter alone. Annual production was, however, less than had been budgeted as a result of poor face advance which was 25% less than planned. Consequently, tonnes mined were 21% down on expectations.

Full annual production of 14,000 kilograms (440,000 ounces) is scheduled for 2013. As at the end of December 2007, the total cost of developing Moab Khotsong was R4,193 million (\$599 million) (at an exchange rate of R7/\$).

The values mined and volumes treated increased by 25% and 21% respectively. This was despite an increase in dilution owing to an increase in off-reef mining and stoping widths in order to negotiate dip faults.

Total cash cost rose by 6% to R150,135/kg (\$668/oz) compared to R141,574/kg (\$655/oz) the previous year. Costs were negatively affected by the lower-than-scheduled level of production, the purchase of uranium to meet delivery contracts, and the relative strength of the rand on the year.

These factors all combined to contribute to an increase in the adjusted gross loss from R148 million (\$22 million) to R274 million (\$40 million). Capital expenditure for the year totalled R628 million (\$89 million) (2006: R565 million (\$83 million)).

Growth prospects:

A study for Phase 2 of the development at Moab Khotsong which will extend below the Phase 1 workings was approved by the board and completed during 2007.

Outlook:

Production in 2008 is projected to be between 3,107 and 3,173 kilograms (97,000 to 102,000 ounces), an increase of 52%, at a total cash cost of approximately R171,000/kg to R173,000/kg (\$685/oz to \$695/oz). Capital expenditure of R571 million (\$74 million) is planned.

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Annual Financial Statements 2007

Review of operations – Argentina

**Cerro Vanguardia**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.18

0.13

0.12

(g/t)

3.48

4.56

4.02

Recovered grade

(oz/t)

0.201

0.213

0.225

(g/t)

6.88

7.29

7.70

Gold production

(000oz) – 100%

220

232

228

– 92.5%

204

215

211

Total cash costs

(\$/oz)

261

225

171

Total production costs

(\$/oz)

394

361

277

Adjusted gross profit

(\$m)

– 100%

49

38

33

– 92.5%

45
35
31
Capital expenditure
(\$m)
– 100%
20
19
15
– 92.5%
18
18
14
Total number of employees
1,017
906
946
Employees
708
623
487
Contractors
309
283
459

AngloGold Ashanti has one gold mine in Argentina, Cerro Vanguardia, which produced 204,000 attributable ounces of gold in 2007, equivalent to 4% of group production.

Cerro Vanguardia

Description:

AngloGold Ashanti has an interest of 92.5% in Cerro Vanguardia and the province of Santa Cruz, 7.5%. Located to the north-west of Puerto San Julian in the province of Santa Cruz, Cerro Vanguardia consists of multiple small open pits with high stripping ratios. The orebodies comprise a series of hydrothermal vein deposits containing vast quantities of silver which is produced as a by-product.

Ore is processed at a metallurgical plant located at the mine and has a capacity of 2,800 tonnes per day and includes a cyanide recovery plant. Technology at the plant is based on carbon-in-leach processes with the tailings dam incorporated in a closed circuit with plant process so that there is no final discharge.

Safety:

There was a deterioration in safety during the year. The LTIFR for 2007 was 3.34 compared to 3.13 in 2006. As in 2006, there were no fatalities in 2007. Corrective action has been taken including safety awareness workshops for the managers responsible for operational safety, supervisors and contractors.

Operating review:

Attributable production decreased in line with expectations to 204,000 ounces for the year, mostly as a result of the lower grade mined in the first three quarters of the year.



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The highlights for the year were the higher stripping ratio achieved with the extraction of 1.5Mt of additional waste and an increase in silver production to 420,000 ounces.

The recovered grade decreased year-on-year from 7.29g/t in 2006 to 6.88g/t in 2007 as a result of the lower grade material supplied to the plant.

Total cash costs increased by 16% to \$261/oz as compared to \$225/oz in 2006. 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 and contractor costs, were partially offset by greater silver by-product revenue.

Adjusted gross profit for the year rose by 29% to \$45 million, mainly as a result of the higher prices received for both gold and silver which offset the increase in costs.

Capital expenditure for the year amounted to \$18 million, spent largely on mine equipment and mine and plant infrastructure.

Growth prospects:

The four-year brownfields exploration programme entered its second year in 2007. The focus of the programme is to determine the extent of and to delineate the shallow, high-grade mineral resources. Regarding mineral resources, 350,000 ounces of gold were added during the year 2007.

Outlook:

Attributable gold production for 2008 is projected to be maintained at levels similar to that of 2007 of between 200,000 and 205,000 ounces, at a total cash cost of between \$329/oz and \$339/oz. The recovered grade is also predicted to be similar to the corresponding value achieved in 2007. Attributable capital expenditure of \$22 million is scheduled for 2008, to be spent mostly on the construction of the heap-leach facilities and mine and plant infrastructure.

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Annual Financial Statements 2007

**Sunrise Dam**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.06

0.05

0.07

(g/t)

1.76

1.64

2.27

Recovered grade\*

(oz/t)

0.142

0.099

0.107

(g/t)

4.86

3.39

3.68

Gold production

(000oz)

600

465

455

Total cash costs

(\$/oz)

306

298

269

Total production costs

(\$/oz)

385

376

363

Adjusted gross profit

(\$m)

137

137

46

Capital expenditure

(\$m)

30

24

34

Total number of employees

357

382

375

Employees

102

99

95

Contractors

255

283

280

\* open-pit operation

Review of operations – Australia

Ownership of these assets, all in the state of Western Australia, is as follows:

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

The Boddington project is a joint venture between AngloGold Ashanti and Newmont Mining Corporation, in which each has interests of 33.33% and 66.67% respectively.

The Tropicana project is a joint venture between AngloGold Ashanti (70%) and Independence Group NL (30%), which will contribute in terms of its 30% stake on completion of the pre-feasibility study.

Sunrise Dam

Description:

The Sunrise Dam gold mine is located in the northern goldfields of Western Australia, 220 kilometres north-east of Kalgoorlie and 55 kilometres south of Laverton. The mine consists of a large open-pit, which is now in its eleventh 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 CIL processing plant which is owner-managed.

Safety:

While no fatalities were recorded there was a slight deterioration in the rate of lost-time injuries. The LTIFR for the year was 2.63 (2006: 1.81).

Operating review:

Production increased by 29% to a record 600,000 ounces in line with expectations (2006: 465,000 ounces). The GQ zone in the open pit provided the anticipated large volumes of high grade ore, which accounted for the increase in annual gold production.

Approximately 79,000 ounces of gold production was sourced from the underground mine.

Progress was made in developing access to the Cosmo, Dolly, and Watu lodes and 2,000 metres of underground capital development and 6,100 metres of operational development were completed. A total of 67,400 metres of diamond drilling was also completed.

AngloGold Ashanti's three assets in Australia are the Sunrise Dam gold mine, and the Boddington and Tropicana joint venture projects. In 2007, production from Sunrise Dam was a record 600,000 ounces, an increase of 29% and equivalent to 11% of group production for the year.

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Processing plant throughput in 2007 was 3.8 million tonnes, slightly lower than the record throughput of 3.9 million tonnes in 2006.

Total cash costs fell by 8% to A\$364/oz (rose by 3% in US dollar terms to \$306/oz). Despite cost increases in areas such as open-pit mining contractor rates per unit mined, the greater volume of ore mined, and the appreciation in value of the Australian dollar, the increase in production, due primarily to the higher grade of ore mined, resulted in the decrease in cash costs, year-on-year. Adjusted gross profit at A\$163 million (\$137 million) for 2007 was 10% down on that of 2006 (A\$181 million, \$137 million). The conversion of the mine's diesel power station to liquefied natural gas (LNG) progressed well and the new LNG facility will begin operation in the second quarter of 2008. Capital expenditure for the year amounted to A\$35 million (\$30 million).

Growth prospects:

The main open pit (the Mega Pit) will be completed in the second quarter of 2008, at a final depth of 440 metres. A cutback of the north wall of the open pit began in October 2007, and is scheduled for completion in mid-2010.

The underground life of mine study was completed in late 2007 and, following successful exploration, underground reserves have increased to 552,000 ounces (after depletion).

Underground resources at year end were 1.6 million ounces (indicated 880,000 ounces) and a high proportion of this indicated resource will be converted to reserve early in 2008.

Outlook:

Gold production for 2008 is projected to be in a range of 400,000 to 420,000 ounces, with more than 100,000 ounces sourced from the underground mine. Underground production will continue to ramp up for the next several years, with a current peak capacity target of 150,000 ounces per year.

Total cash costs are estimated to be around A\$660/oz to A\$670/oz (\$580/oz and \$590/oz) while capital expenditure is scheduled to be A\$26 million (\$23 million) – to be spent primarily on the underground mine.

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Annual Financial Statements 2007	
<b>Boddington 2007</b>	
<b>2006</b>	
<b>2005</b>	
Capital expenditure	
(\$m)	
– 100%	
747	
180	
12	
Capital expenditure	
(\$m)	
– 33.33%	
249	
60	
4	
Total number of employees	
424	
97	
66	
Employees	
37	
12	
18	
Contractors	
387	
85	
48	
Boddington	
Description:	
Boddington is located 130 kilometres south-east of Perth in Western Australia. The original, predominantly oxide open-pit operation was closed at the end of 2001.	
Operating review, growth prospects and outlook:	
The Boddington expansion project, which involves mining the basement reserves beneath the oxide pits, was approved in March 2006. The project has an attributable capital budget of between A\$770 million and A\$900 million (\$700 million and \$800 million). At year-end, overall project progress was approximately 65% complete, with engineering and procurement activities nearing completion. Construction of the treatment plant was approximately 32% complete and owner-mining had begun.	
Based on the current mine plan, mine life is estimated to be more than 20 years, with attributable life-of-mine gold production expected to be greater than 5.7 million ounces of gold. Average attributable gold production in the first five years will be between 320,000 and 350,000 ounces per year, while on an average life-of-mine basis, attributable production is estimated to be between 250,000 and 270,000 ounces per year. AngloGold Ashanti's share of copper production, which will be sold as concentrate, is expected to be between 10,000 and 12,500 tonnes per year. Production is expected to begin in late 2008/early 2009. Attributable capital expenditure for 2008 is expected to be approximately A\$433 million (\$381 million).	
Review of operations – Australia continued	

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Tropicana

Description:

Tropicana is a 12,500 square kilometres tenement package located 330 kilometres east north-east of Kalgoorlie in Western Australia. AngloGold Ashanti holds a 70% interest in the project and Independence Group NL holds a 30% interest (free carried to completion of the pre-feasibility study). Independence has agreed to contribute to certain project studies to ensure timely development of the project and to contribute to all regional exploration.

Operating review, growth prospects and outlook:

The pre-feasibility study on this project began in June 2007. The study, which is scheduled to be completed by mid-2008, focuses on the Tropicana and Havana zones. An indicated and inferred resource estimate of 62.8 million tonnes at a grade of 2.01g/t and containing 4.05 million ounces was released in December 2007.

Metallurgical testwork has determined that the preferred plant configuration is a conventional carbon-in-leach circuit. Tests are currently underway to assess the optimal crushing and grinding circuit as well as the possible inclusion of energy-efficient high-pressure grinding rolls.

With the completion of the resource estimate, pit design and mine scheduling studies are underway to determine the optimal operating scale, grade and material scheduling strategy, infrastructural requirements, and capital and operating costs. A potential large-scale water resource has been identified within 50 kilometres of the deposit.

AngloGold Ashanti and Independence have agreed to jointly fund ongoing drilling to increase the resource classification to measured, indicated and inferred by mid-2008 to enable estimation of reserves and to streamline the progression of the project to feasibility level.

Baseline environmental studies for the project have been substantially completed.

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

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Annual Financial Statements 2007

**Brasil Mineração**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.13

0.09

0.11

(g/t)

3.50

3.10

3.86

Recovered grade\*

(oz/t)

0.218

0.222

0.212

(g/t)

7.48

7.60

7.27

Gold production

(000oz)

317

242

250

Total cash costs

(\$/oz)

233

195

169

Total production costs

(\$/oz)

344

266

226

Adjusted gross profit

(\$m)

88

86

48

Capital expenditure

(\$m)

117

168

71

Total number of employees

3,434

3,611

2,597

Employees

1,814

1,546

1,363

Contractors

1,620

2,065

1,234

\* underground operation

Review of operations – Brazil

AngloGold Ashanti Brasil Mineração

Description:

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

Safety:

Safety levels were maintained during the course of the year with little change in the LTIFR (LTIFR 2007: 2.30; LTIFR 2006: 2.33). No fatalities were recorded.

Operating review:

Production increased by 31% to 317,000 ounces in line with expectations (2006: 242,000 ounces), boosted by the commissioning and start-up of the Cuiabá Expansion Project. Although the rainy season at the start of the year hampered heap-leach activities and delayed the start up of the Cuiabá Expansion Project, by the end of the year, operating performance had improved. The Cuiabá Expansion Project, which has been undertaken at a total cost of \$206 million, includes the deepening of the underground mine, the construction of new treatment and tailings storage facilities, a roaster and an acid plant. The entire circuit has now been integrated and is operational from the underground Cuiabá mine crushing area to the Queiroz processing plant. No significant problems were experienced in increasing mine AngloGold Ashanti's two assets in Brazil are:

- AngloGold Ashanti Brasil Mineração
- Serra Grande

In 2007, these operations together produced an attributable 408,000 ounces of gold, equivalent to 7% of group production.



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throughput from 830,000 tonnes to an average of 1.3 million tonnes annually. This project will add six years to the life of mine of Brasil Mineração.

From an operational perspective, actions such as the setting of new development rates, a new ramp, improvements to mine infrastructure and layout and improved geotechnical conditions are being implemented to consolidate a sustainable long-term rate of production. A 7% increase in the volume of tonnages treated has been planned to offset a 5% decline in grades for 2008. Total cash costs rose by 19% to \$233/oz compared to \$195/oz in 2006. Higher costs were largely a result of the appreciation in the local Brazilian currency (the real) against the US dollar, lower grades, the reduction in by-product credits received for sulphuric acid and an increase in the operational cycle of the mine in deeper levels in addition to a new plant at Cuiabá site.

Capital expenditure for the year totalled \$117 million, significantly down on that of 2006 (\$168 million) as the Cuiabá Expansion Project was completed.

Adjusted gross profit rose 2% to \$88 million, largely as a consequence of a 25% increase in gold sold and 4% as a result of the improved price received, which offset the higher costs.

Growth prospects:

The Córrego do Sítio Underground Sulphide Project is investigating the viability of exploiting the potential sulphide ore resources of the Córrego do Sítio underground orebodies, namely Cachorro Bravo, Laranjeira and Carvoaria. The results from the study for this project were released in 2007. This project, which is expected to produce 100,000 ounces of gold annually over 14 years from a total of 6.8Mt of ore milled, is scheduled to begin in mid-2011.

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## Annual Financial Statements 2007

## Review of operations – Brazil continued

The development of a ramp and the exposure of the Cachorro Bravo orebody are continuing. The development of access drives to the Carvoaria orebody is ongoing and exposure of the Laranjeira orebody to increase the extent of the mineable resource has begun. Trial mining on the Cachorro Bravo orebody is in progress and generating data for the feasibility study.

The Lamego Project explores the orebodies on the Lamego property. This project is expected to produce approximately 500,000 ounces over nine years. However, given the geological similarity of Lamego to that of the nearby Cuiabá mine, and the lack of information regarding the deeper levels of Lamego, a more aggressive exploration programme was budgeted for in 2007 and 2008 so as to evaluate the potential of increasing current expected production at Lamego to levels similar to those of the Cuiabá operation. During 2007, development totalled 3,274 metres. A pre-feasibility study will be conducted in 2008.

## Outlook:

Production at Brasil Mineração in 2008 is projected to be in a range from 318,000 to 328,000 ounces, boosted by the continued ramp up of the Cuiabá expansion. In line with this, total cash costs are expected to be between \$283/oz and \$293/oz while capital expenditure will be approximately \$70 million.

## Serra Grande

## Description:

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

Serra Grande comprises two underground mines, Mina III and Mina Nova, and an open pit at Mina III which began operation in 2007. The processing circuit, with grinding, leaching, filtration, precipitation and smelting facilities, has a capacity of about 800,000t of ore a year.

**Serra Grande****2007****2006****2005**

## Pay limit

(oz/t)

0.14

0.09

0.09

(g/t)

3.90

3.24

3.02

## Recovered grade

(oz/t)

0.210

0.219

0.231

(g/t)

7.21

7.51

7.93

Gold production  
 (000oz) – 100%  
 182  
 194  
 192  
 – 50%  
 91  
 97  
 96  
 Total cash costs  
 (\$/oz)  
 263  
 198  
 158  
 Total production costs  
 (\$/oz)  
 351  
 265  
 205  
 Adjusted gross profit  
 (\$m)  
 – 100%  
 61  
 59  
 44  
 – 50%  
 27  
 26  
 22  
 Capital expenditure  
 (\$m)  
 – 100%  
 24  
 17  
 13  
 – 50%  
 12  
 8  
 7  
 Total number of employees  
 918  
 817  
 775  
 Employees  
 654  
 609  
 566  
 Contractors  
 264  
 208  
 209

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Safety:

Safety levels deteriorated during the course of the year and there was one fatality due to a rockfall in the second quarter of the year. This was the first fatality ever involving an employee of Serra Grande. Corrective action has been taken. The LTIFR for the year was 2.47 (2006: 1.76) while the FIFR was 0.49 (2006: nil).

Operating review:

Attributable production at 91,000 ounces (2006: 97,000 ounces) decreased by 6% chiefly due to the lower grades mined. The open-pit, which has a resource of 210,000 ounces began operating in July 2007 and is expected to produce an average of 26,000 ounces annually. Total cash costs increased by 33% to \$263/oz, largely due to the lower grade of the material available for treatment, an appreciating local currency (the real) and inflation which affected the costs of power, labour, material and services.

Adjusted gross profit rose 4% to \$27 million, as a consequence of a 17% improvement in the price received and 1% increase in the amount of gold sold which, combined, offset the higher costs.

Capital expenditure amounted to \$24 million – \$12 million attributable. Capital expenditure was also negatively impacted by the appreciation in the local currency. The development of the Palmeiras orebody was delayed to 2008 as agreement with landowners was only finalised in December 2007.

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 2007, there was an increase in reserves at Mina Nova and Mina III (orebody 4) and a new orebody named Pequizão was discovered between Mina Nova and Mina III. In 2008, the intention is to re-evaluate resources and reserves including Pequizão and start the main access to the Palmeiras mine. The access ramp project was finished by the end of 2007 and the development should start in March.

Outlook:

Attributable gold production at Serra Grande is projected to be between 82,000 and 87,000 ounces in 2008, a decrease of 4% due to lower grades. Total cash costs are expected to be around \$305/oz to \$315/oz and capital expenditure of \$40 million (\$20 million attributable to AngloGold Ashanti) is to be spent.

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**Obuasi 2007**

**2006**

**2005**

Pay limits\*

(oz/t)

0.28

0.23

0.18

(g/t)

8.49

7.13

6.06

Recovered grade\*

(oz/t)

0.129

0.128

0.139

(g/t)

4.43

4.39

4.77

Gold production

(000oz)

360

387

391

Total cash costs

(\$/oz)

459

395

345

Total production costs

(\$/oz)

698

600

481

Adjusted gross loss

(\$m)

(24)

(42)

(16)

Capital expenditure

(\$m)

94

91

78

Total number of employees

6,226

7,839

8,295

Employees

4,672

5,629

5,852

Contractors

1,554

2,210

2,443

\* underground operation

Review of operations – Ghana

Obuasi

Description:

Obuasi, which is wholly owned by AngloGold Ashanti, is located in the Ashanti region of southern Ghana, approximately 80 kilometres from Kumasi. It is primarily an underground mine operating at depths of 1,500 metres, although some surface mining does occur. Three treatment plants process the ore: a sulphide plant treats the ore from underground, a tailings plant for tailings reclamation operations and an oxide plant is used to batch treat remnant open-pit ore and stockpiles. The mine was established in 1897 and has produced more than 30 million ounces of gold in all.

Safety:

Regrettably there were four fatalities during the year, two were caused by accidents involving machinery, one a fall of ground and one involved an employee falling down a rock pass.

The LTIFR for the year deteriorated to 2.72 per million hours worked, from 2.29 in 2006, while the FIFR rose from 0.08 in 2006 to 0.19 per million hours worked in 2007.

Remedial action has been taken to improve safety at Obuasi, including the conducting of a training programme to identify and address workplace hazards for all employees involved in hazardous tasks.

Each work team on the mine will, before it begins, evaluate the task at hand to determine the risks and to assign and implement a control known as a ‘simplified risk assessment’. This procedure is to be conducted by every employee prior to the conducting of any hazardous task on the mine.

The process to obtain ISO 18001 accreditation for Obuasi began in early 2008.

Operating review:

Gold production at Obuasi declined by 7% to 360,000 ounces in 2007

(2006: 387,000 ounces). This decline in production was largely attributable to the decline in

The two AngloGold Ashanti operations in Ghana are

Obuasi and Iduapriem, which combined had total

attributable production of 527,000 ounces, equivalent

to approximately 10% of group production, for the year.

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volumes mined although the recovered grade improved marginally. An 11-day plant shut down in the third quarter and power outages during the year also contributed to the reduced production.

Total cash costs rose by 16% to \$459/oz (2006: \$395/oz), largely as a result of the reduced production and increases in prices of consumables and rates of service contracts.

An adjusted gross loss of \$24 million was recorded for the year (2006: loss of \$42 million) which was an improvement of 42%. This is mainly attributable to a more favourable gold price.

Capital expenditure totalled \$94 million.

Growth prospects:

The Obuasi Deeps project has added 1.3 million ounces to reserves and there is the potential to add another 6 million ounces to reserves thereafter.

Outlook:

Production at Obuasi in 2008 is projected to be between 365,000 ounces and 390,000 ounces, at an estimated total cash cost of between \$431/oz and \$441/oz. Planned capital expenditure is expected to be in the region of \$130 million, to be spent mostly on projects (\$41 million), exploration (\$4 million), stay-in-business expenses (\$52 million) and ore reserve development (\$33 million).

Capital expenditure (\$m)

Obuasi

0

10

20

30

40

50

60

70

80

90

100

05

06

07

94

91

78

05

06

07

84

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Review of operations – Ghana continued

Iduapriem

Description:

Iduapriem comprises two properties, Iduapriem and Teberebie, in which, prior to September 2007, AngloGold Ashanti had a combined effective stake of 85%. The International Finance Corporation held 10% and the government of Ghana, 5%. AngloGold Ashanti acquired these minority shareholdings and, with effect from 1 September 2007, its shareholding in the Iduapriem operation increased to 100%.

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

Safety:

With the heightened focus on training and education, safety performance improved consistently throughout the year. As at year end, the mine had achieved 3.57 million hours worked without a lost-time injury. The LTIFR was 0.46 (2006: 1.15). No fatalities were recorded.

**Iduapriem 2007****2006****2005**

Pay limits

(oz/t)

0.06

0.05

0.02

(g/t)

1.66

1.60

0.72

Recovered grade\*

(oz/t)

0.054

0.051

0.050

(g/t)

1.85

1.74

1.71

Gold production

(000oz) – 100%

185

196

205

– 100%

#

167

167

174

Total cash costs

(\$/oz)

373



368  
348  
Total production costs  
(\$/oz)  
495  
478  
451  
Adjusted gross profit (loss) (\$m)  
– 100%  
31  
11  
(2)  
– 100%  
#  
23  
7  
(2)  
Capital expenditure  
(\$m)  
– 100%  
24  
6  
5  
– 100%  
#  
23  
5  
4  
Total number of employees  
1,323  
1,251  
1,283  
Employees  
721  
668  
698  
Contractors  
602  
583  
585

\* open-pit operations

# 100% effective 1 September 2007. Prior to this date, the effective holding was 85%.

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**Operating review:**

After the problems experienced in the first quarter of the year with a mill gear-box failure at the treatment plant which impacted adversely on production, there was a turnaround in the second and third quarters. Unfortunately, at the start of the fourth quarter, the mine suffered another setback in production when a fire broke out at the main substation which affected one of two transformers that supply power to the mine. The problem took about a month to resolve following which a series of crusher problems further impacted on the mine's performance for the quarter. Total production for the year was 185,000 ounces which was 6% lower than the previous year.

Total cash costs for the year was 1% higher at \$373/oz owing to the combined impact of the mill shutdown and increases in contract mining costs. Adjusted gross profit more than trebled to \$23 million compared with \$7 million in 2006, largely as a result of the higher gold price received. Attributable capital expenditure for the year amounted to \$23 million which was significantly up on the \$5 million spent in 2006. The increased capital expenditure was spent primarily on the plant expansion and other items.

The expansion project, which will increase current plant capacity by about 15%, was a highlight of the year with additional staff being located on site to progress with detailed design work and preparation for the mobilisation of the main contractors. Construction of the expansion project advanced with the appointment of the civil contractor and completion of the tender for the structural mechanical and process piping component of the project. The electrical and instrumentation contracts are yet to be tendered. By year-end, good progress had been made with the earthworks and infrastructure for the new crushing plant, ball mill and thickener areas. Long lead items such as the gyratory crusher, ball mill shell and other relevant equipment arrived on site before year-end. The project is expected to be commissioned during the fourth quarter of 2008.

**Growth prospects:**

The mine has limited growth prospects on surface. The scoping study to evaluate the viability of exploiting the considerable low-grade mineral resources of other properties lying in the Tarkwaian conglomerates that extend below the economic limits of the existing pits was not pursued during the year. However, the recent surge in the gold price has caused renewed interest in evaluating this prospect further. Additional drilling is planned to be carried out in 2008 to give more confidence to existing data and the scoping study will subsequently be progressed to pre-feasibility stage.

**Outlook:**

Production at Iduapriem is projected to increase to between 215,000 ounces and 230,000 ounces in 2008, mainly as a result of the commissioning of the expansion project towards the end of the year and the projected improved performance of the existing crushing and milling circuits. A scats treatment project will also be initiated to bring in additional ounces which would otherwise have remained unused in stockpiles targeted for processing at the end of mine life. Total cash costs are estimated to be in a range of \$395/oz to \$405/oz and capital expenditure will be around \$42 million, to be spent primarily on the expansion project and tailings dam.

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**Siguiri**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.03

0.03

0.02

(g/t)

0.95

0.94

0.55

Recovered grade\*

(oz/t)

0.031

0.032

0.035

(g/t)

1.05

1.08

1.21

Gold production

(000oz) – 100%

330

301

289

– 85%

280

256

246

Total cash costs

(\$/oz)

464

399

301

Total production costs

(\$/oz)

599

552

414

Adjusted gross profit

(\$m)

– 100%

14

4

15

– 85%

9

–
12
Capital expenditure
(\$m)
– 100%
21
16
36
– 85%
18
14
31
Total number of employees
2,917
2,708
1,978
Employees
1,537
1,541
1,170
Contractors
1,380
1,167
808

\* open-pit operations

Review of operations – Guinea

Siguiri

Description:

AngloGold Ashanti has an interest of 85% in Siguiri and the government of Guinea, 15%. The Siguiri mine is a conventional open-pit operation situated in the Siguiri district in the north-east of the Republic of Guinea, West Africa, about 850 kilometres from the capital city of Conakry. The nearest major town is Siguiri (some 50,000 inhabitants), located on the banks of the Niger River. All ore and waste is mined by a mining contractor and the ore is processed using carbon-in-pulp (CIP) and heap-leach processes. Siguiri mines two types of gold deposits, laterite and in situ quartz-vein related mineralisations.

Safety:

Overall safety standards improved at Siguiri with an LTIFR for the year of 0.41 per million hours worked (2006: 0.77). No fatalities were recorded.

Operating review:

Attributable production increased by 9% to a record 280,000 ounces in 2007 (2006: 256,000 ounces), which was more than had been planned.

Total cash costs were again considerably higher at \$464/oz (2006: \$399/oz), due to higher royalty payments which are a function of the significantly higher gold price, and higher fuel costs. Siguiri is currently in discussion with the Guinean government regarding the relationship between fuel prices and the exchange rate. Compounding the problem of rising costs is that the increase in local labour costs, together with the appreciation of the Guinean franc against the dollar, has changed the cost profile and labour costs now account for a greater proportion of total costs.

AngloGold Ashanti has one gold mining operation, Siguiri, in the Republic of Guinea. Siguiri produced 280,000 attributable ounces of gold in 2007, equivalent to 5% of group production.

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The CIP plant had a consistently good operation in 2007. A total of 9.8 million tonnes of ore was processed for the year with plant availability of 91.6% and a recovery rate of 94.2%.

Adjusted gross profit for the year increased to \$9 million having broken even in 2006. The increase in the gold price received for the year had a beneficial effect on profits and helped to offset increases in production costs. Attributable capital expenditure for the year amounted to \$18 million.

Growth prospects:

It is expected, with the exploration at Kintinian and Sintroko nearing completion, that an additional 1.3 million ounces will be converted to reserves in early 2008.

Regarding the CIP plant, the design of a second gravity concentrator and de-gritting facilities are being finalised and will be installed during 2008; these are expected to improve productivity.

Outlook:

Attributable gold production for 2008 is projected to be between 260,000 and 270,000 ounces with total cash cost ranging from \$475/oz to \$485/oz. Capital expenditure of \$16 million is scheduled for 2008.

Contribution to attributable  
group production in 2007 (%)

Siguiri

5%

Other Africa (excluding SA)

25%

Rest of the world

70%

Ownership of these three operations is as follows:

Sadiola: AngloGold Ashanti and IAMGOLD each have a stake of 38% while the government of Mali has a stake of 18% and the International Finance Corporation, 6%.

Yatela: this operation is owned by Société d'Exploration des Mines d'Or de Yatela SA, a joint venture in which AngloGold Ashanti and IAMGOLD each have an effective holding of 40% and the government of Mali, 20%.

Morila: this is a joint venture between AngloGold Ashanti and Randgold Resources in which each has a 40% interest. The remaining 20% is held by the Malian government.

Sadiola

Description:

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

Safety:

Overall safety standards were maintained at Sadiola with an LTIFR for the year of 1.11 (2006: 1.02). No fatalities were recorded.

Operating review:

Attributable production at Sadiola declined year-on-year by 26% to 140,000 ounces (2006: 190,000 ounces). While there was a steady increase in production during the course of the year, this failed to make up for the sharp drop which had occurred during the

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**Sadiola**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.08

0.06

0.05

(g/t)

2.46

1.98

1.80

Recovered grade

(oz/t)

0.081

0.094

0.080

(g/t)

2.76

3.22

2.73

Gold production

(000oz) – 100%

369

500

442

– 38%

140

190
168
Total cash costs
(\$/oz)
414
270
265
Total production costs
(\$/oz)
462
335
336
Adjusted gross profit
(\$m)
– 100%
63
129
53
– 38%
24
49
20
Capital expenditure
(\$m)
– 100%
16
11
18
– 38%
6
4
7
Total number of employees
– 100%
1,529
1,294
1,245
Employees
618
589
584
Contractors
911
705
661

Review of operations – Mali

AngloGold Ashanti has interests in three gold mining operations, all of which it manages in Mali. They are Sadiola, Yatela and Morila. The Malian operations together produced 441,000 attributable ounces of gold in 2007, equivalent to 8% of group production.

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first quarter of the year. This decline in the throughput of tonnes was a result of plant optimisation to improve recovery of sulphide ores. The decline in the grade of feed to the plant was a result of a decision to withhold high-grade sulphide feed prior to the commissioning of the gravity circuit at the concentrator in December 2007. Consequently, total cash costs rose sharply by 53% to \$414/oz (2006: \$270/oz).

Adjusted gross profit was also down as a result, declining by 51% on the year to \$24 million (2006: \$49 million), mainly as a result of the reduced level of gold sales.

Total capital expenditure of \$16 million – attributable \$6 million – was spent during the year.

A new gravity circuit was installed at the metallurgical plant to improve the recovery rates for the sulphide ores.

Growth prospects:

Various options are to be reviewed in the coming year to improve current assumptions in the Deep Sulphide Project concerning mining method, scale, energy, and metallurgical recovery in order to convert the vast indicated resource below the main pit into reserve. A significant improvement was made in the understanding of sulphide ore recovery in 2007 and the commissioning of the new gravity circuit at the concentrator towards the end of 2007 will enable recovery of the very high-grade sulphide ores on stockpile in 2008.

Outlook:

Attributable production at Sadiola is projected to be between 155,000 and 160,000 ounces at a total cash cost of between \$455/oz and \$465/oz. Capital expenditure is planned to be \$9 million (\$3 million attributable).



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**Yatela**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.04

0.06

0.05

(g/t)

1.37

1.79

1.66

Recovered grade

(oz/t)

0.101

0.120

0.087

(g/t)

3.46

4.12

2.99

Gold production

(000oz) – 100%

301

352

246

– 40%

120

141

98

Total cash costs

(\$/oz)

322

228

263

Total production costs

(\$/oz)

381

299

340

Adjusted gross profit

(\$m)

– 100%

75

110

27

– 40%

30

44  
 11  
 Capital expenditure  
 (\$m)  
 – 100%  
 5  
 3  
 5  
 – 40%  
 2  
 1  
 2  
 Total number of employees  
 – 100%  
 903  
 878  
 910  
 Employees  
 265  
 203  
 210  
 Contractors  
 638  
 675  
 700

Review of operations – Mali continued

Yatela

Description:

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

Safety:

Overall safety standards improved at Yatela with an LTIFR for the year of 0.39 (2006: 0.43).

No fatalities were recorded.

Operating review:

Attributable gold production at Yatela declined by 15% to 120,000 ounces (2006: 141,000 ounces). Mining from the bottom of the main pit was completed in July 2007, after which lower grade ore from the stockpiles was fed to the heap leach pad.

Total cash costs increased dramatically, to \$322/oz as a result of the decline in gold production, the appreciation of the euro and the FCFA against the dollar, and higher fuel prices.

There was a decline in attributable adjusted gross profit to \$30 million (2006: \$44 million).

Capital expenditure of \$5 million (attributable \$2 million) increased in 2007 and was spent mostly on additional leach pads to accommodate the extension in the life of mine.

Growth prospects:

The push back 7 project will allow the operation to access the bottom of the main pit in 2009.

Outlook:

Attributable production at Yatela is projected to decrease to between 63,000 and 73,000 ounces. Total cash costs are expected to rise to between \$518/oz and \$528/oz as a result of the expected grade-related decline in gold production. Capital expenditure of \$6 million (\$3 million attributable) is planned to be spent mostly on additional leach pads.

Morila

Description:

The Morila mine is situated some 180 kilometres by road south-east of Bamako, the capital of Mali. Open-pit mining takes place at five cuts within one pit. The current focus is on cuts 4 and 5. At its peak, the Morila pit will be approximately 1.4 kilometres by 1 kilometre and up to 240 metres deep. The plant, which comprises a conventional carbon-in-leach (CIL) process with an upfront gravity section to extract the free gold, has throughput capacity of 350,000tpm and 4.2Mtpa.

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**Safety:**

Overall, the level of lost-time injuries was maintained at Morila with an LTIFR for the year of 0.57 per million hours worked (2006: 1.42). The OSHAS 18001 Safety Management certification was achieved by November 2007. Sadly, the Morila team lost two fellow colleagues on 9 February during an explosion caused by the inadvertent mixing of two chemicals. This resulted in a FIFR for the year of 0.57 per million hours worked (2006: 0).

**Operating review:**

Attributable gold production at Morila decreased by 13% to 180,000 ounces (2006: 207,000 ounces), with the significant increase in production in the second half of the year not quite making up for the losses recorded in the first half of the year. The initial fall in production levels was a result of a decline in the recovered grade which improved markedly later in the year with the mining and processing of higher grade ore.

Mining production efficiencies improved significantly in the second half of 2007 as highlighted by the achievement of 1,001,444 BCMs in September month. The optimal use of in-pit backfill (leaving waste in the pit) resulted in significant savings and an increase in mining production. Total cash costs increased by 27% to \$350/oz largely owing to the decline in production and an increase in cash costs caused by higher fuel costs and a weakening in the dollar against the FCFA and the euro. As a result, fuel, local salaries, mining contractor and certain reagent costs increased significantly.

Adjusted gross profit for the year decreased by 27% to \$38 million (2006: \$52 million) primarily as a result of the decline in gold production and increased production costs. Capital expenditure of \$1.3 million (attributable \$0.5 million) in 2007.

**Growth prospects:**

Good progress was made with the current drilling programme and broad zones of mineralisation have been identified along the eastern margin of the pit at a depth (565 metres). A follow-up drilling programme for this area will be proposed for 2008. A pitting programme in the Sokela area, situated 8 kilometres south-west of the main pit is progressing well. This programme will establish the feasibility of drilling in this area.

**Outlook:**

In 2008, attributable production at Morila is projected to be between 182,000 and 187,000 ounces while total cash costs are forecast to increase to between \$361/oz and \$371/oz. Capital expenditure of \$4 million (\$2 million attributable) is planned.

**Morila****2007****2006****2005****Pay limit**

(oz/t)

0.08

0.08

0.07

(g/t)

2.46

2.41

2.27

**Recovered grade**

(oz/t)

0.098

0.113

0.158

(g/t)  
 3.36  
 3.88  
 5.41  
 Gold production  
 (000oz) – 100%  
 450  
 517  
 655  
 – 40%  
 180  
 207  
 262  
 Total cash costs  
 (\$/oz)  
 350  
 275  
 191  
 Total production costs  
 (\$/oz)  
 421  
 349  
 293  
 Adjusted gross profit  
 (\$m)  
 – 100%  
 95  
 130  
 96  
 – 40%  
 38  
 52  
 39  
 Capital expenditure  
 (\$m)  
 – 100%  
 1.3  
 3  
 5  
 – 40%  
 0.5  
 1  
 2  
 Total number of employees  
 – 100%  
 1,686  
 1,575  
 1,183  
 Employees  
 498  
 500

478

Contractors

1,188

1,075

705

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**Navachab**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.04

0.04

0.05

(g/t)

1.22

1.29

1.65

Recovered grade

(oz/t)

0.046

0.053

0.060

(g/t)

1.56

1.81

2.05

Gold production

(000oz)

80

86

81

Total cash costs

(\$/oz)

419

265

321

Total production costs

(\$/oz)

479

348

326

Adjusted gross profit

(\$m)

13

22

10

Capital expenditure

(\$m)

6

5

5

Total number of employees

409

313

315

Employees

409

313

315

Contractors

–

–

–

Review of operations – Namibia

Navachab

Description:

The Navachab mine is situated near Karibib and 170 kilometres 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 120,000tpm, includes mills, carbon-in-pulp (CIP) and electrowinning facilities.

Safety:

Overall safety standards were maintained at Navachab with an LTIFR for the year of 4.59 (2006: 4.09). No fatalities were recorded.

Operating review:

Production declined in line with expectations to 80,000 ounces in 2007 (2006: 86,000 ounces).

Mining volumes declined mainly due to a lack of drill availability, from 7.8Mt in 2006 to 7.3Mt.

Plant-production went up from 1.5Mt in 2006 to 1.6Mt in 2007 in line with expectations. Feed grade fell by 15% between 2006 and 2007.

Drill performance and drill capacity affected mining throughput as did the loss of skills to local and international competitors. Grades were relatively low as the operation continued to strip the east pushback while metallurgical recovery was lower than expected.

Total cash costs rose by 58% to \$419/oz. This increase was caused by an increase in the cost of labour, explosives and the grade-related decline in gold production.

AngloGold Ashanti has one gold mining operation in Namibia, namely Navachab, which is wholly owned.

In 2007, Navachab produced 80,000 ounces of gold, equivalent to 1% of group production.



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Adjusted gross profit declined to \$13 million from \$22 million in 2006, largely as a result of the significant increase in costs which offset benefits of the higher gold price received. Capital expenditure for the year was \$6 million (2006: \$5 million).

Growth prospects:

Work on the west pushback expansion is currently underway. This is expected to add another seven years to the life of the mine. Work on the dense media separation (DMS) plant is also at an advanced stage.

Exploration aimed at increasing geological confidence will continue. Brownfields exploration projects will also increase the resource and the reserve base.

Outlook:

Gold production for 2008 is projected to increase to between 75,000 and 80,000 ounces at a total cash cost in a range of \$520/oz to \$530/oz. Capital expenditure of \$34 million is scheduled for 2008, of which 62% will be spent on the DMS plant (\$17 million) and heavy mining equipment rebuilds (\$4 million). Benefits of the DMS plant will be realised from 2009 onwards.

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**Geita**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.09

0.13

0.07

(g/t)

3.04

4.16

2.27

Recovered grade

(oz/t)

0.059

0.049

0.092

(g/t)

2.01

1.68

3.14

Gold production

(000oz)

327

308

613

Total cash costs

(\$/oz)

452

497

298

Total production costs

(\$/oz)

601

595

387

Adjusted gross profit (loss) (\$m)

6

(2)

9

Capital expenditure

(\$m)

27

67

78

Total number of employees

3,226

3,220

2,280

Employees

2,304

2,043

1,066

Contractors

922

1,177

1,214

Review of operations – Tanzania

Geita

Description:

The Geita gold mine is situated 80 kilometres south-west of the town of Mwanza in the north-west of Tanzania. The Geita gold deposit is an Archaean mesothermal orebody, largely hosted in a banded ironstone formation. It is a multiple open-pit operation with further underground potential which is currently serviced by a 6Mtpa carbon-in-leach (CIL) processing plant. Standard open-pit mining methods are employed; hard overburden is drilled and blasted hydraulic excavators are used to load waste material into a fleet of large dump trucks exposing the gold bearing ore material which is directed to the processing plant.

Safety:

Overall safety standards were maintained at Geita with an LTIFR for the year of 0.68 (2006: 0.63). No fatalities were recorded.

Operating review:

Production at Geita is gradually improving year on year following the serious decline in production in 2006. This was exacerbated by the collapse of part of the Nyankanga pit sidewall during the first quarter of 2007, which covered a portion of the higher grade orebody. Gold production increased from 308,000 ounces in 2006 to 327,000 ounces in 2007, an increase of 6%. The average grade of ore processed increased from 1.68g/t in 2006 to 2.01g/t in 2007. The collapse of the Nyankanga pit in the first quarter delayed access to the higher grade exposed ore in this area and resulted in the mining plan for the year being revised. Production and tonnage throughput in particular was further aggravated by wet ore, mill lubrication problems and a major shutdown of the primary crusher for planned maintenance as well as damage to the ball mill discharge which led to reduced processing plant availability. There was a considerable improvement in the third quarter of 2007 as Nyankanga ore was accessed, however, grades were not sustainable, the material was harder and as a result plant throughput was reduced and fourth quarter gold production suffered as a result.

AngloGold Ashanti has one gold mining operation in Tanzania, Geita, which produced 327,000 ounces of gold in 2007, equivalent to 6% of group production.

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Total cash costs fell by 9% to \$452/oz with the increased level of production. Reduced expenditure on equipment re-builds and contractor services also contributed to the containment of costs. Adjusted gross profit was \$6 million (2006: loss of \$2 million), boosted by the increase in gold production, and the higher gold price received for the year. Capital expenditure for 2007 was \$27 million (2006: \$67 million).

Growth prospects:

At the end of 2007 advanced grade control drilling had begun at the Star & Comet project in preparation to start mining in the second quarter of 2008. The adjacent Roberts project will begin mining towards the end of 2008. Exploration activities during 2007 focused on strike additions at Area 3 and the detection of regolith gold anomalies below laterite cover via air core drilling. Early results suggest the potential for an approximately 1.7 kilometre zone of mineralisation on-strike at Area 3 and this will be infill drilled during 2008 to bring it into resource. The regolith programme identified a 2 kilometres gold in saprolite anomaly that requires follow-up drilling.

Metallurgical testwork continued during 2007 to identify a processing route for refractory ores at Matandani Kukuluma which still contain significant potential. A scoping study into the underground potential at Nyankanga and Geita Hill began in 2007.

Outlook:

Gold production for 2008 is projected to increase to between 330,000 and 340,000 ounces at a cost ranging from \$605/oz to \$615/oz. Mill throughput and gold recoveries will be a key focus area to contain unit cash operating costs within an inflationary consumable environment. Capital expenditure of \$64 million is scheduled for 2008. Expenditure is focused on continued equipment replacement within the mining arena as well as other value adding projects.

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**Cripple Creek & Victor**

**2007**

**2006**

**2005**

Pay limit

(oz/t)

0.01

0.01

0.01

(g/t)

0.34

0.34

0.34

Recovered grade

(oz/t)

0.016

0.016

0.018

(g/t)

0.53

0.54

0.62

Gold production

(000oz)

282

283

330

Total cash costs

(\$/oz)

269

248

230

Total production costs

(\$/oz)

372

356

333

Adjusted gross profit

(\$m)

74

23

17

Capital expenditure

(\$m)

23

13

8

Total number of employees

405

369

357

Employees

338

325

313

Contractors

67

44

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Review of operations – United States of America

Cripple Creek & Victor (CC&V) is a joint venture in which AngloGold Ashanti has a 67% interest and Golden Cycle Gold Corporation holds the balance of 33%. AngloGold Ashanti is the manager of CC&V and has a 100% interest in the gold produced by CC&V until the loans extended to the joint venture are repaid. Subsequent to year-end, on 14 January 2008, AngloGold Ashanti announced the execution of an Agreement and Plan of Merger in order to acquire 100% of Golden Cycle Gold Corporation, thus owning 100% of CC&V. The closing of that transaction is anticipated Cripple Creek & Victor is AngloGold Ashanti's sole operation in the United States. In 2007, Cripple Creek & Victor produced 282,000 ounces of gold, 5% of group production.

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to be completed in the second quarter of 2008 subject to various matters including approval by Golden Cycle Gold Corporation's shareholders, satisfaction of certain closing conditions, and receipt of all necessary regulatory approvals.

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 here in 1994.

Safety:

As at March 2007, CC&V had reported 43 months without a single lost-time injury. This record was unfortunately interrupted in the second quarter of the year when there was one lost-time accident. Consequently, the LTIFR for the year was 3.00 per million hours worked (2006: 0.0).

No fatalities were recorded this year.

The DuPont Safety Training (STOP) programme implemented in 2003 and the risk-based safety management system implemented in 2005 continue to have very positive safety results. An extension of the STOP programme, called Train the Trainers, was implemented in 2007 to continue to enhance safety at CC&V. The programme is designed to prepare supervisors for peer training prior to crew training.

Operating review:

In 2007, production at CC&V fell marginally to 282,000 ounces from 283,000 ounces in 2006. A total of 23Mt were placed on the heap-leach pad. The decline in production was 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 in the third quarter by delayed production from the leach-pad stacking levels.

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Review of operations – United States of America continued

Overall, there was an increase in total cash costs of 8% to \$269/oz from \$248/oz in 2006, principally as a result of rising commodity costs, and of diesel fuel in particular. A decrease in costs due to lower contractor costs was more than made up for by increases in fuel costs as oil prices hit record levels on global markets and creeping inflation in the general US economy.

The higher gold price received contributed to a 222% increase in adjusted gross profit to \$74 million. Capital expenditure for the year amounted to \$23 million (2006: \$13 million).

Growth prospects:

Development drilling, engineering analysis and permitting requirements for the mine life extension project are currently under review. The proposed extension is to include the development of new sources of ore and an extension to the additional heap leach facility.

Outlook:

Gold production for 2008 is projected to increase to between 290,000 ounces and 300,000 ounces at a total cash cost ranging from \$298/oz to \$308/oz. Operational initiatives have been taken to minimise growth in the leach-pad gold inventory in 2008. Capital expenditure of \$28 million is scheduled for 2008, to be spent mostly on major mine equipment purchases and the mine life extension project.



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#### Research and development

A combination of collaborative and in-house research is adopted. Collaborative partners include research organisations, universities, mining companies, mining service providers and contractors.

In addition, AngloGold Ashanti's wholly owned subsidiary, ISS International Ltd, (ISSI), is a global company specialising in seismic monitoring of mines, engineering structures and earthquakes. The company initiates and undertakes both broad-based and focused research and development to enhance the safety of those working in mining by developing effective monitoring and warning technology systems. ISSI functions on the international stage and its involvement in seismic matters extends well beyond the mining environment.

AngloGold Ashanti is a signatory of the International Cyanide Management Institute (ICMI) and is committed to reaching compliance with the International Cyanide Management Code. All processing operations group-wide have been audited in-house. Following external audits during 2007, seven operations were certified by the ICMI to fully comply with the provisions of the International Cyanide Management Code.

Extensive cyanide speciation studies have been conducted in collaboration with Mintek in Johannesburg at the various plants in the South Africa region to determine, on both a macro and a micro-scale, the environmental impacts of cyanide in residue material. Continuing projects cover cyanide measurement and control, cyanide recovery and cyanide destruction.

A project evaluating the impacts of hypersaline water and cyanide on wildlife and the environment is under way in Australia in collaboration with ACMER. The results of this project have enabled Sunrise Dam to meet the stringent requirements of the International Cyanide Management Code regarding the management of cyanide in tailings.

The AuTEK project to develop new industrial uses for gold is based at Mintek. AngloGold Ashanti continues to support the catalysis initiative within the programme. This involves gold catalyst development for carbon monoxide oxidation, for use in fuel cells and in photocatalysis. A pilot plant for the production of gold catalyst is under construction. Close working relationships have been established with potential end users. Promising applications include gas masks, catalytic converters for diesel engines and catalysis of a variety of industrial chemical reactions.

Geology initiatives include:

The development of a pneumatic sampler for underground use;

A digital terrain modelling system for proper representation of 3D data on underground plans, particularly in steeply dipping areas;

Geometallurgical mapping and mine modelling to systematically produce metallurgical orebody domains;

A hydrothermal project to understand chemical characteristics of ores and their potential impacts on processing and recovery;  
Risk-based mine planning using conditional simulation techniques; and  
Integration of software used for geological mapping and modelling.

AngloGold Ashanti's research and development programme includes a range of initiatives in geology, mining, processing, engineering, safety, environment, marketing and knowledge management.

Mining initiatives include:

Improving short-term seismic hazard assessment through improved numerical modelling capability;  
Improving tunnel support systems in deep, seismically active mines through a destructive proof-testing approach;  
Development of an oscillating disc cutter to be mounted on a four wheel drive vehicle for underground face sampling;  
Development of micro-seismic monitoring for pit wall stability as a backup monitoring system; and  
Sirovision project to import 3D digital photography into geological mapping software and from there to geological design software.

Processing initiatives include:

Thiosulphate leaching of gold as a development of a non-cyanide gold extraction process;  
Use of digital camera technology to measure mill feed size, using this information to improve mill process control;  
Establishing uranium leaching conditions for maximum extraction of uranium from the Vaal River operations;  
The Amira P9N comminution technology project which comprised site work on mill performance on two process plants in South Africa;  
Amira P420 gold processing project on refractory ore treatment, thiosulphate leaching, cyanide and the environment, gravity recovery and modelling of leaching circuits;  
Amira P266 thickening project, improving thickener performance using discrete element analysis and modelling. A novel thickener feed well design has been developed from the results of this project and a pilot-scale thickener and feed well is being tested at Sunrise Dam for model validation;  
Evaluation of optical sorting as a method for upgrading ore streams or waste rock dumps; and  
Thickened tailings beach slope angle modelling to improve tailings facility management.

Other initiatives include:

Monitoring real-time corrosion rates in uranium plant elution columns;  
Void-filling using aerated cement walls for improved management of heat, radiation and ventilation; and  
Automated in-stope water-blast to reduce silica dust exposure in stopes.

Research and development continued

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Global exploration

Total exploration expenditure in 2007 amounted to \$167 million, of which \$92 million was spent on greenfields exploration and the balance of \$75 million on brownfield sites. The main aim of both exploration programmes is to identify new resource ounces of gold that are attributable to AngloGold Ashanti.

Operations with

brownfields exploration

Gramalote

Colosa

Tropicana

Brasil

Tau Lekoa

Iduapriem &

Teberebie

The main focus of AngloGold Ashanti's 2007 exploration programme was on greenfields exploration, i.e. exploration in new terrains, notably in Australia, Colombia, and the Democratic Republic of Congo (DRC). Brownfields exploration, which is aimed at identifying replacement ounces for production, was undertaken around most current operations, with the most successful programmes being undertaken in Ghana, the United States of America, Australia, and Guinea.

Greenfields exploration activities were undertaken in seven countries – Australia, China, Colombia, the DRC, Laos, the Philippines and Russia – during 2007. A total of 378,014 metres of diamond, reverse circulation, and aircore drilling was completed during the year, drill testing existing priority targets and delineating new targets in Australia, Colombia, and the DRC. Greenfields activities in Russia, China, Laos, and the Philippines were predominantly undertaken through joint ventures and

*Location of AngloGold Ashanti's exploration programme*

strategic alliances, with exploration activities in Laos eventually being discontinued in late-2007. While the discovery of new long-life, low-cost mines remains the principle aim of the greenfields exploration programme, AngloGold Ashanti is also committed to maximising shareholder value by exiting from or selling those exploration assets that do not meet its internal growth criteria and by opportunistically investing in prospective junior exploration companies.

A total of 6.95 million attributable ounces of gold (9.1 million ounces of gold on a 100% basis) of JORC-standard Inferred and Indicated Resources were delineated by AngloGold Ashanti's greenfields exploration teams to 31 December 2007, at three prospects – Tropicana (Western Australia), Mongbwalu (DRC), and Gramalote (Colombia). In addition, a significant drill programme and conceptual study are concurrently being undertaken at AngloGold Ashanti's 100%-owned Colosa project in Colombia. The brownfields exploration programme for 2007 successfully added an additional 7.9 million ounces of gold to the company's Mineral Resource.

In 2008, exploration expenditure is expected to be some \$185 million, with \$77 million of this budgeted to be spent on greenfields exploration.

#### Argentina

At Cerro Vanguardia, reconnaissance drilling continued on veins identified by regional mapping and geophysics. Drilling to extend some of the current ore shoots was successful and added 0.35 million ounces of gold and 6 million ounces of silver to the Mineral Resource.

#### Australia

##### Brownfields:

At Sunrise Dam, brownfields exploration continues to focus on increasing the underground Mineral Resource inventory and increasing the confidence category of Mineral Resources so that Ore Reserve conversion can occur.

At Boddington Gold Mine, a maximum of seven diamond drill rigs were employed during the year to complete a total of 121,212 metres of drilling in 151 holes targeting in-pit Mineral Resource conversion and near-pit Resource extensions. By the end of 2007, attributable Ore Reserves were increased by 1 million ounces to 5.5 million ounces of contained gold. Since project approval in early 2006, attributable additions of 2.1 million ounces of contained gold of Mineral Resource and 1.7 million ounces of contained gold of Ore Reserve have been made.

##### Greenfields:

The Tropicana Joint Venture covers approximately 12,000 kilometres and is located to the east and north-east of Kalgoorlie in Western Australia. The Joint Venture held by AngloGold Ashanti Australia Limited and Independence Group NL. AngloGold Ashanti holds a 70% managing interest in the joint venture with Independence Group NL free carried until completion of the pre-feasibility study. However, Independence has agreed to

co-fund certain activities prior to the completion of the pre-feasibility study to ensure timely development of the project. Drilling continued at the Tropicana prospect in 2007 with the mineralisation identified in the Tropicana-Havana zones moving into prefeasibility study assessment in May. The study is focused on assessing the viability and options for developing an open-pit gold mining operation. The Mineral Resource model for the pre-feasibility study was completed and an initial open-pit Mineral Resource (Inferred and Indicated) of 62.8Mt at 2.01g/t was announced in December 2007. The Mineral Resource was estimated using the assay data from nearly 141,000 metres of diamond and reverse circulation drilling at drill-hole spacings 50 metres by 50 metres and closer.

Reconnaissance exploration continues in parallel throughout the Tropicana joint venture tenements with a number of prospects identified by auger sampling and aircore drilling over a 40 kilometres strike trend north and south of the Tropicana prospect. Significant results have been obtained from limited aircore and reverse circulation drilling at the Beachcomber prospect, located approximately 200 kilometres south of the Tropicana prospect.

#### Brazil

At Córrego do Sítio, drilling of underground deposits continued. A total of 40,500 metres were drilled during 2007 and were aimed at defining new orebodies and upgrading the level of information of known orebodies. Drilling concentrated on the Laranjeiras and the Paraiso orebodies. At Lamego, a total of 24,400 metres were drilled. The drilling consisted of a combination of deep drilling targeted at the depth extension of the Cabeça de Pedra and Arco da Velha orebodies, surface infill drilling at Arco da Velha and underground infill drilling at Carruagem. Regional geophysics, mapping and sampling continued.

At Serra Grande, in October 2007 a new deposit, Orebody Pequizado, was identified between Mina Nova and Mina III. Drilling continues and a significant high-grade deposit is being targeted.

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Global exploration continued

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The current drill spacing is in the order of 200 metres by 50 metres. An aggressive targeting and follow up exploration programme over the lease area is planned for 2008.

#### China

AngloGold Ashanti has entered into three co-operative joint ventures (CJVs) with local partners at Yili-Yunlong (Xinjiang province), Jinchanggou (Gansu province), and Pingwu (Sichuan province). Business licences have now been issued by the respective local authorities for the Yili-Yunlong and Jinchanggou CJVs (with systematic ground exploration now under way), whereas the business licence for the Pingwu CJV is expected to be issued in early 2008.

A short (1,053m) diamond drill programme was completed on the Yili-Yunlong CJV in late-2007. The primary objective of this drill programme was to test the vertical continuity of outcropping gold-copper mineralisation, however, drilling only succeeded in intersecting weakly anomalous mineralisation at depth. At Red Valley (Qinghai), assay results from the 3,300 metres diamond-drill programme were also reviewed and confirmed the presence of only low-grade gold mineralisation within the principal targets. As a result, AngloGold Ashanti has elected to withdraw from earning into this CJV.

#### Colombia

Regional exploration and target generation activities continued in Colombia during 2007. A conceptual economic study was also completed on the bulk-tonnage Gramalote prospect (Antioquia Department), where an Inferred Mineral Resource (100% basis) of 57.8Mt @ 1.14g/t Au (using a 0.5g/t Au cut-off) – for a total of 2.12 million ounces of gold – was delineated. The Inferred Mineral Resource for Gramalote was calculated using the assay data derived from the 13,060 metres of diamond drilling (in 43 drill holes) – plus adit sampling – completed to end-2007. On 14 February 2008, AngloGold Ashanti announced the signing of a binding agreement with B2Gold Corp, in which B2Gold will have the option to earn into 51% of the Gramalote Project. AngloGold Ashanti will be issued 25 million shares and 21.4 million warrants in B2Gold Corp in exchange for this additional interest in Gramalote and certain other mineral properties in Colombia.

Resource delineation drilling was also undertaken at AngloGold Ashanti's 100%-owned Colosa porphyry gold prospect (Tolima Department). To the end of December 2007, approximately 12,000 metres of diamond drilling (42 drill holes) had been completed at Colosa. Additional drilling and a conceptual study are currently being undertaken at Colosa. An Inferred Mineral Resource is expected to be announced during 2008.

In July 2007, Antofagasta PLC provided AngloGold Ashanti with written notification of its intention to withdraw from the La

Vega – Mocoa (Southern Colombia) joint venture. While the field programme had been successful in identifying a number of gold anomalies (all of which are currently being followed-up by AngloGold Ashanti), no significant base metal anomalies of interest to Antofagasta were identified.

Democratic Republic of Congo (DRC)

Exploration activities undertaken in the 10,000 square kilometres Concession 40 tenement (Ituri Province, north-eastern DRC) included

the advancement of resource delineation drilling on the known mineralisation at Mongbwalu; and

the start of regional target generation and evaluation activities between AngloGold Ashanti (86%) and OKIMO (14%), in which AngloGold Ashanti manages all exploration activities and OKIMO retains a free carried interest to production.

A conceptual economic study for the Mongbwalu deposit was completed by the end of 2007, and confirmed an initial open pittable Inferred Mineral Resource of 33Mt @ 2.68g/t Au (using a 0.5g/t Au cut-off) for 2.93 million ounces of gold (100% basis) at Mongbwalu. The initial resource area lies within a polygon that covers both the Adidi sector and the Socumoto sector (which is located about 1 kilometres to the south-east of the past-producing Adidi mine). The conceptual study utilised the assay data from the 88,000 metres of diamond and drilling that has been completed at Mongbwalu by AngloGold Ashanti between mid-2005 and November 2007.

High-quality airborne geophysical data (airborne magnetics, radiometrics, and electromagnetics) were acquired over approximately 2,200 square kilometres (or nearly 25%) of Concession 40, using both fixed-wing and helicopter-based platforms. Interpretation of this geophysical data, in conjunction with compilations of the known geology and available geochemical data, form the basis of the regional target generation process. Drill testing of the highest priority regional targets is expected to be undertaken during 2008.



#### Ghana

Drilling for the Obuasi Deeps project below 50 level continued with the areas below KMS and Adansi Shafts being targeted.

At Iduapriem, a total of 94 holes were drilled in Blocks 7 and 8 in an effort to upgrade the Inferred Mineral Resource to an Indicated Mineral Resource. Modelling began in the fourth quarter and results are awaited.

#### Guinea

Drilling at Siguiri in 2007 focused on infill drilling at the following deposits: Sintroko (8 kilometres south of the plant), Kintinian (4 kilometres north), Foulata (45 kilometres north west) and the spent heap leach. Mineral Resource extension drilling continued for the same deposits. Reconnaissance drilling was conducted to follow up on anomalies identified in Block 3 (35 kilometres north-east) and Block 4 (70 kilometres north-east). Surface geochemical sampling began on four new exploration licences situated to the north of the mine. An airborne electromagnetic survey was flown in the second quarter and follow up on the identified targets has started.

#### Laos

The strategic exploration alliance in Laos between AngloGold Ashanti and Oxiana Ltd expired in December 2007 and was not extended by mutual agreement.

#### Mali

At Morila, the regional drilling programme of 92 holes was completed during the first quarter and an intensive data integration and interpretation phase started. Work supported by international researchers continues in order to optimise the exploration process. During the year, two diamond holes were drilled to the west of the pit to examine the continuity of the orebody between the main deposit and Samacline. A further four diamond holes were drilled in the fourth quarter to follow up on potential extensions to mineralisation in areas identified as being prospective. Minor geochemical and pitting programmes were also conducted during the year.

At Sadiola, Phase 8 drilling, aimed at upgrading the Inferred high-grade zones of the main body and the footwall mineralisation, was completed in the second quarter. A full review of the geological model for the lease was completed and as a result two fence lines of diamond holes were drilled between the FE3 and FE4 deposits and through the FE4 deposit in order to follow up on potential mineralisation trends. Results are still awaited for this drilling. During the year Mineral Resource delineation drilling was completed at Tembali South.

At Yatela, a small satellite to the main deposit was discovered to the north-west of the main pit and the final infill drilling is currently being completed. Definition drilling of the Dinguilou oxides was completed and modelling is on going. A programme to investigate the deep sulphide breccias developed below the main deposit was started during the year and will continue

in 2008.

#### Namibia

At Navachab, drilling concentrated on areas around the main pit particularly to the north-west and the west and in the Gecko Area. Promising results were obtained from the pit area and further drilling is planned in 2008. At Gecko, the central deposit was drilled to grade control spacing in order to test the continuity of the mineralisation and further drilling was conducted on the south, north and far north extension. A stream sediment sampling programme was conducted, both on and off lease, in order to follow up on previous work and to target new areas.

#### Philippines

Work continued on finalising the joint venture agreements with the two Red 5 prospects, Mapawa and Outer Siana. The start of detailed exploration at Mapawa currently awaits granting of a Mineral Production Sharing Agreement (MPSA) by the Mines and Geosciences Bureau in Manila.

#### Russia

Significant efforts were focussed on finalising the formation of the Polymetal/AngloGold Ashanti strategic alliance. In June 2007, AngloGold Ashanti concluded the purchase of Trans-Siberian Gold's interests in the Veduga and Bogunay projects in Krasnoyarsk for a consideration of \$40 million, with the objective of contributing these assets to the new strategic alliance.

In return, Polymetal has agreed to contribute two projects to the alliance – Imitzoloto and Eniseevskaya – with a value of \$16 million and to make an initial payment of \$12 million to AngloGold Ashanti. The Russian management company for the strategic alliance, Zoloto Taigi, has now been registered. By end-2007, the joint venture team had assumed management of exploration activities in the four initial project areas (Bogunay, Anenskoye and Veduga in the Krasnoyarsk region and Aprelskovkoye in the Chita region). In addition, the joint venture

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Global exploration continued

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had successfully acquired the 390 square kilometre Sovremenie Prospect in the Krasnoyarsk region at auction.

AngloGold Ashanti continues to hold a 29.8% shareholding in Trans-Siberian Gold (TSG), whose primary asset is the near-production Asacha gold-silver project in Kamchatka.

#### South Africa

At Moab Khotsong, five surface diamond holes drilled during the year. MZA9 completed its initial deflections on the Vaal Reef and a long deflection to the east is under way. MGR7 completed its deflection programme on the Vaal Reef in the third quarter.

MMB5 continues to drill. MCY4 was reopened in the third quarter and a long deflection to the east is currently being drilled.

MCY5 was also started in the third quarter and continues to drill.

Borehole G54, at Tau Lekoa, was started in the fourth quarter and deflection drilling continues.

#### Tanzania

At Geita, drilling at various levels continued at Kukuluma/Matandani, Area 3 (south, central and west), the Lone Cone – the Nyankanga Gap and the Nyakabale-Prospect 30 area.

An intensive phase of reconnaissance drilling was completed on various parts of the mining lease and will continue into 2008.

#### United States

At Cripple Creek & Victor in Colorado, drilling of the mine life extension project area continued during the year and was concentrated on the Altman, Globe Hill, Schist Island and Control Point areas. Development drilling was focused around Cresson, South Cresson and Schist Island. A total of 94,996 metres in 452 holes were drilled.

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Mineral Resources

The 2007 Mineral Resource increased by 34.1 million ounces before the subtraction of depletion. After a depletion of 8.1 million ounces, the net increase is 26.0 million ounces to give a total mineral resource of 207.6 million ounces. Mineral Resources were estimated at a gold price of \$700/oz in contrast to the \$650/oz used in 2006. The increased gold price resulted in 17.5 million ounces being added to Mineral Resource while successful exploration and revised modelling resulted in a further increase of 14.2 million ounces. The remaining change of 2.5 million ounces is the result of various other reasons.

Mineral Resources and Ore Reserves

as at 31 December 2007

Mineral Resources

Moz

December 2006

181.6

Reductions

Geita

Increase in cost (1.6Moz) and revision to estimation methodology (0.6Moz)

(2.3)

TauTona

Transfer of the shaft pillar Mineral Resource to Mponeng

(2.3)

Great Noligwa

Transfer of the shaft pillar Mineral Resource to Moab Khotsong

(1.8)

Kopanang

Decrease in grade as a result of the modelling of new sampling and drilling information

(1.6)

Sadiola

Increase in costs (0.6Moz) and revisions to methodology (0.1Moz)

(1.0)

Other

Total of non-significant changes

(2.3)

Additions

Gramalote

Successful greenfields exploration

1.6

Moab Khotsong

Transfers in from Great Noligwa and improved economics

2.3

Mongbwalu

Successful greenfields exploration

2.5

Tropicana

Successful greenfields exploration

2.8

Obuasi

Exploration below 50 level (1.3Moz) and completion of additional Mineral Resource modelling above 50 level

4.0

Cripple Creek & Victor

Primarily revisions to the methodology with contributions from improved economics and exploration

4.7

Mponeng

Improvement in economics increased the Ventersdorp Contact Reef Mineral Resource to the west, the Carbon Leader Reef down to 4,300mbd was included on the back of a technical and economic study, material was transferred in from TauTona and revised modelling of the Carbon Leader Reef

17.1

Other

Total of non-significant changes

2.3

December 2007

207.6

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

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Ore Reserves

Moz

December 2006

66.9

Reductions

Geita

Reconciliation factors (0.8Moz), flattening of slopes (0.5Moz), modelling revisions (0.2Moz) and costs (0.1Moz)

(2.0)

Sadiola

Impact of economic factors on deep sulphides and stockpiles

(1.3)

Kopanang

Drop in face value owing to the modelling of new drilling and sampling information

(0.5)

Other

Total of non-significant changes

(1.7)

Additions

Iduapriem

Purchase of an additional 15% of the operation from the Ghanaian government and the IFC, to bring ownership to 100%

0.2

Savuka

Improved economic factors increase the life of mine

0.5

Navachab

Improved economics have brought in an additional push-back to the west of the main pit

0.8

Siguiri

Two new deposits (Kintinian and the spent heap) were proved up by drilling

0.8

Cripple Creek & Victor

Extension to mine life

1.0

Boddington

The upgrade of the inferred Mineral Resource within the pit shell based on drilling

1.0

Mponeng

The inclusion of the Carbon Leader Reef Project below 120 level

3.4

Moab Khotsong

The inclusion of Project Zaaipplaats – a deepening of Moab Khotsong to access deeper Vaal Reef blocks to the south-west of the current mine

3.8

Other

Total of non-significant changes

0.3

December 2007

73.1

#### Ore Reserves

The 2007 Ore Reserve increased by 13.0 million ounces before the subtraction of depletion. After a depletion of 6.8 million ounces, the net increase is 6.2 million ounces to give a total Ore Reserve of 73.1 million ounces.

A gold price of \$600/oz was used for Ore Reserve estimates in contrast to the \$550/oz used in 2006. The change in economic assumptions made from 2006 to 2007 resulted in the Ore Reserve increasing by 6.2 million ounces while exploration and modelling resulted in an additional increase of 6.7 million ounces.

Mineral Resources and Ore Reserves continued

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By-products

Several by-products are recovered as a result of the processing of gold Ore Reserves.

These include 19.5 thousand tonnes of uranium from the South African operations, 0.23 million tonnes of copper from Australia, 0.47 million tonnes of sulphur from Brazil and 31.0 million ounces of silver from Argentina. Details of by-product Mineral Resources and Ore Reserves are given in the supplementary statistics document which is available on the corporate website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com).

Audit of 2006 Mineral Resource and Ore Reserve statement

During the course of the year, the AngloGold Ashanti 2006 mineral resources and ore reserves for the following operations were submitted for external audit:

Mponeng

Geita

Obuasi

Morila

Sadiola

Yatela

Cuiabá

Cripple Creek & Victor

The company has been informed that the audit identified no material shortcomings in the process by which AngloGold Ashanti's Ore Reserves and Mineral Resources were evaluated. During 2007, it was resolved to audit Mineral Resources and Ore Reserves prior to publication. As a result the 2007 Mineral Resources and Ore Reserves for the following operations were audited late in 2007:

Sunrise Dam

Cerro Vanguardia

Great Noligwa

Kopanang

Project Zaaiplaats (Moab deepening project)

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

Competent persons

The information in this report that relates to exploration results, Mineral Resources or Ore Reserves is based on information compiled by the competent persons listed below. They are either members of the Australian Institute of Mining and Metallurgy (AusIMM) or other recognised overseas professional organisations. They are all full-time employees of the company. The competent person for AngloGold Ashanti exploration is:



E Roth, PhD (Economic Geology), BSc (Hons) (Geology), MAusIMM, 17 years' experience.

Competent persons for AngloGold Ashanti's Mineral Resources are:

VA Chamberlain, MSc (Mining Engineering), BSc (Hons) (Geology), MAusIMM, 22 years' experience.

MF O'Brien, MSc (Mining Economics), BSc (Hons) (Geology), Dip Data, Pr.Sci.Nat., MAusIMM, 28 years' experience.

Competent persons for AngloGold Ashanti's Ore Reserves are:

CE Brechtel, MSc (Mining Engineering), MAusIMM, 32 years' experience.

DL Worrall, ACSM, MAusIMM, 27 years' experience.

J van Zyl Visser, MSc (Mining Engineering), BSc (Mineral Resource Management), PLATO, 21 years' experience.

The competent persons consent to the inclusion of the Exploration, Mineral Resources and Ore Reserves information in this report, in the form and context in which it appears.

Notes

A detailed breakdown of the Mineral Resources and Ore Reserves is provided in the report entitled, Supplementary Information: Mineral Reserves and Ore Reserves, which is available in the annual report section of the AngloGold Ashanti website ([www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com)) and may be downloaded as a PDF file using Adobe Acrobat Reader. This information is also available on request from the AngloGold Ashanti offices at the addresses given at the back of this report.

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Ore Reserves by country

Metric

Imperial

Contained

Contained

Resource

Tonnes

Grade

gold

Tons

Grade

gold

as at 31 December 2007

category

million

(g/t)

tonnes

million

(oz/t)

million oz

South Africa

Proved

21.5

7.58

162.8

23.7

0.221

5.233

Probable

216.4

4.12

891.2

238.6

0.120

28.652

Total

237.9

4.43

1,054.0

262.3

0.129

33.886

Argentina

Proved

1.0

6.08

6.3

1.2

0.177

0.204

Probable  
7.9  
6.58  
52.1  
8.7  
0.192  
1.674  
Total  
9.0  
6.52  
58.4  
9.9  
0.190  
1.879  
Australia  
Proved  
68.6  
1.14  
78.5  
75.7  
0.033  
2.524  
Probable  
164.8  
0.88  
144.7  
181.7  
0.026  
4.653  
Total  
233.4  
0.96  
223.2  
257.3  
0.028  
7.176  
Brazil  
Proved  
8.9  
6.75  
60.1  
9.8  
0.197  
1.934  
Probable  
4.9  
5.99  
29.1  
5.4  
0.175  
0.937

Total

13.8

6.48

89.3

15.2

0.189

2.870

Ghana

Proved

68.8

2.96

203.7

75.8

0.086

6.550

Probable

28.3

4.62

130.5

31.2

0.135

4.197

Total

97.0

3.44

334.3

107.0

0.100

10.747

Guinea

Proved

21.3

0.59

12.6

23.5

0.017

0.405

Probable

89.6

0.77

69.2

98.7

0.023

2.225

Total

110.9

0.74

81.8

122.2

0.022

2.629

Mali  
Proved  
9.0  
2.18  
19.7  
10.0  
0.064  
0.634  
Probable  
7.1  
2.57  
18.3  
7.9  
0.075  
0.590  
Total  
16.2  
2.35  
38.1  
17.8  
0.069  
1.224  
Namibia  
Proved  
5.8  
1.00  
5.8  
6.4  
0.029  
0.186  
Probable  
27.3  
1.46  
39.9  
30.1  
0.043  
1.281  
Total  
33.1  
1.38  
45.6  
36.5  
0.040  
1.467  
Tanzania  
Proved  
5.6  
1.01  
5.7  
6.2  
0.030

0.183  
Probable  
62.4  
3.14  
195.9  
68.7  
0.092  
6.298  
Total  
68.0  
2.96  
201.6  
74.9  
0.086  
6.481  
United States  
Proved  
107.9  
0.96  
103.8  
118.9  
0.028  
3.339  
Probable  
47.6  
0.92  
44.0  
52.5  
0.027  
1.414  
Total  
155.5  
0.95  
147.8  
171.5  
0.028  
4.753  
Total  
Proved  
318.5  
2.07  
659.1  
351.0  
0.060  
21.191  
Probable  
656.3  
2.46  
1,614.9  
723.4  
0.072

51.921  
Total  
974.7  
2.33  
2,274.0  
1,074.4  
0.068  
73.112

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Annual Financial Statements 2007

Mineral Resources by country

Metric

Imperial

Contained

Contained

Resource

Tonnes

Grade

gold

Tons

Grade

gold

as at 31 December 2007

category

million

(g/t)

tonnes

million

(oz/t)

million oz

South Africa

Measured

28.0

13.98

391.9

30.9

0.408

12.601

Indicated

747.1

3.01

2251.1

823.5

0.088

72.373

Inferred

37.7

10.92

411.8

41.6

0.319

13.239

Total

812.8

3.76

3,054.8

896.0

0.110

98.214



Argentina  
Measured  
11.1  
1.71  
18.9  
12.2  
0.050  
0.607  
Indicated  
21.1  
3.73  
78.8  
23.3  
0.109  
2.533  
Inferred  
2.9  
3.85  
11.2  
3.2  
0.112  
0.359  
Total  
35.1  
3.10  
108.8  
38.7  
0.090  
3.499  
Australia  
Measured  
86.1  
1.01  
87.1  
94.9  
0.030  
2.801  
Indicated  
315.9  
0.87  
273.4  
348.3  
0.025  
8.789  
Inferred  
153.4  
0.93  
143.2  
169.1  
0.027  
4.605

Total

555.5

0.91

503.7

612.3

0.026

16.194

Brazil

Measured

12.5

7.48

93.1

13.7

0.218

2.993

Indicated

13.2

6.32

83.3

14.5

0.184

2.679

Inferred

27.4

6.98

191.3

30.2

0.204

6.150

Total

53.0

6.94

367.7

58.4

0.202

11.823

Colombia

Measured

—

—

—

—

—

—

Indicated

—

—

—

—

—

—

Inferred

43.4

1.14

49.5

47.8

0.033

1.591

Total

43.4

1.14

49.5

47.8

0.033

1.591

Democratic Republic

Measured

—

—

—

—

—

—

of Congo

Indicated

—

—

—

—

—

Inferred

29.2

2.68

78.5

32.2

0.078

2.523

Total

29.2

2.68

78.5

32.2

0.078

2.523

Ghana

Measured

95.3

5.18

493.7

105.0

0.151

15.872  
Indicated  
82.4  
3.91  
322.4  
90.8  
0.114  
10.366  
Inferred  
45.3  
7.34  
332.6  
49.9  
0.214  
10.693  
Total  
222.9  
5.15  
1,148.7  
245.7  
0.150  
36.930  
Guinea  
Measured  
38.7  
0.72  
27.7  
42.7  
0.021  
0.891  
Indicated  
92.7  
0.78  
72.5  
102.1  
0.023  
2.330  
Inferred  
58.1  
0.92  
53.6  
64.1  
0.027  
1.724  
Total  
189.5  
0.81  
153.8  
208.9  
0.024  
4.945

Mali  
Measured  
16.5  
1.66  
27.4  
18.2  
0.048  
0.882  
Indicated  
16.2  
3.09  
50.0  
17.8  
0.090  
1.607  
Inferred  
6.1  
2.36  
14.3  
6.7  
0.069  
0.461  
Total  
38.8  
2.37  
91.7  
42.7  
0.069  
2.950  
Namibia  
Measured  
11.7  
0.79  
9.2  
12.8  
0.023  
0.297  
Indicated  
59.3  
1.31  
77.5  
65.3  
0.038  
2.490  
Inferred  
45.2  
1.12  
50.9  
49.9  
0.033  
1.636

Total

116.2

1.18

137.6

128.1

0.035

4.423

Tanzania

Measured

6.3

1.20

7.6

7.0

0.035

0.243

Indicated

84.4

3.72

314.1

93.1

0.109

10.097

Inferred

18.6

3.54

65.8

20.5

0.103

2.114

Total

109.3

3.54

387.4

120.5

0.103

12.454

United States

Measured

250.1

0.81

203.3

275.7

0.024

6.537

Indicated

173.5

0.73

126.1

191.2

0.021

4.054

Inferred

70.6

0.65

45.9

77.8

0.019

1.477

Total

494.1

0.76

375.4

544.7

0.022

12.068

Total

Measured

556.3

2.44

1,360.0

613.2

0.071

43.724

Indicated

1,605.7

2.27

3,649.0

1,770.0

0.066

117.319

Inferred

537.9

2.69

1,448.6

592.9

0.079

46.573

Total

2,699.9

2.39

6,457.5

2,976.1

0.070

207.615

Mineral Resources and Ore Reserves continued

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Mineral Resources by country (attributable) exclusive of Ore Reserves

Metric

Imperial

Contained

Contained

Resource

Tonnes

Grade

gold

Tons

Grade

gold

as at 31 December 2007

category

million

(g/t)

tonnes

million

(oz/t)

million oz

South Africa

Measured

12.2

13.84

168.8

13.4

0.404

5.427

Indicated

561.3

1.99

1,115.9

618.7

0.058

35.879

Inferred

37.7

10.92

411.8

41.6

0.319

13.239

Total

611.2

2.78

1,696.5

673.7

0.081

54.545

Argentina



Measured

—  
—  
—  
—  
—  
—

Indicated

—  
—  
—  
—  
—  
—

Inferred

—  
—  
—  
—  
—  
—

Total

—  
—  
—  
—  
—  
—

Australia  
Measured

17.5  
1.40  
24.5  
19.3  
0.041  
0.788

Indicated

151.2  
0.85  
128.4  
166.7  
0.025  
4.127

Inferred

153.4  
0.93  
143.2  
169.1  
0.027  
4.605

Total

322.1

0.92

296.1

355.1

0.027

9.520

Brazil

Measured

2.8

7.79

22.0

3.1

0.227

0.707

Indicated

6.9

6.46

44.5

7.6

0.188

1.431

Inferred

23.3

5.74

133.6

25.6

0.167

4.296

Total

33.0

6.07

200.1

36.4

0.177

6.433

Colombia

Measured

—

—

—

—

—

—

Indicated

—

—

—

—

—

Inferred

-  
-  
-  
-  
-  
-  
Total  
-  
-  
-  
-  
-  
-  
Democratic Republic  
Measured  
-  
-  
-  
-  
-  
-  
of Congo  
Indicated  
-  
-  
-  
-  
-  
Inferred  
29.2  
2.68  
78.5  
32.2  
0.078  
2.523  
Total  
29.2  
2.68  
78.5  
32.2  
0.078  
2.523  
Ghana  
Measured  
27.9  
8.65  
241.7  
30.8  
0.252  
7.772

Indicated

53.9

3.38

182.5

59.5

0.099

5.869

Inferred

34.9

6.63

231.5

38.5

0.193

7.442

Total

116.8

5.62

655.7

128.7

0.164

21.083

Guinea

Measured

1.0

0.71

0.7

1.1

0.021

0.022

Indicated

18.7

0.93

17.4

20.7

0.027

0.559

Inferred

57.7

0.92

53.2

63.6

0.027

1.710

Total

77.4

0.92

71.3

85.3

0.027

2.292

Mali

Measured

5.1  
0.88  
4.5  
5.6  
0.026  
0.145

Indicated

10.7  
2.96  
31.5  
11.7  
0.086  
1.013

Inferred

5.7  
2.31  
13.2  
6.3  
0.067  
0.423

Total

21.5  
2.29  
49.2  
23.7  
0.067  
1.581

Namibia

Measured

5.9  
0.58  
3.4  
6.5  
0.017  
0.111

Indicated

32.0  
1.18  
37.6  
35.2  
0.034  
1.209

Inferred

45.2  
1.12  
50.9  
49.9  
0.033  
1.636

Total

83.1  
1.11  
91.9  
91.6  
0.032  
2.956  
Tanzania  
Measured  
—  
—  
—  
—  
—  
—  
Indicated  
30.1  
3.70  
111.4  
33.2  
0.108  
3.580  
Inferred  
18.6  
3.54  
65.8  
20.5  
0.103  
2.114  
Total  
48.6  
3.64  
177.1  
53.6  
0.106  
5.694  
United States  
Measured  
180.7  
0.80  
143.6  
199.1  
0.023  
4.618  
Indicated  
146.4  
0.71  
103.6  
161.3  
0.021  
3.332  
Inferred

70.6  
0.65  
45.9  
77.8  
0.019  
1.477  
Total  
397.6  
0.74  
293.2  
438.2  
0.022  
9.428  
Total  
Measured  
253.1  
2.41  
609.3  
279.0  
0.070  
19.590  
Indicated  
1,011.1  
1.75  
1,772.9  
1,114.6  
0.051  
56.999  
Inferred  
476.3  
2.58  
1,227.5  
525.0  
0.075  
39.465  
Total  
1,740.5  
2.07  
3,609.7  
1,918.5  
0.060  
116.054

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Annual Financial Statements 2007

Corporate governance reference checklist

Key category

Key indicator

Key information

Reference/Additional information

Board

Chairman

Mr Russell Edey

Independent director and chairman.

leadership

Appointed: May 2002

The chairman does not serve as chairman of any other public listed company on the JSE.

Deputy chairman

Dr James Motlatsi

Independent director and deputy chairman.

Appointed: May 2002

Board of

Independent non-

Mr Frank Arisman

All independent non-executive directors of directors

executive directors

Appointed: 1 April 1998

the board are independent in terms of the Listings

Requirements of the JSE.

Mr Reginald Bannerman

Appointed: 10 February 2006

Mrs Elisabeth Bradley

Appointed: 24 April 1998

Mr Russell Edey

Appointed: 1 April 1998

Mr Joseph Mensah

Appointed: 4 August 2006

Dr James Motlatsi

Appointed: 1 April 1998

Prof Wiseman Nkuhlu

Appointed: 4 August 2006

Mr Siphon Pityana

Appointed: 13 February 2007

Non-independent

Mr Bill Nairn

Following their departure from Anglo American plc, non-executive

Appointed: 1 January 2000

Messrs Bill Nairn and Simon Thompson, were directors

requested to remain on the AngloGold Ashanti

Mr Simon Thompson



board, which request they duly accepted. Their

Appointed: 30 April 2004

independence will be determined after a three-year cooling-off period.

Executive directors

Mr Mark Cutifani (CEO)

During 2007 the following executive directors

Appointed to board:

resigned or retired from the board and the

17 September 2007

company:

Appointed CEO: 1 October 2007

Mr Roberto Carvalho Silva (COO)

Appointed: 1 May 2005

Mr Srinivasan Venkatakrishnan (CFO)

Resigned: 30 September 2007

Appointed: 1 August 2005

Number of years on the board: 2

Mr Neville Nicolau (COO)

Appointed: 1 May 2005

Resigned: 12 November 2007

Number of years on the board: 2

Mr Bobby Godsell (CEO)

Retired from the board during 2007

Appointed: 1 April 1998

Retired: 30 September 2007

Number of years on the board: 9

Corporate governance

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Corporate governance reference checklist

Key category

Key indicator

Key information

Reference/Additional information

Board of

Appointment and

Directors retire by rotation every

The following directors were re-elected or  
directors

retirement of

three years.

elected at the annual general meeting on  
directors

4 May 2007:

Mr FB Arisman

Mr RE Bannerman

Mr JH Mensah

Mr WA Nairn

Prof WL Nkuhlu

Mr SM Pityana

Mr SR Thompson

The board has the power to appoint

The following director has been appointed by

new directors but such directors must

the board since the last annual general meeting

resign and stand for election at the next and will consequently resign and stand for

annual general meeting following their

election at the annual general meeting

appointment by the board.

on 2 May 2008:

Mr Mark Cutifani (CEO)

All appointments to the board are

reviewed by the Nominations

The following directors will stand for re-election

Committee.

at the annual general meeting on 2 May 2008:

Dr James Motlatsi

A detailed curriculum vitae of each

Mr Bill Nairn

director who stands for election or

Mr Siphon Pityana

re-election is provided to shareholders

prior to the annual general meeting.

Mrs Elisabeth Bradley who retires by rotation

No mandatory retirement age for

has not made herself available for re-election.

non-executive directors.

Mr Colin Brayshaw retired from the board

on 5 May 2007.

Mr Tony Trahar retired from the board on 5 May 2007 and was replaced by Mrs Cynthia Carroll on 5 May 2007.

Mrs Carroll, together with Mr René Médori, subsequently resigned on 9 October 2007 when Anglo American plc reduced its shareholding in AngloGold Ashanti Limited to 16.6%.

Messrs Nairn and Thompson, previously appointed by Anglo American plc on to the board but subsequently retired and resigned, respectively from that company, were invited to remain on the board of the company and will serve in a non-executive capacity.

Dr Sam Jonah resigned from the board on 12 February 2007.

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Annual Financial Statements 2007

Corporate governance reference checklist

Key category

Key indicator

Key information

Reference/Additional information

Board

12 directors

2007: 6 board meetings.

Independent chairman and deputy

Number of board committees: 8.

chairman

One dissolved: Market Development Committee.

Eight independent non-executive

Full biographical details, including each

directors

director's qualifications and year of appointment

Two executive directors

to the board, are available in the directors and

Two non-executive directors

executive management section on

(non-independent)

pages 16 to 19.

The Board Charter sets out the powers,

responsibilities, functions, delegation

of authority, and the areas of authority

expressly reserved for the board

Approved by the board 30 July 2003;

amended 27 October 2004

Board

Audit and

Members:

Fully independent committee in terms of JSE's

Committees

Corporate

Prof Wiseman Nkuhlu (Chairman)

Listings Requirements and the United States'

Governance

Mr Frank Arisman

Sarbanes-Oxley Act.

Committee

Mr Joseph Mensah

See page 122 for details on the committee.

Mrs Elisabeth Bradley

Appointments during 2007:

Mr Russell Edey

Prof Wiseman Nkuhlu was appointed as

chairman of the committee.

Retirements/resignations during 2007:

Colin Brayshaw.

Financial expert for purposes of the  
Sarbanes-Oxley Act: Wiseman Nkuhlu.

2007: 5 committee meetings.

Employment Equity

Members:

Independent chairman.

and Development

Dr James Motlatsi (Chairman)

See page 124 for details on the committee.

Committee

Mr Frank Arisman

2007: 4 committee meetings.

Mr Reginald Bannerman

Appointments during 2007:

Mr Mark Cutifani

Mark Cutifani and Siphon Pityana.

Mr Bill Nairn

Retirements/resignations during 2007:

Mr Siphon Pityana

Roberto Carvalho Silva, Neville Nicolau and

Bobby Godsell.

Executive

Members:

Executive Committee is chaired by the CEO and  
Committee

Mr Mark Cutifani (Chairman)

comprises executive directors, executive

Mr Srinivasan Venkatakrisnan

vice presidents of the company, vice president –

Dr Charles Carter

treasurer and vice president – compliance and

Mr Richard Duffy

corporate administration.

Mr Graham Ehm

Meetings are held at least monthly.

Mr Ron Largent

Appointments during 2007:

Mr Robbie Lazare

Mark Cutifani.

Mr Mark Lynam

Retirements/resignations during 2007:

Mr Peter Rowe

Roberto Carvalho Silva, Neville Nicolau

Mr Thero Setiloane

and Bobby Godsell.

Mrs Yedwa Simelane

Mr Nigel Unwin

Corporate governance continued

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Corporate governance reference checklist

Key category

Key indicator

Key information

Reference/Additional information

Board

Investment Members:

Independent

chairman.

committees

Committee

Mr Russell Edey (Chairman)

See page 125 for details on the committee.

(continued)

Mrs Elisabeth Bradley

2007: 3 committee meetings.

Mr Mark Cutifani

Appointments during 2007: Joseph Mensah,

Mr Joseph Mensah

Sipho Pityana and Mark Cutifani.

Mr Bill Nairn

Retirements/resignations during 2007.

Mr Sipho Pityana

Roberto Carvalho Silva, Neville Nicolau,

Mr Simon Thompson

Peter Whitcutt, Sam Jonah and Bobby Godsell.

Mr Srinivasan Venkatakrisnan

Market Members:

Independent

chairman.

Development

Mrs Elisabeth Bradley (Chairman)

See page 125 below for details on the committee.

Committee

Mr Frank Arisman

2007: 1 committee meeting.

Mr Mark Cutifani

Retirements/resignations during 2007:

Roberto Carvalho Silva, Sam Jonah and

Dr James Motlatsi

Bobby Godsell.

Mr Sipho Pityana

At the October 2007 meeting of the board, the

decision was taken to dissolve this committee.

Nominations

Members:

Majority independent in terms of the JSE Listings

Committee

Mr Russell Edey (Chairman)

Requirements.

Mr Frank Arisman

See page 126 for details on the committee.

Mr Reginald Bannerman

2007: 3 committee meetings.

Mrs Elisabeth Bradley

Appointments during 2007: Cynthia Carroll and

Dr James Motlatsi

Wiseman Nkuhlu.

Mr Bill Nairn

Retirements/resignations during 2007:

Prof Wiseman Nkuhlu

Colin Brayshaw, Tony Trahar and Cynthia Carroll.

Mr Simon Thompson

Political

Members:

Fully independent committee.

Donations

Dr James Motlatsi (Chairman)

Policy on political donations\*.

Committee

Mrs Elisabeth Bradley

See page 126 for details on the committee.

Prof Wiseman Nkuhlu

2007: No meetings.

Mr Siphon Pityana

Retirements/resignations during 2007:

Colin Brayshaw.

Remuneration

Members:

Independent chairman.

Committee\*

Mr Russell Edey (Chairman)

Fully independent.

Mr Reginald Bannerman

See page 127 for details on the committee.

Prof Wiseman Nkuhlu

2007: 4 committee meetings.

Mr Frank Arisman

Appointments during 2007: Siphon Pityana,

Frank Arisman, Wiseman Nkuhlu and James

Mr Siphon Pityana

Motlatsi.

Dr James Motlatsi

Retirements/resignations during 2007:

Colin Brayshaw and Tony Trahar.

Safety, Health

Members:

Non-executive chairman.

and Sustainable

Mr Bill Nairn (Chairman)

See page 128 for details on the committee.

Development

Mr Siphon Pityana

2007: 5 committee meetings.

Committee

(Deputy Chairman)

Appointments during 2007: Mark Cutifani, Joseph

Mensah and Siphon Pityana.

Mr Mark Cutifani

Retirements/resignations during 2007: Sam

Mr Joseph Mensah

Jonah, Neville Nicolau and Bobby Godsell.

Dr James Motlatsi

Mr Simon Thompson

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Key indicator

Key information

Reference/Additional information

Independent

chairman.

Mr Russell Edey (Chairman)

See page 125 for details on the committee.

Mrs Elisabeth Bradley

2007: 3 committee meetings.

Mr Mark Cutifani

Appointments during 2007: Joseph Mensah,

Mr Joseph Mensah

Siphon Pityana and Mark Cutifani.

Retirements/resignations during 2007.

Roberto Carvalho Silva, Neville Nicolau,

Peter Whitcutt, Sam Jonah and Bobby Godsell.

Market Members:

Independent

chairman.

Development

Mrs Elisabeth Bradley (Chairman)

See page 125 below for details on the committee.

Committee

Mr Frank Arisman

2007: 1 committee meeting.

Mr Mark Cutifani

Dr James Motlatsi



Nominations

Members:

Majority independent in terms of the JSE Listings  
Committee

Mr Russell Edey (Chairman)

Requirements.

Mr Frank Arisman

See page 126 for details on the committee.

Mr Reginald Bannerman

2007: 3 committee meetings.

Mrs Elisabeth Bradley

Appointments during 2007: Cynthia Carroll and

Dr James Motlatsi

Wiseman Nkuhlu.

Mr Bill Nairn

Prof Wiseman Nkuhlu

Mr Simon Thompson

Political

Members:

Fully independent committee.

Donations

Dr James Motlatsi (Chairman)

Policy on political donations\*.

Committee

Mrs Elisabeth Bradley

See page 126 for details on the committee.

Prof Wiseman Nkuhlu

2007: No meetings.

Mr Siphon Pityana

Remuneration

Members:

Independent chairman.

Committee\*

Mr Russell Edey (Chairman)

Fully independent.

Mr Reginald Bannerman

See page 127 for details on the committee.

Prof Wiseman Nkuhlu

2007: 4 committee meetings.

Mr Frank Arisman

Appointments during 2007: Siphon Pityana,

Dr James Motlatsi

Mr Siphon Pityana

Members:

Non-executive chairman.

and Sustainable

Mr Bill Nairn (Chairman)

See page 128 for details on the committee.

Development

Mr Siphon Pityana

2007: 5 committee meetings.

Committee

(Deputy Chairman)

Appointments during 2007: Mark Cutifani, Joseph

Mr Mark Cutifani

Retirements/resignations during 2007: Sam

Jonah, Neville Nicolau and Bobby Godsell.

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Corporate governance reference checklist

Key category

Key indicator

Key information

Reference/Additional information

Directors'

Directors' induction

Approved by the board

No changes to the policy were made by the  
policy

policy\*

30 January 2004

board during the year.

The following directors were formally inducted  
during the year:

Reginald Bannerman

Mark Cutifani

Joseph Mensah

Sipho Pityana

Fit and proper

Approved by the board

No changes to the policy were made by the  
standards for

30 January 2004

board during the year.

directors and

The policy formed the basis for the appointment  
company

of all new directors during the year.

secretaries

policy\*

Professional advice

Approved by the board

No changes to the policy were made by the  
for directors policy\*

30 January 2004

board during the year.

Insider

Market abuse

Policy approved by the

No changes to the policy were made by the  
trading

(Insider trading)

board on 30 October

board during the year.

policy\*

2002; amended

28 April 2005

Code of

Code of ethics

Principles of Business Conduct

No changes to the policy were made by the ethics for

for employees\*

approved by the board

board during the year.

employees

30 January 2003

See page 130 for details on the code of ethics.

Code of ethics

Code of ethics for

Code approved by the board

No changes to the policy were made by the

for senior

the chief executive

30 July 2003. Amended July 2006.

board during the year.

financial

officer, principal

See page 130 for details on the code of ethics.

officers

financial officer

and senior financial

officers\*

Whistle

Confidential

Policy approved by the

No changes to the policy were made by the

blowing

reporting

board 30 January 2004

board during the year.

policy\*

See page 130 for details on the policy.

Disclosures

Disclosures

Policy approved by the Executive

No changes to the policy were made by the

policy\*

policy\*

Committee on 6 December 2004

board during the year.

See page 130 for details on the policy.

\* Group policies, committee charters, and the board charter and codes of practice are available on the company website:

[www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com) under > About > Corporate governance > Guidelines.

Corporate governance continued

## Introduction

In 2007, AngloGold Ashanti faced significant directorate changes as a result of the decision by Anglo American plc to dilute its shareholding in the company and the concomitant resignation of Anglo American plc directors from the board. In addition, the resignation of three executive directors of the company resulted in a reduced number of board members. The board now comprises a majority of eight independent directors with two executive directors and two non-executive non-independent directors.

Corporate governance is the responsibility of the board as a whole and is guided by the company's founding statements (articles of association and memorandum of association), the Board Charter, the company's legal obligations in terms of the South African Companies Act 61 of 1973, as amended, and the United States' Sarbanes-Oxley Act of 2002, the company's legal and disclosure obligations in terms of the JSE Limited (on which the company holds its primary listing) and other stock exchanges on which the company holds secondary listings, as well as various corporate governance guidelines such as the King Code II on Corporate Governance of 2002 and the Global Reporting Initiative. Various other legislation and governance standards also guide the company's legal and disclosure obligations. Day-to-day responsibility for corporate governance is overseen by management which regularly reports to the various committees of the board. The board chairman plays an active role in the corporate governance issues faced by the company through regular interaction with executive directors, senior management and other interested parties where necessary.

The JSE Listings Requirements require the company to disclose its compliance with the King Code and explain any areas of non-compliance. The King Code is a set of guidelines to companies aimed at ensuring good governance by the board and management. AngloGold Ashanti complies with all material aspects of the King Code. The areas of non-compliance and the reasons for non-compliance are as follows:

The chairman of the board is a member of the Audit and Corporate Governance Committee owing to his considerable knowledge on financial matters, risk management and corporate governance; and

In compliance with the requirements of the Sarbanes-Oxley Act, the CEO of the company is not a member of Audit and Corporate Governance Committee but attends meetings of the committee by invitation.

Significant corporate governance milestones achieved during the year were AngloGold Ashanti's:

inclusion in the JSE Sustainability Index 2007;

receipt of a merit award from the Southern African Institute of Chartered Secretaries and Administrators and JSE Annual Report Awards in the category "Top 40" JSE shares; and

receipt of a merit award from the Southern African Institute of Chartered Secretaries and Administrators and JSE Annual Report Awards in the category “Best Sustainability Report”.

The board of directors

The board has a unitary board structure and 12 members who assume complete responsibility for the activities of the company, including the entire risk management framework and corporate governance of the company. The board has a written charter that governs its powers, functions and responsibilities and covers the following pertinent areas:

Authority of the board

Directors’ appointments

Role and responsibility of the board

Procedures of the board

Board committees

Matters reserved for board decision

Management of risks

Corporate governance

Remuneration issues

Evaluation of board issues and induction of new directors

Declaration of interests

The board contains the mix of skills, experience and knowledge required of a multinational gold mining company.

Directors’ retirement follows a staggered process with one-third of directors retiring at least every three years at the annual general meeting. A curriculum vitae of each director standing for re-election is placed before shareholders at the annual general meeting to help inform the process of re-election. The board is authorised by the company’s articles of association to appoint new directors, provided such appointees retire at the next annual general meeting and stand for election by shareholders. A Nominations Committee has been established as a sub-committee of the board to help identify suitable candidates for appointment to the board.

Executive directors are appointed by the board to oversee the day-to-day running of the company by the effective supervision

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Corporate governance continued

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of management. Executive directors are held accountable by regular reporting to the board, and their performance is measured against pre-determined criteria as well as the performance of their respective business units.

Only executive directors have contracts of employment with the company. There are no contracts of service between the directors and the company, or any of its subsidiaries that are terminable at periods of notice exceeding one year or that require payment of compensation on termination.

Non-executive directors do not hold service contracts with the company. Details on the remuneration of executive and non-executive directors are presented in the Remuneration Report on pages 165 to 167.

Non-executive directors provide the board with invaluable and balanced advice and experience that is independent of management and the executive. The presence of independent directors on the board, and the critical role they play as board representatives on key committees such as the Audit and Corporate Governance, Nominations, Political Donations and Remuneration committees, together with their calibre, experience and standing within the community, ensures that the company's interests are served by impartial views that are separate from those of management and shareholders.

In terms of board policy, a director will qualify as being independent provided AngloGold Ashanti has not, over the preceding year, done business in excess of \$10 million or 5% of the company's treasury business with the employer of that director. Furthermore, in compliance with JSE Listings Requirements, an independent director must not be a representative of a shareholder who has the ability to control or materially influence management and/or the board; must not have been employed by the company or be the spouse of a person employed by the company in an executive role in the past three years; must not have been an adviser to the company other than in the capacity as a director of the company; must not be a material supplier, customer or have a material contractual relationship with the company; and must be free of any relationship

that could be seen to materially interfere with the independence of that person. The board has affirmatively determined that all eight independent non-executive directors comply with these requirements of independence.

The board, its sub-committees, and the directors all completed an annual evaluation process to review their effectiveness. The chairman of each committee and the chairman of the board led the processes to evaluate the committees and the board respectively. Each non-executive director completed a self-assessment which was then reviewed by the chairman of the board, and where necessary a meeting was held between that director and chairman. There was a separate review of the chairman's performance led by the deputy chairman of the board whereby each director evaluated his performance during the year. The vice-president – compliance and corporate administration, company secretary and compliance manager played a critical role in this process.

The performance evaluation of executive directors is conducted by the Remuneration Committee. For full details, see Remuneration Committee on page 127.

As an example of the content of an appraisal form, the board effectiveness evaluation covered the following topics:

Setting of performance objectives

Board contribution to development of strategy

Board response to crisis

Board awareness of developments in regulatory environment and market

Effectiveness of board committees

Evaluation of the relationship between the board and management, shareholders and among members of the board itself

Succession plans for senior executive management

Definition of independent directors

Corporate governance and legal issues facing the board/company

A vice-president – compliance and corporate administration and the company secretary have been appointed to assist the board in its deliberations, informing members of their legal duties and ensuring, together with the executive directors and senior management, that its resolutions are carried out. Together with the investor relations department, the company secretarial function also provides a direct communications link with investors and liaises with the company's share registrars on all issues affecting shareholders. The company secretarial function, in consultation with other departments, furthermore, provides mandatory information required by various regulatory bodies and stock exchanges on which the company is listed.

The vice president – compliance and corporate administration and the company secretary are responsible for compliance with all the statutory requirements related to the administration of the Share Incentive Scheme. They also ensure that minutes of all shareholders, board and board committee meetings are properly recorded in accordance with the South African Companies Act 61 of 1973 as amended. The company secretarial and compliance functions also play a crucial role in the induction of new directors.

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A compliance office has been established to assist the board and management to determine their statutory duties, ensure legal compliance and advise on issues of corporate governance.

All members of the board have access to management and the records of the company, as well as to external professional advisers should the need arise.

Six board meetings took place during the course of 2007. All directors, or their designated alternates, attended the board meetings during their tenure except for Mrs Carroll and Mr Médori who did not attend three meetings each, Dr Motlatsi and Mr Mensah who did not attend two meetings each, and Messrs Bannerman, Godsell, Nairn, Pityana, Thompson, Trahar, Prof Nkuhlu, Dr Jonah and Mrs Bradley who were each unable to attend one meeting. Directors and employees of AngloGold Ashanti with access to price sensitive information are not permitted to trade in the company's shares during closed periods. In addition, they are prohibited from dealing in warrants and derivatives of the company at any time. Directors and key employees are required to follow a formal process before trading in the company's shares. Closed periods are in effect from the end of the reporting period to and including the date of publication of the quarterly, half-yearly and year-end results. Where appropriate, a closed period is also effective during periods when major transactions are being negotiated and a public announcement is imminent.

*Significant corporate governance issues faced by the board in 2007*

The company looks back proudly at its history as part of Anglo American and looks forward to a future that is rich with promise and prospect. The company views the reduction of Anglo American's shareholding in it as a positive move that enables it to make its strategic choices more freely in a dynamic business environment.

The increase in the free float of its shares up to 83% reflects the company's ability to be independent in determining its strategy and developmental focus, enhancing its own competitiveness and in empowering shareholders by negating the effect of having a majority shareholder and increasing the company's liquidity.

The board's previous composition, which at one stage numbered 19 directors, was clearly too large. There is now a smaller, more focused group, with the right credentials in terms of skills, experience, knowledge and demographics which will hold the company in good stead as it charts its new strategy.

The retirement of chief executive officer, Mr Bobby Godsell, and the resignation of the two chief operating officers (COOs), Mr Roberto Carvalho Silva and Mr Neville Nicolau, required considerable deliberation by the board in order to ensure a smooth transition to their respective successors. Succession plans in the case of the two COOs ensured that the operational requirements of the company continued. In 1998, AngloGold was formed through the consolidation of the gold assets of Anglo American Corporation of South Africa into an independent, single focused gold company. Mr Bobby Godsell played a pivotal role in establishing AngloGold and overseeing its evolution as a world-class multinational gold

company with mining and exploration activities on five continents and in more than 10 countries, and the first South African company to list on the New York Stock Exchange. He also oversaw the merger with Ghanaian gold mining company Ashanti Goldfields Company Limited to form AngloGold Ashanti in 2004. His decision to retire, based on a desire to contribute to the broader South African community in a more direct and meaningful manner, was respected by the board and his significant contribution in nurturing the company through its formative years is appreciated by both staff and the board of the company.

The process for selecting a successor to Mr Godsell was led by the board chairman in consultation with the board as a whole and in particular with the Nominations and Remuneration committees of the board. The search for an experienced and qualified mining and business leader considered candidates both internally and externally. The decision to appoint an external candidate, Mr Mark Cutifani, a mining engineer by training, as the new CEO was based on the need to bring in new and fresh ideas to guide the company's strategic future. In particular, Mr Cutifani's impressive career and experience in both the operational and financial aspects of the mining industry were regarded by the board as key features in its decision to appoint him as chief executive officer. Highlights of Mr Cutifani's career include:

Chief operating officer – CVRD INCO (Toronto, Ontario)

Chief operating officer – INCO Ltd (Toronto, Ontario)

Managing director – Sons of Gwalia Ltd (West Perth, Australia)

Group executive, mining and development – Normandy Mining Ltd (Adelaide, Australia)

Group manager, project management – Western Mining Corporation Ltd

Manager, coal – Rio Tinto Ltd

Mr Cutifani is leading a strategic review of the company's safety performance, its vision, mission and values, and the make-up of its operation and exploration profiles. This review will be completed and implemented during 2008.

The Public Investment Corporation (PIC), which is the company's third largest shareholder and invests South African public workers' pension funds, released its policy on corporate governance. The board welcomes such initiatives and applauds the transparency and engagement provided by the PIC. Many of the standards adopted in the policy already form part of the company's practices but some standards will require review and deliberation by the board.

Board sub-committees

To facilitate its activities and deliberations, the board has established a number of sub-committees, comprising members of the board, with written terms of reference governing the powers, functions and activities of these sub-committees. At the October 2007 meeting of the board, a decision was taken to dissolve the Market Development Committee as its mandate can be met at management level. There are now eight committees of the board including the Executive Management Committee.

Members of board committees have access to management and the records of the company, as well as to external professional advisers should the need arise. A description of each sub-committee is provided below.

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Corporate governance continued

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*Audit and Corporate Governance Committee*

The Audit and Corporate Governance Committee, including its chairman, comprises only independent non-executive directors, in compliance with the Sarbanes-Oxley Act. The Sarbanes-Oxley Act requires the board to identify a financial expert from within its ranks. The board has resolved that the committee's chairman, Prof Wiseman Nkuhlu is the board's financial expert. All five members of the committee have considerable financial knowledge and experience to help oversee and guide the board and the company in respect of the audit and corporate governance disciplines. In relation to independent directors' membership of the committee, AngloGold Ashanti deviates from the guidelines of the King Code but complies with the requirements of the Sarbanes-Oxley Act as the chief executive officer is not a member of the committee but, if required, may attend by invitation from the chairman of the committee. In addition, AngloGold Ashanti deviates from the guidelines of the King Code, in that the board chairman is a member of the committee. The board considers that the board chairman possesses invaluable experience and knowledge warranting his membership of the committee.

The group internal audit manager has unrestricted access to both the chief executive officer and the chief financial officer, the board chairman and the chairman of this committee, and is invited to attend and report on his department's activities at all committee meetings. The board is confident that the unfettered access of the group internal audit manager to key board members, and the direct and regular reporting to the committee, together with his calibre, experience and integrity, enable him to discharge his duties as required by law and in fulfilment of his obligations to the company. The function, duties and powers of internal audit, for which the group internal audit manager is responsible, are governed by a formal internal audit charter that has been approved by the committee. In addition, the group internal audit manager meets with committee members in the absence of management.

The committee meets regularly with the external audit partner, the group's internal audit manager and the chief financial officer to review the audit plans of the internal and external auditors and ascertain the scope of the audits, and to review the quarterly financial results, significant legal matters affecting the company, the preliminary announcement of the annual results and the annual financial statements, as well as all statutory submissions of a financial nature, prior to approval by the board.

The committee is furthermore responsible for:

the appointment and dismissal of the external auditors; determining and approving external auditors' fees; overseeing the work of the external auditors; determining all non-audit work of the external auditors including consulting work, and pre-approving non-audit fees to be paid to the external auditors; and ensuring that the external auditors report regularly to the committee. The non-audit activities performed by the external auditors during the year were in respect of:

- tax services;
- training services; and
- communications and advisory services regarding annual comment letter received from the US SEC.

total fees expensed to the external auditors for such activities were less than \$1 million while total fees expensed for 2007 were approximately \$7 million. The percentage of non-audit fees as a portion of total fees paid to the external auditors for 2007 was about 14%;

overseeing the internal audit function; receiving regular report back from the group internal audit manager; and the appointment and dismissal of the group internal audit manager; assessing and reviewing the company's risk management framework; and monitoring the group's corporate governance practices in relation to regulatory requirements and guidelines.

The external auditors also meet with committee members in the absence of management. The Audit and Corporate Governance Committee, after due consideration, is satisfied that the external auditor is independent of the company and was so during the financial period under review to and including the date of this report.

The committee met on five occasions during 2007. All members of the committee, except Mrs Bradley who could not attend two meetings, were present at each of the committee meetings for which they were eligible to attend. In addition, three meetings of the Audit and Corporate Governance sub-committee were held to approve the annual report on Form 20-F and other US GAAP filings with the United States' Securities and Exchange Commission (SEC).

The NYSE listing rules require that the board determine whether a member of the committee's simultaneous service on the audit committees of more than three public companies impairs the ability of such a member to effectively serve on a listed company's audit committee. Professor Nkuhlu, the chairman of the committee, is a member of two (2006: two) other public companies' audit committees but is the chairman of none of these committees (2006: nil). Mrs Bradley is a member of three (2006: three) other public companies' audit committees and is the chairman of one (2006: one).

Prof Nkuhlu is a qualified chartered accountant with considerable experience in both accounting and auditing and is a past president of the South African Institute of Chartered Accountants. Mrs Bradley has considerable financial and accounting experience. The board is confident that the experience, calibre and integrity of both directors and active contribution at meetings of the committee and the board, demonstrate their commitment to the company. The simultaneous

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service on other audit committees by Prof Nkuhlu and Mrs Bradley has not impaired their ability to diligently execute their responsibilities to the committee and the board of AngloGold Ashanti. The members of the Audit and Corporate Governance Committee were all re-appointed to serve as members of the committee by the board and to hold office for the next financial year.

*Employment Equity and Development Committee*

The committee is responsible for overseeing the company's performance in respect of employment equity, transformation and staff development by taking into account the legal requirements of applicable legislation and the monitoring of targets set by the company. The committee is also responsible for employee skills development in a manner that seeks to retain and develop talent, and to provide employees with the opportunity to enhance their skills and knowledge. The committee met on four occasions during 2007. Details of the company's employment equity practices and performance during the year are provided later in this report under "Employment Equity and Development". All members of the committee attended each meeting for which they were eligible, except Mr Nairn who was unable to attend one meeting.

*Executive Committee*

This committee, chaired by Mr Cutifani, the new chief executive officer, since his appointment in October 2007, is responsible for overseeing the day-to-day management of the company's affairs and for executing the decisions of the board. The committee meets at least monthly and is actively involved in the strategic review of the company's values, safety performance, operation and exploration profiles and financial status.

The Finance Committee, which is responsible for overseeing the financial and administrative affairs of the company, is a sub-committee of the Executive Committee – see Other committees.

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*Investment Committee*

This committee is responsible for overseeing and reviewing AngloGold Ashanti's strategic investments which includes the acquisition and disposal of assets, capital expenditure and projects. The committee met on three occasions during 2007. All members who were eligible to attend meetings of the committee were present except Mrs Bradley and Messrs Pityana, Nairn and Whitcutt who were unable to attend one meeting each. Dr Jonah who was eligible to attend one meeting of the committee, prior to his resignation from the board, was unavailable for this meeting.

*Market Development Committee*

This committee was established to extend the influence of AngloGold Ashanti as a major global gold mining company in the development of a broader gold business, both nationally and internationally. The committee met on one occasion during 2007 and each member, except Dr Jonah, was present. In October 2007, the board resolved to dissolve this committee as its objectives are best met at management level.

Investment Committee: attendance at meetings by member (based on eligibility) – 2007

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*Nominations Committee*

The appointment of directors is a matter for the board as a whole but the Nominations Committee is responsible for determining and recommending suitable candidates to the board. The fit and proper standards policy for directors guides this process. The committee is also responsible for establishing and reviewing succession plans for members of the board, particularly those of the chief executive officer and board chairman. The committee, chaired by the board chairman, was actively involved in the selection and recruitment of the company's new CEO and for recommending him for approval to the board. The committee met on three occasions during 2007. All members of the committee who were eligible to be present attended the meetings.

*Political Donations Committee*

The membership of the Political Donations Committee comprises the South African resident independent non-executive directors, and is chaired by the deputy chairman of the board. The committee determines the funding of political parties in South Africa in accordance with a formal policy adopted by the board on 29 April 2003 that sets the guiding principles for funding. No meetings of the committee took place in 2007. Prof Nkuhlu and Mr Pityana were appointed by the board as additional members to this committee during the year.

*Remuneration Committee*

The Remuneration Committee is responsible for evaluating the performance of executive directors and executive management, and for setting appropriate remuneration for such officers of the company. Full details of the company's remuneration philosophy, the committee's deliberations during 2007, remuneration payments for all directors and information on the Share Incentive Scheme are available in the Remuneration Report on pages 162 to 169 of this report.

The performances of the executive directors are considered relative to the prevailing business climate and market conditions, as well as to annual evaluations of the achievement of key pre-determined objectives. Bonuses paid to executive directors are a reflection of the performance of each of the directors and the company as a whole. The committee, chaired by the board chairman, actively engaged and debated the issues of the retirement package of Mr Godsell and the resignation packages of Messrs Carvalho Silva and Nicolau, as well as the remuneration package of the new CEO, Mr Cutifani. Executive directors have elected to receive no remuneration as directors of the company. The fees of non-executive directors are fixed by shareholders at the annual general meeting and, other than the fees they receive for their participation on board committees and an allowance for travelling internationally to attend board meetings, non-executive directors receive no further payments from the company. The committee met on four occasions during 2007. All members of the committee attended meetings of the committee for which they were eligible to be present except Dr Motlatsi who was unable to attend one meeting. The chairman of the Remuneration Committee attends the annual general meeting to answer any questions from shareholders.

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*Safety, Health and Sustainable Development Committee*

This committee is tasked with overseeing the company's performance regarding safety, health and sustainable development, and for establishing targets in relation to each of these areas.

The committee, which comprises non-executive directors and executive management (including the chief executive officer) deliberated on the safety concerns faced by the company's South African mines in particular, and on the strategies and methodologies that will enhance the safety and security of all company employees. The committee also called on management to engage external consultants to review the effectiveness of the company's strategy and programme to improve safety and health. This review influenced AngloGold Ashanti's recently implemented "Safety is our first value" campaign.

The committee met on five occasions during 2007. All members of the committee attended each committee meeting that they were eligible to attend except for Dr Motlatsi and Mr Pityana, who were each unable to attend one meeting, and Mr Mensah, who did not attend two meetings. Dr Jonah was unable to attend the one meeting which he was entitled to attend.

*Other committees*

In addition to the committees of the board mentioned above, the Executive Committee has established a number of standing committees to oversee the day-to-day management of the company's affairs. The Finance Committee, which meets on an ad hoc basis, is chaired by the chief financial officer and comprises members of senior management in the administrative, financial and legal fields. It is tasked with monitoring all financial, legal and administrative aspects of the company's affairs. The Treasury Committee is chaired by an independent director, Prof Nkuhlu and comprises one other independent director, Mr Arisman, and senior management in the financial discipline. It is responsible for reviewing and evaluating market conditions, treasury operations and future hedging strategies.

#### Employee and other stakeholder engagement

The company has a variety of strategies and structures in place that are designed to promote constructive engagement with employees and other stakeholders. Full details of the company's initiatives and practices in respect of stakeholder engagement are contained in the AngloGold Ashanti Report to Society 2007, which is available on the company website, or the 2007 annual report website, [www.aga-reports.com](http://www.aga-reports.com).

#### Employment equity and development

As required by the South African Employment Equity Act (the Act), AngloGold Ashanti submitted its seventh annual employment equity report as at 1 August 2007 on progress made with the implementation of the company's employment equity plan in respect of its South African operations to the Department of Labour in October 2007. The 2007 report indicates that some progress has been made year-on-year. Employment equity governance structures and monitoring processes are in place at company and business unit levels. The implementation of the Mining Charter undertakings is subjected to external and internal audits. The 2006 social plan report was submitted to the Department of Minerals and Energy (DME) last year and the 2007 report is currently being audited. Mr Lazare (Executive vice president – Africa) signs off the report before it is submitted to the DME.

A Section 19 Employment Equity Analysis of employment policies, practices, procedures and the working environment in respect of historically disadvantaged South Africans was conducted by an external consultant in the first quarter of 2007. Recommendations, as made by the audit, are currently being addressed. In addition, the company has undertaken a study to identify progress made and the challenges of integrating women in the workforce.

Below is a summary of the 2007 report as required by section 22(1) of the Employment Equity Act of 1998.

#### Sustainable development

The AngloGold Ashanti Report to Society 2007 is a reflection of the company's commitment to report on its impact and obligations in respect of its employees, the environment, economies and communities in which it operates. This report seeks to report on these issues to a wide range of stakeholders including shareholders, communities, employees and their representatives, local and national governments and other interested parties. The report has been designed in line with the guidelines of the Global Reporting Initiative. The contents of the report, including several major case studies, have been assured by independent auditors. In addition, the report incorporates a range of case studies and country reports which are available only as web-based documents. The entire report can be located

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**White Foreign  
2007**

**Male**

**Female**

**male**

**nationals**

**Occupational levels**

A

C

I

A

C

I

W

W

M

F

**Total**

Top management

1

0

0

1

0

0

1

11

1

0

15

Senior management

4

1

4

1

0

0

13

124

11

1

159

Professionally qualified and  
experienced specialists and mid-  
management

87

11

22

16

7

11

101

522

16  
3  
796  
Skilled technical and academically  
qualified workers, junior management,  
supervisors, foremen, and  
superintendents  
1,496  
51  
6  
278  
13  
10  
431  
2,101  
336  
7  
4,729  
Semi-skilled and discretionary  
decision making  
5,043  
26  
0  
559  
21  
3  
231  
174  
3,992  
2  
10,051  
Unskilled and defined decision making  
9,137  
22  
0  
1,075  
6  
0  
4  
100  
6,649  
27  
17,020  
Total permanent  
15,768  
111  
32  
1,930  
47  
24  
781

3,032 11,005

40

32,770

Non-permanent employees

41

0

0

44

0

1

36

38

0

0

160

Grand total

15,809

111

32

1,974

47

25

817

3,070 11,005

40

32,930

Key:

A = African

C = Coloured

I = Indian

W = White

M = Male

F = Female

Corporate governance continued

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at the company website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com), or the 2007 Annual Report website, [www.aga-reports.com](http://www.aga-reports.com). A limited number of hard copies of the main report are available on request from the Corporate Affairs department.

The company once again qualified for the JSE Socially Responsible Investment Index 2006 and 2007, demonstrating its commitment to balancing the social, environmental and economic impacts of its business with its financial imperatives. The company was nominated as one of the sixteen “Best Performers” in the 2007 index.

Disclosures policy

AngloGold Ashanti subscribes to a policy of full, accurate and consistent communication in respect of both its financial and operating affairs. To this end, the company has adopted a Disclosures Policy, the object of which is to ensure compliance with the rules of the various exchanges on which it is listed and to provide timely, accurate and reliable information fairly to all stakeholders, including investors (and potential investors), regulators and analysts. The policy is available on the company website at [www.anglogoldashanti.com](http://www.anglogoldashanti.com).

Compliance with Section 303A.11 of the NYSE Rules

Section 303A.11 of the NYSE Rules requires a foreign-listed company on the exchange to identify significant differences between its corporate governance practices and those of a US company listed on the NYSE. In previous years the board did not comprise a majority of independent directors as the company’s primary listing on the JSE does not require this. The company’s board now does comprise a majority of independent directors as it presently comprises eight independent non-executive directors out of a total of twelve directors on the board.

The NYSE rules require fully independent Nominations and Remuneration Committees. In compliance with NYSE rules and JSE Listings Requirements, the company has fully independent Nominations and Remuneration Committees.

Electronic participation by shareholders

Shareholder participation and empowerment are critical to the company’s corporate governance strategy and practices. During the run-up to the annual general meeting in 2007 the company implemented a system that enabled South African based shareholders to make use of the internet to electronically vote on resolutions to be put forward for approval at the annual general meeting. This system, run by iProxy, performed exceptionally well. The company is examining the feasibility of expanding iProxy beyond the South African shareholder base.

The company also made use of electronic voting, run by Computershare, at its annual general meeting on 4 May 2007.

#### Election to receive summary or electronic documents

In terms of legislation, all shareholders are entitled to receive the company's annual report, unless such shareholders have, in writing, elected not to receive same. AngloGold Ashanti wishes to offer to its shareholders, the opportunity of receiving the company's financial results in a more user-friendly form, either as a hard-copy summary document which would highlight relevant information, or by way of a full report on CD, or to receive the information electronically. In order to achieve this, the onus is on the shareholder to notify the company (either directly or through its share registrars), in writing, that they wish to receive a summary or electronic document going forward. Make a difference – save paper. Send written confirmation to: The Company Secretary, PO Box 62117, Marshalltown, South Africa, or email [companysecretary@anglogoldashanti.com](mailto:companysecretary@anglogoldashanti.com) or fax to +27 11 636 6677.

#### Communications with directors

In addition to any anonymous and confidential report, business and other interested parties may wish to make use of the whistle-blowing policy detailed below (under “Codes of ethics and whistle-blowing policy”), or they may address any issue, complaint or concern directly to the chairman of the board, the chairman of any board committee or any director. Unless clearly addressed to a specific director and marked “Confidential”, all correspondence will be screened by the company secretary to determine to which director or board committee chairman the correspondence should be directed. The following contact details should be used.

Write to:

Name of director/board committee/Chairman of the board  
c/o Company Secretary AngloGold Ashanti Limited  
PO Box 62117 Marshalltown 2107 South Africa  
Facsimile: +27 11 637 6677 (Attention: Company Secretary)  
Email: [CompanySecretary@AngloGoldAshanti.com](mailto:CompanySecretary@AngloGoldAshanti.com)

Codes of ethics and whistle-blowing policy

In order to comply with the company's obligation in terms of the Sarbanes-Oxley Act and the King Code, and in the interests of good governance, the company has systems and

procedures to introduce, monitor and enforce its ethical codes and has adopted a code of ethics for employees, a code of ethics for senior financial officers, and a whistle-blowing policy that encourages employees and other stakeholders to confidentially and anonymously report acts of an unethical or illegal nature that affect the company's interests. Senior management oversee compliance with the ethical code by means of several mechanisms including:

Assessing the integrity of new appointees in the selection and promotion process;

Adherence to the policy on the delegation of authority;

Induction of directors and employees on the company's values, policies and procedures; and

Compliance with a strict disciplinary code of conduct.

All reports made in terms of the whistle-blowing policy are fielded by a third party, Tip-Offs Anonymous, which ensures that all reports are treated confidentially or anonymously, depending on the preference of the caller. The information is relayed to management and to internal audit for investigation.

All reports on the progress of the investigations are conveyed to the Audit and Corporate Governance Committee by the group internal audit manager on a quarterly basis. Both codes and the whistle-blowing policy are available on the company website, [www.anglogoldashanti.com](http://www.anglogoldashanti.com).

The details for reporting any unethical or illegal activity using the whistle-blowing mechanism are as follows:

Tel SA and Namibia:

0800203607

International:

+27 31 5715654

Tel Australia:

1800706299

Tel USA:

18008085011

Tel Brazil:

08007038422

Tel Argentina:

08009993842

Tel Ghana:

080040001

Tel Siguiri internal:

3727

Tel Geita internal:

1559

Tel Mali

+223 6750445

Email:

[24cthonesty@ethics-line.com](mailto:24cthonesty@ethics-line.com)

Free post:

DN298, Umhlanga Rocks, 4320

Post international:



PO Box 774, Umhlanga Rocks, 4320

Fax SA and Namibia:

080007788

Fax international:

+27 31 5607395

Website:

[www.tip-offs.com](http://www.tip-offs.com)

Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative (EITI) was launched by the then UK Prime Minister, Tony Blair, at the World Summit on Sustainable Development in Johannesburg, September 2002. The initiative is a partnership of governments, international organisations, companies, NGOs, investors and business and industrial organisations. Its aim is to increase transparency in transactions between governments and companies in the extractive industries in order to improve public awareness of the revenues from these transactions with these industries, thus increasing the likelihood that these companies will contribute to sustainable development and poverty reduction.

During 2006, AngloGold Ashanti formally became an organisational supporter of the EITI. While the company had been an active supporter of the initiative since its inception, both via the company's membership of the International Council of Mining and Metals and individual corporate action, it was felt timely to unambiguously state the company's support.

As a matter of principle AngloGold Ashanti has established a practice of disclosing all payments made to governments in its annual Report to Society, regardless of whether the country is a formal supporter of the EITI. (See the company's annual Reports to Society.) Furthermore, in countries where governments have indicated a desire to be a part of the process, AngloGold Ashanti is actively involved in contributing to the success of the initiative. These countries include Ghana, Guinea, Mali and the Democratic Republic of the Congo.

Access to information

The company has complied with its obligations in terms of the South African Promotion of Access to Information Act of 2000. The company's access to information manual is available on the company website and from the company secretarial department.

Sponsor

UBS Limited acts as sponsor to the company in compliance with the Listings Requirements of the JSE.

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Risk management and internal controls

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The board, which has ultimate responsibility for the total risk management process within the group, reviews and approves the risk strategy and policies that are formulated by the executive directors and senior management. Management is accountable to the board and has established a group-wide system of internal control to manage significant group risk. This system assists the board in discharging its responsibility for ensuring that the wide range of risks associated with the group's global operations are effectively managed in support of the creation and preservation of shareholder wealth. The risk management policies and risk tolerance are communicated to all relevant employees.

A full review of the risk, control and disclosure processes is undertaken annually to ensure that all additional requirements are incorporated into the system going forward. The systems are in place and the focus is on ensuring that the requirements of the South African King Code and the US Sarbanes-Oxley Act are complied with. In conducting its annual review of the effectiveness of risk management, the board considers the key findings from the ongoing monitoring and reporting process, management assertions and independent assurance reports.

The board also takes account of material changes and trends in the risk profile, and considers whether the control system, including reporting, adequately supports the board in achieving its risk management objectives. The board furthermore, receives assurance from the Audit and Corporate Governance Committee, which derives its information, in part, from regular internal and external audit reports and, where considered necessary, from other reports on risk and internal control throughout the group.

The company has a sound system of internal control, based on the group's policies and guidelines, in all material subsidiaries and joint ventures under its control. In respect of those entities in which AngloGold Ashanti does not have a controlling interest, the directors who represent AngloGold Ashanti on the boards of these entities, seek assurance that significant risks are being managed.

The board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks and internal controls, and if any weaknesses are identified, these are promptly addressed. Risk mitigation processes are part of the overall risk management framework.

The company's chief executive officer and chief financial officer are both required, in terms of the Sarbanes-Oxley Act, to certify on Form 20-F that its financial statements present a true and fair view, in all material respects, of the company's financial position, cash flows and operational results, in accordance with the relevant generally accepted accounting principles in the United States. The certificates further provide that both officers are

responsible for establishing and maintaining disclosure and internal controls and procedures for financial reporting. The certification process is pre-approved by the board of directors prior to filing of the Form 20-F with the SEC.

For the Sarbanes-Oxley Act section 404 dealing with the internal control system of the company, all eight key components of the 'Enterprise Risk Management – Integrated Framework' issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) have been incorporated into the company's process.

AngloGold Ashanti has in place the systems necessary to assist management and the board to effectively manage the wide range of risks faced by the group's operations so as to promote the creation and preservation of shareholder wealth.

Risk factors

The risk factors set out in this document have been organised 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*

*The profitability of AngloGold Ashanti's operations, and the cash flows generated by these operations, are significantly affected by changes in the market price for gold.*

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

- speculative positions taken by investors or traders in gold;
- changes in the demand for gold as an investment;
- changes in the demand for gold used in 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
- costs of gold production in major gold-producing nations in which the company 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 above-ground stocks of the metal in comparison to other commodities, these factors typically do not affect the gold price in the same manner or degree that the supply of and demand for other commodities tends to affect their market price.

The following table presents the annual high, low and average afternoon fixing prices over the past 10 years, expressed in dollars, for gold per ounce on the London Bullion Market:

Year	High	Low	Average
1998	314	273	287
1999			

340  
252  
278  
2000  
317  
262  
279  
2001  
298  
253  
271  
2002  
347  
278  
310  
2003  
417  
320  
364  
2004  
456  
371  
410  
2005  
538  
412  
445  
2006  
725  
525  
604  
2007  
845  
602  
697

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

On 7 March 2008, the afternoon fixing price of gold on the London Bullion Market was \$972.50/oz.

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 past 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 the price of input production factors, many of which are linked to the price of oil and steel.*

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

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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/oz 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.

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, the global mining industry is experiencing an increase in production capacity both in terms of expansions at existing, as well as the development of new, production facilities. This increase in expansion capacity has taken place, in certain instances, without a concomitant increase in the capacity for production of certain strategic spares, critical consumables and mining and processing equipment used to operate and construct mining operations, resulting in shortages of and an increase in the lead times to deliver these items.

In particular, AngloGold Ashanti and other gold mining companies have experienced shortages in critical consumables like tyres for mobile mining equipment, as well as certain critical spares for both mining equipment and processing plants including, for example, gears for the ball-mills. In addition, the company 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 suppliers and equipment manufacturers may increase capacity to meet the increased demand and therefore alleviate both shortages of, and time to deliver, strategic spares, critical consumables and mining and processing equipment, individually the companies have limited influence over manufacturers and suppliers. Consequently, shortages and increased lead times in

delivery of strategic spares, critical consumables, heavy mining and certain processing equipment could have an adverse impact upon AngloGold Ashanti's results of operations and its financial condition.

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

*Uncertainty and cost of mineral exploration and acquisitions*

Exploration activities are speculative and are often unproductive.

These activities also often require substantial expenditure to:

establish the presence, and to quantify the extent and grades (metal content) of mineralised 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 mineralisation 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.

AngloGold Ashanti evaluates from time to time 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

Risk management and internal controls continued



operations and how these may change in the future. Other than historical operating results, all of these parameters are uncertain and have an impact upon revenue, cash and other operating issues, as well as the uncertainties related to the process used to estimate Ore Reserves. In addition, there is intense competition for the acquisition of attractive mining properties.

As a result of these uncertainties, the exploration programmes 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, other metal and uranium prices;  
anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;  
anticipated recovery rates of gold, and other metals and uranium from the ore;  
anticipated capital expenditure and cash operating costs;  
and  
the required return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. Operating costs and capital expenditure are determined particularly by the costs of the commodity inputs, including the cost of fuel, chemical reagents, explosives, tyres and steel, that are consumed in mining activities and credits from by-products. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. In addition to those discussed above these uncertainties include:  
the timing and cost, which can be considerable, of the construction of mining and processing facilities;  
the availability and cost of skilled labour, power, water and transportation facilities;  
the availability and cost of appropriate smelting and refining arrangements;  
the need to obtain necessary environmental and other governmental permits and the timing of those permits;  
and

the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production could occur. Finally, operating cost and capital expenditure estimates could fluctuate considerably as a result of fluctuations in the prices of commodities consumed in the construction and operation of mining projects. Accordingly, 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.

The shortage of skilled labour may also impede our exploration projects.

*Ore Reserve estimation risks*

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 gold price and exchange rates. Mineral Resource and Ore Reserve estimates are not precise calculations, being 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.

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Risk management and internal controls continued

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*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;  
labour 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, in part because of the large percentage of deep-level gold mines. To understand and manage this risk, AngloGold Ashanti uses sophisticated seismic and rock mechanics technologies.

Despite the implementation of this technology and modifications to mine layouts and support technology with a view to minimising the incidence and impact of seismic activity, seismic events have in the past, and may in the future, cause employee injury and death as well as substantial damage to AngloGold Ashanti's operations, both within South Africa and elsewhere where seismic activity may be a factor.

The occurrence of one or more of these events may result in the death of, or personal injury to, miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, environmental damage and potential legal liabilities. In addition, AngloGold Ashanti has from time to time, for example, in the fourth quarter of 2007 when it lost some 55,000 ounces, encountered unanticipated delays and shortfalls in production as a result of these events. As a result, these events may have a material adverse effect on AngloGold Ashanti's operational results and its financial condition.

*Gold mining companies are increasingly required to consider and ensure the sustainable development of, and provide*

*benefits to, the communities and countries in which they operate.*

As a consequence of public concern about the perceived ill effects of economic globalisation, 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 minimise or eliminate any damage to the interests of those stakeholders. These pressures tend to be applied most strongly against companies whose activities are perceived to have a high impact on their social and physical environment. The potential consequences of such pressures, especially if not effectively managed, include reputational damage, legal suits and social spending obligations. All of these factors could have a material adverse effect on AngloGold Ashanti's results of operations and its financial condition.

The South African Department of Minerals and Energy has embarked on an audit strategy with the primary aim of helping mines to develop programmes 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. *Gold mining operations are subject to extensive health and safety laws and regulations.*

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

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

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

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

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

*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 uses gold hedging instruments and has entered into long term sales contracts, which may prevent the company from realising all potential gains resulting from subsequent commodity price increases in the future.*

*AngloGold Ashanti has restructured its hedge book which has reduced protection against low gold prices.*

AngloGold Ashanti currently uses hedging instruments to fix the selling price of a portion of its respective anticipated gold production and to protect revenues against unfavourable 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 realising the positive impact on income from any subsequent favourable increase in the price of gold on the portion of production covered by the hedge and of any subsequent favourable exchange rate movements. The rising price of gold has resulted in an increasing gap between

the spot price and AngloGold Ashanti's received price of gold, and this may continue for the next three years as the company closes out its existing hedge positions by delivering into contracts.

AngloGold Ashanti has used 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. Since 2001 the company has been reducing its hedge commitments through hedge buy-backs, deliveries into contracts and restructuring 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 in lower gold prices.

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

In South Africa, our mining operations are dependant upon electrical power generated by the State utility, Eskom. As a result of an increase in demand exceeding available generating capacity, Eskom has warned that the country could face disruptions in electrical power supply. At the start of 2008, as a result of substantial unplanned maintenance at Eskom's power stations, as well as higher than unusual 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, on Friday, 25 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

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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% of average capacity in return for Eskom guaranteeing a more normal power supply, including undertakings to more reliably warn companies when power outages may occur. Mining operations resumed on Wednesday, 30 January 2008 at AngloGold Ashanti's mines, although operations continue to be constrained by the 90% capacity limitation. Eskom has also advised the company that it intends to increase power tariffs significantly. The gold production lost at the company's South African mines between 25 and 30 January 2008 and the proposed increase in the power tariff as a result of power disruptions will have an adverse effect on AngloGold Ashanti's profitability and financial condition in 2008 and beyond. Furthermore, should the power outages continue to increase or should AngloGold Ashanti be unable to achieve its production targets due to the current constraint, then the company's future profitability and its financial condition may be adversely impacted. For 2008, AngloGold Ashanti is forecasting 400,000 fewer ounces in South Africa due to the power constraints.

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 neighbouring Cote 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 have together with the other three principal gold producers in Ghana acquired (and equally fund) an 85 megawatt, diesel-fired, power plant that could be converted to gas supply once the anticipated West African Gas Pipeline is

developed. To further reduce the dependence on hydro-electric power, the VRA is increasing its thermal power generation capacity by constructing a 126mw thermal plant at Tema which is scheduled for completion by mid-2008. Despite the additional capacity, the problem is not entirely solved as low rainfall could have an impact on power availability.

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.

*Contracts for sale of uranium at fixed prices could affect AngloGold Ashanti's operating 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 realising all potential gains from an increase in uranium prices to the extent that the company's future production is covered by such contracts, or 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. For example in 2007, AngloGold Ashanti purchased 400,000lbs of uranium at a cost of around \$31 million.

Given the uncertainty relating to availability of power, and the impact power constraints may have on uranium production, the company is in negotiations to reschedule its uranium contracts and depending on the outcome of these negotiations, may have to buy uranium on the open market to fulfil its contractual obligations.

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

Gold is principally a dollar-priced commodity, and most of AngloGold Ashanti's revenues are realised 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. If material, these exchange rate movements may have a material effect on AngloGold Ashanti's operational results.

Since June 2002, the weakening of the dollar against the South African rand (up until the second half of 2007 when the South African rand began to also weaken against the dollar), the Brazilian real, the Argentinean peso and the Australian dollar has had a negative impact upon AngloGold Ashanti's profitability. Conversely, in certain prior years, the devaluation of these local currencies against the dollar has had a significant positive effect on the profitability of AngloGold Ashanti's operations. In 2007, 2006, and 2005, AngloGold Ashanti derived approximately 66%, 66% and 67%, respectively, of its revenues from these countries and incurred approximately 59%, 58% and 63%, respectively, of production costs in these local currencies.

In 2007, the weakening of the dollar against these local currencies accounted for nearly \$3/oz or 6% of the increase in total cash costs from 2006. In 2006, the strengthening of the dollar against these local currencies reduced cash costs by nearly \$7/oz. These impacts were partially offset by the increase in the dollar price of gold, which increase was to some extent a function of dollar weakness. In addition, production costs in South African rand, Brazilian real, Argentinean peso and Australian dollar terms were only modestly offset by the effect of exchange rate movements on the price of imports denominated in dollars, as imported products comprise a small proportion of production costs in each of these countries.

A small proportion of 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 Australian dollar.

The dollar value of these currencies may be affected by exchange rate fluctuations. If material, exchange rate movements may adversely affect AngloGold Ashanti's financial condition.

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

As of 31 December 2007, AngloGold Ashanti had gross borrowings of around \$1.9 billion. This level of indebtedness could have adverse effects on AngloGold Ashanti's flexibility to do business. Under the terms of AngloGold Ashanti's borrowing facilities from its banks it is obliged to meet certain financial and other covenants. AngloGold Ashanti expects to meet these covenants and to be able to pay principal and interest on its debt

by utilising the cash flows from operations. Its ability to continue to do so 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 may be required to utilise 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.

AngloGold Ashanti's level of indebtedness may make it vulnerable to economic cycle downturns, which are beyond its control, because during such downturns, it 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, it 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.

AngloGold Ashanti intends to refinance its R2 billion corporate bond and \$1 billion convertible bond which matures within the next twelve months and cannot give assurance that it will be able to do so on commercially reasonable terms, if at all.

*Inflation may have a material adverse effect on AngloGold Ashanti's results of operations.*

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

Because it is unable to control the market price at which it sells the gold it produces (except to the extent that it enters into forward sales and other derivative contracts), it is possible that

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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 rationalised 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.

The Mineral and Petroleum Resources Development Act (MPRDA) vests custodianship of South Africa's mineral rights in the State.

The State issues prospecting rights or mining rights to applicants. Prospecting, mining and mineral rights formerly regulated under the Minerals Act 50 of 1991 and common law are now known as old order mining rights and the transitional arrangements provided in Schedule II to the MPRDA give holders of such old order mining rights the opportunity to convert their old order mining rights into new order mining rights within specified time frames.

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

The Scorecard allows for a portion of 'offset' against the HDSAs equity participation requirements insofar as companies have facilitated downstream, value-adding activities in respect of the products they mine. AngloGold Ashanti carries out such downstream activities and believes these will be recognised in terms of a framework currently being devised by the South

African government.

AngloGold Ashanti has completed a number of asset sales to companies owned by HDSAs in the past (estimated to have been equivalent to 20% of AngloGold Ashanti's South African production as at 1 August 2005, when its applications for the conversion of its West Wits and Vaal River mineral rights from old order to new order mineral rights were approved). Furthermore, at the end of 2006 AngloGold Ashanti implemented an Employee Share Ownership Plan (ESOP) and Black Economic Empowerment (BEE) transaction, collectively with a value equivalent to approximately 6% of its South African assets. This is consistent with the company's stated strategic intention to develop means of promoting broad based equity participation in the company by HDSAs and with an undertaking made to the DME as a condition for the granting to the company of its new order mining rights. AngloGold Ashanti believes that it has made significant progress towards meeting the requirements of the 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 programmes to help achieve the requirement of having 40% of management roles being held by HDSAs by 2010. AngloGold Ashanti will incur expenses in giving further effect to the Charter and the Scorecard and the implementation of the ESOP will affect the company's results of operations. AngloGold Ashanti was informed on 1 August 2005, by the Director General of Minerals and Energy that its applications to convert its old order mining 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 rights have been executed and registered as well as the agreements for Jonkerskraal, Weltevreden, Moab Extension Area and the new right for Edom, all of which form part of the Vaal River operations. Two notarial agreements relating to the Vaal River operations are pending.

Even where new order mining rights are obtained under the MPRDA, these rights may not be equivalent to the old order mining rights. 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 approval of the Minister of Minerals and Energy.

The new order mining rights can be suspended or cancelled by the Minister of Minerals and Energy if, upon notice of a breach from the Minister, the entity breaching its obligations to comply with the MPRDA or the conditions of the notarial agreement fails to remedy such breach. The MPRDA also imposes additional responsibilities on mining companies relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. AngloGold Ashanti has a policy of evaluating, minimising 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 company's South African operations in light of the new, as well as existing, environmental requirements.

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

The South African government has announced the details of the proposed new legislation whereby new order rights will be subject to a State royalty. The third draft of the Mineral and Petroleum Resources Royalty Bill was published on 6 December 2007 and provides for the payment of a royalty according to a formula based on earnings before interest, tax and depreciation. It is estimated that the formula could translate to a royalty rate of more than 4% of gross sales in terms of current pricing assumptions. The latest proposal results in a large increase from the 1.5% rate proposed in the second draft in 2006, and the company is making representations to the government through the South African Chamber of Mines to retain the proposed 1.5% rate. The payment of royalties is currently scheduled to begin on 1 May 2009, if the Bill is passed by Parliament in its current form.

*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 identifiable 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 recognise an impairment, which could adversely affect AngloGold Ashanti's financial condition.

*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 capitalises 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

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may impact AngloGold Ashanti's reported results should the adopted interpretation differ from the position followed by AngloGold Ashanti.

*AngloGold Ashanti's mineral reserves and 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.

In 2007, the government of the Democratic Republic of Congo (DRC) announced an industry-wide review of all mining concessions and related agreements. The agreements related to the ownership and operation of AngloGold Ashanti's concessions in the DRC are also subject to this review by a commission as appointed by the DRC government. This review process, the timing and outcome of which AngloGold Ashanti is unable to predict, could result in an adverse change to AngloGold Ashanti in terms of these agreements which could have adverse impact upon AngloGold Ashanti's current exploration activities and potential future mining activities in the DRC.

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, authorisations 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.

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 favourable to AngloGold Ashanti, it could have an adverse effect upon its results of operations and its financial condition.

In Argentina, the government is looking to apply export taxes of 5% to mining companies that were exempt therefrom.

AngloGold Ashanti has filed a claim with the courts to prevent payment of an export tax. If the outcome of the tax claim is unfavourable it could have an adverse effect upon AngloGold Ashanti.

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 company is present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on the company'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.

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

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



AngloGold Ashanti's employees in some South American countries and Ghana are also highly unionised. Trade unions have a significant impact on AngloGold Ashanti's labour 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.

Labour costs represent a substantial proportion of AngloGold Ashanti's total operating costs and in many operations, including South African operations, is the company'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 labour 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 labour disruptions will be used to advocate labour, political or social goals in the future. Should any labour disruptions occur, if material, they could have an adverse effect on AngloGold Ashanti's results of operations and its financial condition.

*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, Sigui 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 the company'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 company 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 which may adversely affect its results of operations and its financial condition.*

AIDS remains 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

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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%. AngloGold Ashanti is continuing to develop and implement various programmes aimed at helping those who have been infected with HIV and preventing new infections. Since 2001 AngloGold Ashanti has offered a voluntary counselling and HIV testing programme 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. Currently approximately 4,600 employees are on the wellness programme and as at December 2007, approximately 2,100 employees were receiving treatment using anti-retroviral drugs.

The cost of providing rigorous outcome-focused disease management of employees with AIDS, including the provision of an anti-retroviral therapy, is on average R1,300 (\$185) per employee on treatment per month. It is not yet possible to develop an accurate cost estimate of the programme 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.

*AngloGold Ashanti faces certain risks in dealing with malaria, particularly at its operations located in Africa, which may have an adverse effect on its results of operations.*

Malaria is a significant health risk at all of AngloGold Ashanti's operations in Central, West and East Africa where the disease assumes epidemic proportions because of ineffective national control programmes. The disease is a major cause of death in young children and pregnant women but also gives rise to fatalities and absenteeism in adult men. Consequently, if uncontrolled, the disease could have an adverse effect upon productivity and profitability levels of 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) and tuberculosis (TB). AngloGold Ashanti provides occupational health services to its employees at its occupational health centres and it continues to improve preventative occupational hygiene initiatives. If the costs associated with providing such occupational health services increase, such increase could have an adverse effect on 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 capitalised 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 is claiming approximately R2.6 million for damages allegedly suffered by him as a result of silicosis allegedly contracted whilst working on mines now owned by AngloGold Ashanti. An exception has been filed by AngloGold Ashanti against the claim and was heard in the High Court early February 2008. AngloGold Ashanti filed the exception on the basis that mine employers are insured in terms ODMWA and COIDA against compensable diseases and this prevents any delictual claims by employees against employers. Judgement has been reserved. 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 labour 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 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 its results of operations.*

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. 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 are believed 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 AGR 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.

*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.

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## Risk management and internal controls continued

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## Annual Financial Statements 2007

AngloGold Ashanti has entered into a registration rights agreement with AA plc that would facilitate US registration of additional offers and sales of AngloGold Ashanti shares that AA plc makes in the future, subject to certain conditions. Sales of ordinary shares or ADSs if substantial, or the perception that sales may occur and be substantial, could exert downward pressure on the prevailing market prices for AngloGold Ashanti ordinary shares or ADSs, causing their market prices to decline. In April 2006, Anglo American sold 19,685,170 ordinary shares it held in AngloGold Ashanti and, in October 2007, sold an additional 69,100,000 ordinary shares that it held in AngloGold Ashanti. These sales combined with the dilutive effect of AngloGold Ashanti's issuance of 9,970,732 ordinary shares in April 2006, reduced Anglo American's shareholding in AngloGold Ashanti from approximately 51% of outstanding shares as at 19 April 2006 to approximately 16.6% as at 9 October 2007. Anglo American has stated that it intends to reduce and ultimately exit its gold company holdings and that it will continue to explore all available options to exit AngloGold Ashanti in an orderly manner.

*Fluctuations in the exchange rate of different 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. The Memorandum and Articles of Association of the company 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 on the amount of dividends or other distributions received by the company's shareholders.*

On 21 February 2007, the South African Government announced a proposal to replace Secondary Tax on Companies with a 10% withholding tax on dividends and other distributions payable to shareholders. This proposal is expected to be implemented in phases between 2007 and 2009. Although this may reduce the tax payable by the South African operations of the company 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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Annual Financial Statements 2007

The annual financial statements and group annual financial statements for the year ended 31 December 2007 were approved by the

board of directors on 7 March 2008 and are signed on its behalf by:

*Directors*

RP Edey, Chairman

M Cutifani, Chief Executive Officer

S Venkatakrishnan, Chief Financial Officer

WL Nkuhlu, Chairman, Audit and Corporate Governance Committee

YZ Simelane

Vice President – Compliance and Corporate Administration

Directors' approval

In terms of Section 268G(d) of the Companies Act, 61 of 1973, I certify that the company has lodged with the Registrar of Companies

all such returns as are required of a widely held company in terms of the Act, and that all such returns are true, correct and up to date.

YZ Simelane

Vice President – Compliance and Corporate Administration

Johannesburg

7 March 2008

Secretary's certificate

We have audited the annual financial statements of AngloGold Ashanti Limited group and company, which comprise the directors' report, the balance sheet as at 31 December 2007, the income statement, the statement of recognised income and expense and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 170 to 303.

*Directors' responsibility for the financial statements*

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and company as at 31 December 2007, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Registered Auditor

Johannesburg, Republic of South Africa

7 March 2008

Report of the independent auditors

to the members of AngloGold Ashanti Limited

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Annual Financial Statements 2007

Nature of business

AngloGold Ashanti Limited conducts mining operations in Africa, North and South America and Australia and undertakes exploration activities worldwide. In addition, the company is involved in the manufacturing, marketing and selling of gold products, as well as the development of markets for gold.

Major shareholder

Anglo South Africa Capital (Proprietary) Limited, a wholly owned subsidiary of Anglo American plc (incorporated in England and Wales)

ceased to be AngloGold Ashanti's major shareholder in October 2007, following the sale of 69.1 million of the 115,102,929 ordinary

shares it held in the company. The sale reduced the effective shareholding of Anglo American plc in the issued ordinary share capital of the company to 16.6%.

Share capital

Authorised

The authorised share capital of AngloGold Ashanti at 31 December 2007 is made up as follows:

400,000,000 ordinary shares of 25 South African cents each

R100,000,000

4,280,000 E ordinary shares of 25 South African cents each

R1,070,000

2,000,000 A redeemable preference shares of 50 South African cents each

R1,000,000

5,000,000 B redeemable preference shares of 1 South African cent each

R50,000

The following are the movements in the issued and unissued capital from the beginning of the accounting period to the date of this report:

Issued

Ordinary shares

Number

Number

of shares

Rand

of shares

Rand

**2007**

2006

At 1 January

276,236,153      69,059,038

264,938,432

66,234,608

Issued during year

– \$500 million equity raising (effective 20 April 2006)

–

–

9,970,732      2,492,683

– Bokamoso ESOP and BEE transaction (approved by shareholders on 11 December 2006)

31,410      7,852

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928,590	232,147
– Bokamoso ESOP on conversion of E ordinary shares	
8,026	
2,007	
–	
–	
– Exercise of options by participants in the AngloGold Share Incentive Scheme	
1,181,882	295,471
398,399	99,600
At 31 December	
277,457,471	69,364,368
276,236,153	69,059,038
Issued subsequent to year-end	
– Exercise of options by participants in the AngloGold Share Incentive Scheme	
205,632	51,408
At 31 January 2008	
277,663,103	69,415,776
Directors' report	

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E ordinary shares

On 11 December 2006, shareholders in general meeting authorised the creation of a maximum 4,280,000 E ordinary shares to be issued

pursuant to an Employee Share Ownership Plan and a Black Economic Empowerment transaction (“BEE transaction”).

Number

Number

of shares

Rand

of shares

Rand

**2007**

2006

At 1 January

4,185,770            1,046,443

–

Issued during year

– The Bokamoso ESOP Trust

94,230            23,557            2,785,770            696,443

– Izingwe Holdings (Proprietary) Limited

–

1,400,000            350,000

Cancelled in exchange for ordinary shares in terms of the cancellation formula

139,770            34,943

At 31 December

4,140,230            1,035,057

4,185,770            1,046,443

Issued/cancelled subsequent to year-end

– Issued

–

– Cancelled and exchanged for ordinary shares issued in terms of the cancellation formula

11,196            2,799

At 31 January 2008

4,129,034            1,032,258

In terms of the authority granted by shareholders, on vesting, E ordinary shares are cancelled in exchange for ordinary shares, in

accordance with the cancellation formula. All E ordinary shares which are cancelled may not be re-issued and therefore, do not form part

of the authorised but unissued share capital of the company.

E ordinary share capital amounting to R5,603,292 in respect of 44,190 unconverted but cancelled E ordinary shares was transferred to

ordinary share premium. E ordinary shares do not convert to ordinary shares in the instance when the market price of an AngloGold

Ashanti ordinary share is less than the value of the E ordinary share as calculated in accordance with the cancellation formula.

Redeemable preference shares

The A and B redeemable preference shares, all of which are held by a wholly owned subsidiary Eastvaal Gold Holdings Limited, may not

be transferred and are redeemable from the realisation of the assets relating to the Moab Lease area after cessation of mining operations in the area. The shares carry the right to receive dividends equivalent to the profits (net of royalty, ongoing capital expenditure and taxation) from operations in the area. No further A and B redeemable preference shares will be issued. Further details of the authorised and issued shares, as well as the share premium, are given in Note 27 to the group's financial statements.

Unissued

Ordinary

E ordinary

Number Number

Number

Number

of shares

of shares

of shares

of shares

**2007**

2006

**2007**

2006

At 1 January

123,763,847

135,061,568

94,230

–

Authorised during the year

–

–

–

4,280,000

Issues during year

1,221,318

11,297,721

94,230

4,185,770

At 31 December

122,542,529

123,763,847

–

94,230

Issues subsequent to year-end

205,632

At 31 January 2008

122,336,897

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Annual Financial Statements 2007

Unissued ordinary shares under the control of directors

In terms of the authority granted by shareholders at the annual general meeting held on 4 May 2007, 10% of the authorised but unissued

ordinary share capital remaining at that date, after setting aside so many ordinary shares as may be required to be allotted and issued

pursuant to the Share Incentive Scheme; the Bokamoso Employee Share Ownership Plan, the black economic empowerment transaction

and for the purposes of the conversion of the \$1 billion, 2.375% guaranteed convertible bonds, issued by AngloGold Ashanti Holdings

plc, are placed under the control of the directors. This authority expires at the annual general meeting to be held on 2 May 2008.

The unissued ordinary shares under the control of the directors at 31 December 2007 were as follows:

Shares

Rand

Authorised ordinary share capital

400,000,000

100,000,000

Ordinary shares in issue at 4 May 2007

276,827,589

69,206,897

Unissued ordinary shares at 4 May 2007

123,172,411

30,793,103

Less: Ordinary shares set aside in terms of:

– Share Incentive Scheme

7,612,759

1,903,190

– ESOP and BEE transaction

6,071,410

1,517,852

– Guaranteed Convertible Bonds

15,384,615

3,846,154

Net unissued ordinary shares at 4 May 2007

94,103,627

23,525,907

Unissued ordinary shares under the control of the directors

at 4 May 2007(10% of net unissued ordinary shares)

9,410,362

2,352,590

Less: Ordinary shares issued at the discretion of the directors

–

–

At 31 December 2007

9,410,362

2,352,590

In terms of the Listings Requirements of the JSE, shareholders may, subject to certain conditions, authorise the directors to issue the



ordinary shares held under their control for cash other than by means of a rights offer to shareholders. In order that the directors of the company may be placed in a position to take advantage of favourable circumstances which may arise for the issue of such ordinary shares for cash, without restriction, for the benefit of the company, shareholders will be asked to consider an ordinary resolution to this effect at the forthcoming annual general meeting.

The company has not exercised the general approval to buy back shares from its issued ordinary share capital, granted at the annual general meeting held on 4 May 2007. At the annual general meeting to be held on 2 May 2008, shareholders will be asked to renew the general authority for the acquisition by the company, or a subsidiary of the company, of its own shares.

#### American Depositary Shares

At 31 December 2007, the company had in issue through The Bank of New York as Depositary, and listed on the New York Stock Exchange (NYSE), 82,550,854 (2006: 73,572,341) American Depositary Shares (ADSs). Each ADS is equal to one ordinary share. At 31 January 2008, there were 78,190,823 ADSs in issue and listed on the NYSE.

#### Ghanaian Depositary Shares

At 31 December 2007, the company had in issue through NTHC Limited as Depositary, and listed on the Ghana Stock Exchange (GSE) 18,256,500, (2006: 18,256,500 ) Ghanaian Depositary Shares (GhDSs). Every 100 GhDSs has one underlying AngloGold Ashanti ordinary share and carries the right to one vote. At 31 January 2008, 18,475,000 GhDSs were listed on the Ghana Stock Exchange.

#### AngloGold Share Incentive Scheme

AngloGold Ashanti operates a share incentive scheme for the purpose of providing an incentive to executive directors, executive officers and managers of the company and its subsidiaries to identify themselves more closely with the fortunes of the group and its continued growth, and to promote the retention of such employees by giving them an opportunity to acquire shares in the company.

Non-executive directors are not eligible for participation in the share incentive scheme.

Directors' report continued

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The maximum number of ordinary shares that may be allocated for the purposes of the scheme is equivalent to 2.75% of the total

number of ordinary shares in issue at any time. At 31 December 2007, 7,630,080 ordinary shares (2006: 7,596,494) were available

for purposes of the scheme, while the maximum aggregate number of shares which may be acquired by any one participant in the

scheme is 5% of the ordinary shares allocated for the purposes of the share incentive scheme (or 0.1375% of the total number of

ordinary shares in issue) – at 31 December 2007 381,504 (2006: 379,824).

Employees participate in the share incentive scheme to the extent that they are granted options or rights to acquire shares, and

accept them. All options or rights which have not been exercised within ten years from the date on which they were granted,

automatically expire.

The incentives offered by AngloGold Ashanti are reviewed periodically to ensure that these incentives are globally competitive, so as

to attract, reward and retain management of the highest calibre. As a result, several types of incentives, each with their own issue

and vesting criteria have been granted to employees – collectively known as the “AngloGold Share Incentive Scheme or share

incentive scheme”.

Although the Remuneration Committee has the discretion to incentivise employees through the issue of shares, only options or rights

have so far been granted. The type and vesting criteria of the options or rights granted are:

Time-related

The granting of time-related options was approved by shareholders at the general meeting held on 4 June 1998 and amended by

shareholders at the annual general meeting held on 30 April 2002, at which time it was agreed that no further time-related options

will be granted and all options granted hereunder will terminate on 1 February 2012, being the date on which the last options granted

under this criteria may be exercised or will expire.

Time-related options vest over a five-year period from date of grant and may be exercised in tranches of 20% each in years two,

three and four and 40% in year five. As of the date of this report, all options granted and outstanding have vested in full.

Performance-related

The granting of performance-related options was approved by shareholders at the annual general meeting held on 30 April 2002

and amended at the annual general meeting held on 29 April 2005 at which time it was agreed that no further performance-related

options will be granted and all options granted hereunder will terminate on 1 November 2014, being the date on which the last

options granted under this criteria may be exercised or will expire.

Performance-related options granted vest in full, three years from date of grant, provided that the conditions under which the options

were granted, are met. All options granted and outstanding vested in full on 1 November 2007.

Bonus Share Plan (BSP)

The granting of rights in terms of the BSP was approved by shareholders at the annual general meeting held on 29 April 2005.

Executive directors, executive officers and other management groups are eligible for participation. Each award made in respect of the BSP entitles the holder to acquire one ordinary share at “nil” cost. Awards granted vest in full, three years from date of grant, provided that the participant is still in the employ of the company at the date of vesting unless an event, such as death, occurs which may result in an earlier vesting.

Long-Term Incentive Plan (LTIP)

The granting of rights in terms of the LTIP was approved by shareholders at the annual general meeting held on 29 April 2005. Executive directors, executive officers and selected senior management are eligible for participation. Each award made in respect of the LTIP entitles the holder to acquire one ordinary share at “nil” cost. Awards granted vest three years from date of grant, to the extent that the stretched company performance targets under which the rights were granted, are met and provided that the participant is still in the employ of the company, or unless an event, such as death, occurs which may result in an earlier vesting.

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 Annual Financial Statements 2007  
 Options and rights  
 As is required to be disclosed in terms of the AngloGold Share Incentive Scheme and stock exchange regulations, the movement in respect of options and rights granted and the ordinary shares issued as a result of the exercise of options and rights during the year 1 January 2007 to 31 January 2008 is:

Average	
Long-exercise	
Perfor-Bonus	
Term	
price per	
Ordinary	
Time-mance	
Share Incentive	
ordinary	
shares	
related	
related	
Plan	
Plan	
Total	
share	
issued	
At 1 January 2007	
473,260	
2,585,800	
480,585	
660,175	4,199,820
166.64	3,114,077
Movement during year	
– Granted	
–	
*12,600	
296,495	
321,664	
630,759	
–	
– Exercised	
266,300	
874,874	
40,708	
– 1,181,882	
210.31	1,181,882
– Lapsed – terminations	
–	
85,326	

50,704  
 198,414  
 334,444  
 62.78  
 At 31 December 2007  
 206,960  
 1,638,200  
 685,668  
 783,425 3,314,253  
 130,74 4,295,959  
 Average exercise/issue price  
 per share  
 – R  
 124.68  
 248.76  
 –  
 –  
 130.74  
 Subsequent to year-end  
 – Exercised  
 6,600  
 196,419  
 2,613  
 –  
 205,632  
 242.00  
 205,632  
 – Lapsed – terminations  
 –  
 –  
 –  
 –  
 –  
 At 31 January 2008  
 200,360  
 1,441,781  
 683,055  
 783,425 3,108,621  
 123.38 4,501,591  
 Average exercise/issue price  
 per share  
 – R  
 124.50  
 248.77  
 –  
 –  
 123.38  
 \* Correction of prior year lapsings in error.  
 Analysis of options and rights outstanding at 31 December 2007  
 Number of  
 Holding

Holders  
options  
1  
to  
100  
185  
13,518  
101  
to  
500  
643  
137,261  
501  
to  
1,000  
119  
82,710  
1,001  
to  
5,000  
302  
798,881  
5,001  
to  
10,000  
94  
693,451  
10,000  
to  
100,000  
68  
1,588,432  
Over 100,000  
—  
—  
Total  
1,411  
3,314,253  
Directors' report continued

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Financial results

The financial statements set out fully the financial position, results of operations and cash flows of the group and the company for the financial year ended 31 December 2007.

Review of operations

The performance of the various operations are comprehensively reviewed on pages 54 to 98.

Dividend policy

Dividends are proposed by, and approved by the board of directors of AngloGold Ashanti, based on the interim and year-end financial statements. Dividends are recognised when declared by the board of directors of AngloGold Ashanti. AngloGold Ashanti expects to continue to pay dividends, although there can be no assurance that dividends will be paid in the future or as to the particular amounts that will be paid from year to year. The payments of future dividends will depend upon the board's ongoing assessment of AngloGold

Ashanti's earnings, after providing for long term growth, cash/debt resources, the amount of reserves available for dividend using the

going concern assessment and restrictions placed by the conditions of the convertible bond and other factors.

Dividends declared since 1 January 2007:

Final dividend

Interim dividend

Final dividend

number 101

number 102

number 103

Declaration date

12 February 2007

30 July 2007

6 February 2008

Last date to trade ordinary shares cum dividend

2 March 2007

17 August 2007

22 February 2008

Record date

9 March 2007

24 August 2007

29 February 2008

Amount paid per ordinary share

– South African currency (cents)

240

90

53

– United Kingdom currency (pence)

16.859

6.0721

3.484

– Ghanaian currency (cedis)

3,041.21

11.1

6.530

Amount per CDI\* – Australian currency (cents)

8.4144

2.997

1.484

Payment date

16 March 2007

31 August 2007

7 March 2008

Amount per GhDS\*\* – Ghanaian currency (cedis)

30.41

0.111

0.0653

Payment date

19 March 2007

3 September 2007

10 March 2008

Amount per ADS\*\*\* – United States currency (cents)

32.384

12.435

# 7.37

Payment date

26 March 2007

10 September 2007

17 March 2008

Amount per E ordinary share South African currency (cents)

120

45

26.50

Payment date

16 March 2007

31 August 2007

7 March 2008

\*

Each CDI (Chess Depository Interest) is equal to one-fifth of one ordinary share

\*\*

Each GhDS (Ghanaian Depository Share) is equal to one-hundredth of one ordinary share

\*\*\*

Each ADS (American Depository Share) is equal to one ordinary share

#

Illustrative value assuming the following rates of exchange: {R14.068:£; R:¢1,289.29; R5.571:A\$; R7.19:\$}. The actual rate of

payment will depend on the exchange rate on the currency conversion date and/or date of payment

Shareholders on the South African register who have dematerialised their ordinary shares receive payment of their dividends electronically,

as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who may intend retaining their

shareholding in the company in certificated form, the company operates an electronic funds transmission service, whereby dividends may

be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment

for all future dividends.



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Annual Financial Statements 2007

Borrowings

The company's borrowing powers are unlimited. As at 31 December 2007, the group's borrowings totalled \$1,872 million, R12,750 million

(2006: \$1482 million, R10,376 million).

On 12 December 2007 AngloGold Ashanti announced the successful closing of a US\$1.15 billion syndicated revolving loan facility (RCF).

The new 3-year facility will be used to refinance an existing US\$700 million RCF, an AUD200 million facility and for general corporate purposes.

Significant announcements during the year under review and subsequent to year-end

On 5 February 2007, AngloGold Ashanti informed the market that a partial slope failure had occurred in an intermediate

footwall of the Nyankanga pit at Geita Gold Mine on Saturday 3 February 2007. The pit had been monitored by slope stability radar

and was safely evacuated in advance of the failure. No injury to employees or contractors occurred and there was no damage to

equipment.

On 13 February 2007, the AngloGold Ashanti board approved a project to develop the Mponeng mine below the 120 level, adding some

2.5 million ounces of gold and 8 years to the mine's life, at a capital cost of \$252 million. Production is due to commence in 2013.

On 4 May 2007, AngloGold Ashanti announced that Messrs CB Brayshaw and AJ Trahar retired from the board effective 5 May

2007. AngloGold Ashanti further announced that Mrs C Carroll had been appointed as a non-executive director with effect from

5 May 2007.

On 1 June 2007, AngloGold Ashanti Australia Ltd announced the commencement of a pre-feasibility study at the Tropicana gold project

in Western Australia. Tropicana, located 400 kilometres north-east of Kalgoorlie, is a joint venture between AngloGold Ashanti Australia

(70%) and Independence Group NL (30% free carried to completion of the pre-feasibility study). The study is expected to be completed

in mid-2008 and will focus on the Tropicana and Havana zones and will only consider open-cut resources.

On 8 June 2007, AngloGold Ashanti announced that it would sell, subject to certain conditions, to a consortium of Mintails South Africa

(Pty) Limited / DRD South African Operations (Pty) Limited Joint Venture most of the remaining moveable and immovable assets of Ergo,

the surface reclamation operation east of Johannesburg, discontinued in March 2005. The site is currently being rehabilitated by

AngloGold Ashanti. The assets and associated liabilities will sell for R42.8 million (approximately \$6 million). The joint venture will operate,

for its own account, under the AngloGold Ashanti authorisations until new order mining rights have been obtained and transferred to the

joint venture. A specific exclusion from the sale to the joint venture is the Brakpan Tailings Storage Facility which will continue to be

rehabilitated by AngloGold Ashanti.

On 11 July 2007, AngloGold Ashanti announced the resignation from the board of Mr AH Calver as Mr WA Nairn's alternate.

On 31 July 2007, the board of directors announced the retirement of Mr RM Godsell, (AngloGold Ashanti's Chief Executive Officer) and the resignation of Mr R Carvalho Silva (Chief Operating Officer – International) from the company effective 30 September 2007 and the appointments of Mr M Cutifani as Chief Executive Officer and Mr N Nicolau, (formerly Chief Operating Officer – Africa) as Chief Operating Officer for all operations as of 1 October 2007. Subsequently, on 12 November 2007, it was announced that due to further operational management restructure, Mr N Nicolau had resigned from the board to pursue other opportunities. In August 2007, AngloGold Ashanti through the South African Chamber of Mines, signed a two-year wage agreement effective from 1 July 2007, with the three recognised mining unions. This agreement covers some 29,000 category 3 – 8 workers, miners, artisans and officials in the company's South African operations and was achieved through a mediated outcome without the unions resorting to any industrial action. In terms of the agreement: the first year increases from 1 July 2007 range from 10% for the lower categories of worker to 8% for officials or junior management and include a special dispensation for the benefit of artisans and some skilled occupations. Some improvements to leave conditions and housing allowances were also agreed. Second year increases from 1 July 2008 will be determined at South African CPIX plus 1% with a minimum of an 8% increase. The company completed the acquisition of minority interests previously held by the Government of Ghana (5%) and the International Finance Corporation (10%) in the Iduapriem and Teberebie mine effective 1 September 2007 for a total cash consideration of \$25 million. Iduapriem and Teberebie are now wholly owned by AngloGold Ashanti. Directors' report continued

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On 18 September 2007, AngloGold Ashanti announced that Mr M Cutifani was appointed to the board effective 17 September 2007, as

Chief Executive Officer designate. Mr M Cutifani succeeded Mr RM Godsell as Chief Executive Officer, on his retirement with effect from

1 October 2007.

On 1 October 2007, AngloGold Ashanti noted the announcement by Anglo American plc that it intended to offer for sale, 61 million ordinary

shares of AngloGold Ashanti in the form of ordinary shares and American Depositary Shares pursuant to the registration of such securities

under AngloGold Ashanti's automatic shelf registration statement. Goldman Sachs International acted as the global co-ordinator for the

offering and Goldman Sachs International and UBS Investment Bank were joint book runners for the offering.

On 2 October 2007, AngloGold Ashanti noted the announcement by Anglo American plc that Anglo American had completed an offering

of 67.1 million ordinary shares of AngloGold Ashanti in the form of ordinary shares and American Depositary Shares (ADS) priced at

US\$44.00 per ADS (US\$44.11 inclusive of uncertificated securities tax payable by investors in ADSs) and R300.61 per ordinary share

(exclusive of uncertificated securities tax). The offering which was launched on 1 October 2007 was increased from the earlier announced

61 million ordinary shares. The offering price represented discounts of 6.16% and 7.84% to the closing prices of the ADSs and

ordinary shares in New York and Johannesburg respectively on Friday, 28 September 2007. The offering settled on 9 October 2007.

On completion of the offering, Anglo American's holding in AngloGold Ashanti was 17.3%. An additional 2 million shares were sold by Anglo

American in a private placement, further reducing its shareholding to 16.6%.

Following the settlement of the secondary offering and the consequent reduction in shareholding, all the directors representing Anglo

American plc on the AngloGold Ashanti board, namely Mrs C Carroll and Mr R Médori, together with his alternate Mr PG Whitcutt resigned

from the AngloGold Ashanti board, effective 9 October 2007.

On 12 December 2007, AngloGold Ashanti announced the successful closing of a \$1.15 billion syndicated revolving loan facility. The new

three-year facility will be used to refinance an existing \$700 million revolving credit facility (due January 2008), an A\$200 million facility and

for general corporate purposes.

On 14 January 2008, AngloGold Ashanti announced that it had agreed to acquire 100% of Golden Cycle Gold Corporation (GCGC) through

a merger transaction in which GCGC's shareholders will receive 29 AngloGold Ashanti ADRs for every 100 shares of GCGC common stock

held. GCGC currently hold a 33% shareholding in Cripple Creek & Victor while AngloGold Ashanti hold the remaining 67%. The merger

transaction will result in Cripple Creek & Victor being wholly owned by AngloGold Ashanti. The transaction is subject to a number of

regulatory and statutory approvals, including approval by GCGC shareholders. The transaction, at the date of announcement was valued

at approximately \$149 million.

On 18 January 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 of the region of 1.4 million ounces.

On 25 January 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.

On 27 January 2008, AngloGold Ashanti announced it had agreed 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. The company 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 with the electricity supplier whereby Eskom will provide the company with four hours warning, prior to having to reduce power supply.

On 29 January 2008, AngloGold Ashanti announced that following a meeting between Eskom and industrial electricity consumers, the company had commenced the process of bringing back into production all of its underground mines and their associated gold treatment plants. On

7 February 2008, AngloGold Ashanti stated that following extensive discussions with Eskom and government, a power supply of 90% 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% level in order to return to normal production levels and milling rates.

On 14 February 2008, AngloGold Ashanti announced amendments to its agreement with B2Gold in respect of exploration activities in Colombia.

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Annual Financial Statements 2007

Investments

Particulars of the group's principal subsidiaries and joint venture interests are presented on page 304.

Litigation

There are no legal or arbitration proceedings in which any member of the AngloGold Ashanti group is or has been engaged, including

any such proceedings which are pending or threatened of which AngloGold Ashanti is aware, which may have, or have had during

the 12 months preceding the date of this Annual Report 2007, a material effect on the group's financial position, other than those

disclosed in group note 38 of the financial statements.

Material change

There has been no material change in the financial or trading position of the AngloGold Ashanti group since the publication of its

results for the quarter and year ended 31 December 2007.

Material resolutions

Details of special resolutions and other resolutions of a significant nature passed by the company and its subsidiaries during the year

under review, requiring disclosure in terms of the Listings Requirements of the JSE, are as follows:

Nature of resolution

Effective date

AngloGold Ashanti Limited

Passed at the annual general meeting held

on 4 May 2007:

General approval for the acquisition by the company, or a subsidiary of the company, of its own shares.

6 July 2007

Annual general meetings

At the 63rd annual general meeting held on 4 May 2007, shareholders passed ordinary resolutions relating to:

the adoption of the financial statements for the year ended 31 December 2006;

the re-election of Mr FB Arisman, Mr RE Bannerman, Mr WA Nairn, and Mr SR Thompson as directors of the company;

the election of Mr JH Mensah; Prof WL Nkuhlu and Mr SM Pityana, who were appointed since the previous annual general

meeting, as directors of the company;

the renewal of a general authority placing 10% of the unissued ordinary shares of the company, after setting aside sufficient

shares attributable to the Share Incentive Scheme and guaranteed convertible bonds, under the control of the directors;

the granting of a general authority to issue ordinary shares in the capital of the company for cash, subject to certain limitations

in terms of the Listings Requirements of the JSE; and

the increase in directors' annual remuneration with effect from 1 June 2007, as follows:

R135,000 (previous: R110,000) per annum for each director, other than for the offices of the chairman, deputy chairman and

those who are non-residents of South Africa.

\$150,000 per annum (previous: \$130,000) for the office of the chairman.

R360,000 (previous: R300,000) for the office of the deputy chairman.

\$25,000 (previous: \$16,000) per annum for directors who are non-residents of South Africa.

An additional \$5,000 (previous: \$4,000) per meeting for each director, including the chairman and deputy chairman, travelling

internationally to attend board meetings.

Details concerning the special resolution passed by shareholders at this meeting are disclosed above.

Directors' report continued

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Notice of the 64th annual general meeting, which is to be held in the Auditorium, 76 Jeppe Street, Newtown, Johannesburg at

11:00 (South African time) on Friday, 2 May 2008, is enclosed as a separate document with the Annual Report 2007. Additional

copies of the notice of meeting may be obtained from the company's corporate contacts and the share registrars or may be

accessed from the company's website.

Directorate and secretary

The following movements to the board of directors have taken place for the period from 1 January 2007 to 31 December 2007.

Executive directors:

Mr RM Godsell (CEO) retired from the board effective 30 September 2007.

Mr M Cutifani was appointed to the board on 17 September 2007 and as CEO effective 1 October 2007.

Mr R Carvalho Silva resigned from the board effective 30 September 2007.

Mr NF Nicolau resigned from the board effective 12 November 2007.

Non-executive directors:

Mr SM Pityana was appointed to the board effective 13 February 2007.

Dr SE Jonah resigned from the board effective 12 February 2007.

Mr CB Brayshaw retired from the board effective 5 May 2007.

Mr AJ Trahar retired from the board effective 5 May 2007.

Mrs C Carroll was appointed to the board effective 5 May 2007 and resigned from the board effective 9 October 2007.

Mr R Médori resigned from the board effective 9 October 2007.

Alternate directors:

Mr AH Calver (alternate to Mr WA Nairn) resigned as alternate effective 1 January 2007

Mr PG Whitcutt (alternate to Mr R Médori) resigned as alternate effective 9 October 2007 following Mr Médori's resignation from the board.

The directors retiring by rotation at the forthcoming annual general meeting in terms of the articles of association are Dr TJ Motlatsi,

Mr WA Nairn and Mr SM Pityana who, being eligible, offer themselves for re-election.

Mrs E Bradley who retires by rotation has not made herself available for re-election.

In addition to the abovementioned directors, Mr M Cutifani, who was appointed as a director during the year, will retire at the annual general meeting and offer himself for re-election.

In terms of the company's memorandum and articles of association, there is no mandatory resignation age for directors.

Non-executive directors do not hold service contracts with the company.

The names and biographies of the directors of the company are listed on pages 16 and 17.

There has been no change in the offices of the vice president – compliance and corporate administration and the company secretary.

The names, business and postal addresses of the vice president – compliance and corporate administration and the company

secretary are set out on page 326 of this report.

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Annual Financial Statements 2007

Directors' interests in shares

The interests of the directors and alternate directors in the ordinary shares of the company at 31 December 2007, which did not

individually exceed 1% of the company's issued ordinary share capital, were:

Beneficial

Non-

Beneficial

Non-

Direct

Indirect

beneficial

(1)

Direct

Indirect

beneficial

(1)

**31 December 2007**

31 December 2006

Executive directors

M Cutifani

—

—

—

—

—

—

R Carvalho Silva (resigned 30 September 2007)

—

—

—

—

—

RM Godsell (retired 30 September 2007)

—

—

—

13,010

—

—

NF Nicolau (resigned 12 November 2007)

—

—

—

3,000

—

—

S Venkatakrisnan

652



—  
—  
652  
—  
—  
KH Williams (retired 6 May 2006)  
—  
—  
—  
—  
—  
—  
—  
Total  
652 —  
—  
16,662  
—  
—  
Non-executive directors  
FB Arisman  
—  
2,000  
—  
—  
2,000  
—  
Mrs E le R Bradley  
—  
23,423  
3,027  
—  
23,423  
3,027  
CB Brayshaw (retired 5 May 2007)  
—  
—  
—  
—  
—  
—  
C Carroll (appointed 5 May 2007,  
resigned 9 October 2007)  
—  
—  
—  
—  
—  
—  
RP Edey  
—  
1,000

-

1,000

-

Dr SE Jonah (resigned 12 February 2007)

-

-

-

-

18,469

-

R Médori (resigned 9 October 2007)

-

-

-

-

-

-

Dr TJ Motlatsi

-

-

-

-

-

-

WA Nairn

-

-

-

-

-

-

WL Nkuhlu

-

-

-

-

-

-

SM Pityana

-

-

-

-

-

-

SR Thompson

-

-

-

-

—  
—  
AJ Trahar (retired 5 May 2007)  
—  
—  
—  
—  
—  
—  
—  
—  
PL Zim (retired 4 August 2006)  
—  
—  
—  
—  
—  
—  
Total  
—  
26,423  
3,027  
—  
44,892  
3,027  
Alternate directors  
DD Barber (resigned 4 August 2006)  
—  
—  
—  
—  
—  
—  
—  
AH Calver (resigned 11 July 2007)  
—  
—  
—  
—  
—  
—  
PG Whitcutt (resigned 9 October 2007)  
—  
—  
—  
—  
—  
—  
Total  
—  
—  
—  
—  
—

—  
Grand total  
652  
26,423  
3,027  
16,662  
44,892  
3,027  
(1)

The director derives no personal benefit.

Except for Mr Arisman, who, after receiving permission to do so from the chairman of the company, acquired an additional

2,000 AngloGold Ashanti shares (in the form of ADSs) on 22 February 2008, there have been no other changes in the above interests since 31 December 2007.

A register detailing directors' and officers' interests in contracts is available for inspection at the company's registered and corporate office.

Directors' report continued

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Annual financial statements

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly present the state of affairs of the company and the AngloGold Ashanti group at the end of the financial year, and the results of operations and cash flows for the year, in conformity with Generally Accepted Accounting Practice (GAAP) and in terms of the JSE Listings Requirements. In preparing the annual financial statements reflected in dollars in the English language as issued by the International Accounting Standards Board (IASB) and South African rands on pages 170 to 303, the group has complied with International Financial Reporting Standards (IFRS) in the English language as issued by the IASB and has used appropriate accounting policies supported by reasonable and prudent judgements and estimates. The directors are of the opinion that these financial statements fairly present the financial position of the company and the group at 31 December 2007, and the results of their operations and cash flow information for the year then ended.

AngloGold Ashanti, through its Executive Committee and Treasury Committee, reviews its short-, medium- and long-term funding, treasury and liquidity requirements and positions monthly. The board of directors also reviews these on a quarterly basis at its meetings.

Cash and cash equivalents at 31 December 2007 amounted to \$496 million, R3,381 million, together with cash budgeted to be generated from operations in 2008 and the net incremental borrowing facilities available are, in management's view, adequate to fund operating, mine development and capital expenditure and financing obligations as they fall due for at least the next twelve months. Taking these factors into account, the directors of AngloGold Ashanti have formed the judgement that, at the time of approving the financial statements for the year ended 31 December 2007, it is appropriate to use the going concern basis in preparing these financial statements.

The external auditors, Ernst & Young Inc., are responsible for independently auditing and reporting on the financial statements in conformity with International Standards of Auditing and the Companies Act in South Africa. Their unqualified report on these financial statements appears on page 149.

To comply with requirements for reporting by non-US companies registered with the SEC, the company has prepared a set of financial statements in accordance with US Generally Accepted Accounting Principles (US GAAP) which will be available from The Bank of New York Mellon to holders of the company's securities listed in the form of American Depositary Shares on the NYSE. Copies of the annual report on Form 20-F, which must be filed with the SEC by no later than 30 June 2008, will be available to stakeholders and other interested parties upon request to the company's corporate office or its contacts as listed on page 326 of this report. Under the Sarbanes-Oxley Act, the chief executive officer and chief financial officer are required to complete a group certificate stating

that the financial statements and reports are not misleading and that they fairly present the financial condition, results of operations and cash flows in all material respects. The design and effectiveness of the internal controls, including disclosure controls, are also included in the declaration. As part of the process, a declaration is also made that all significant deficiencies and material weaknesses, fraud involving management or employees who play a significant role in internal control and significant changes that could impact on the internal control environment, are disclosed to the Audit and Corporate Governance Committee and the board.

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Annual Financial Statements 2007

The Remuneration Committee sets and monitors executive remuneration for the company, in line with the executive remuneration policy.

This policy has as its objectives to:

attract, reward and retain executives of the highest calibre;

align the behaviour and performance of executives with the company's strategic goals, in the overall interests of shareholders;

ensure the appropriate balance between short-, medium- and long-term rewards and incentives, with the latter being closely linked

to structured company performance targets and strategic objectives that are in place from time to time; and

ensure that regional management is competitively rewarded within a global remuneration policy, which recognises both local and

global market practice.

In particular the Remuneration Committee is responsible for:

the remuneration packages for executive directors of the company including, but not limited to, basic salary, performance-based

short- and long-term incentives, pensions, and other benefits; and

the design and operation of the company's executive share option and other incentive schemes.

Remuneration Committee

For 2007, members of the Committee comprised the following non-executive directors:

Russell Edey (Chairman)

Reginald Bannerman

Prof Wiseman Nkuhlu (appointed 27 July 2007)

Frank Arisman (appointed 27 July 2007)

Sipho Pityana (appointed 27 July 2007)

Dr James Motlatsi (appointed 27 July 2007)

Colin Brayshaw (resigned 5 May 2007)

Tony Trahar (resigned 5 May 2007)

During the year, four meetings of the Remuneration Committee were held. Attendance by members or their designated alternates

was as follows:

Number of meetings attended

RP Edey

4

RE Bannerman

4

CB Brayshaw \*

1

AJ Trahar \*

1

WL Nkuhlu \*\*

3

FB Arisman \*\*

3

SM Pityana \*\*

3

TJ Motlatsi

2

\* Entitled to attend only one meeting.

\*\* Attended all meetings since appointment to committee.

Remuneration report



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All meetings of the committee are attended by the chief executive officer and executive vice president – organisational development

except when their own remuneration or benefits are being discussed. The services of Deloitte & Touche are retained to act as

independent, expert advisers on executive remuneration.

The following principles are applied in determining executive remuneration:

Annual remuneration is a combination of base pay and short-, medium- and long-term incentives, with salary comprising about 50%

of annual remuneration.

Salary is set at the median for the relevant competitive market.

All incentive plans align performance targets with shareholder interests.

Bonus Share Plan (BSP) and Long-Term Incentive Plan (LTIP)

#### *BSP*

Shareholders approved the introduction of two new schemes to replace the old share incentive scheme at the annual general meeting

held on 29 April 2005. The purpose of both schemes is to align the interests of shareholders and the efforts of executives and managers.

To the extent that structured company performance targets are achieved, the BSP allows for the payment of an annual bonus, paid in

part in cash and in part in rights to acquire shares.

Proposed changes to the BSP

The global scramble for skills in the resources sector has had the effect of greatly increasing levels of remuneration for skilled professionals

and managers. Whilst AngloGold Ashanti has been relatively successful in retaining many of its skilled professionals and managers, its

competitive position in respect of remuneration has been significantly eroded. This is especially true of the awarding of shares and the

magnitude of bonuses paid, which compare unfavourably both within South Africa and globally.

At the forthcoming annual general meeting, the company will propose raising the levels of maximum performance bonus payable and the

maximum levels of bonus share awards, reducing the vesting period of bonus shares from three years to two years, and altering the split

between company and individual performance in determining the bonus.

#### *LTIP*

The LTIP allows for the granting of rights to acquire shares, based on the achievement of stretched company performance targets over

a three-year period.

These targets are based on the performance of earnings per share (EPS) and relative total shareholder return