

ANGLOGOLD ASHANTI LTD

Form 6-K

March 30, 2010





**UNITED STATES  
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 30, 2010

Commission File Number 1-14846

AngloGold Ashanti Limited

(Name of registrant)

76 Jeppe Street

Newtown, 2001

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

South Africa

(Address of principal executive offices)

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

**Form 20-F X**      Form 40-F

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

Yes      **No X**

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

Yes      **No X**

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

Yes      **No X**

Enclosure: Press release

**ANGLOGOLD ASHANTI ANNUAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED DECEMBER 31, 2009, PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

09

**Annual Financial Statements 2009**

**Building a strong foundation**

**Forward-looking statements**

Certain statements contained in this document, including, without limitation, those concerning AngloGold Ashanti Limited's (AngloGold Ashanti) strategy to reduce its gold hedging position, including the extent and effect of the hedge reduction, the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs and other operating results, growth prospects and outlook of AngloGold Ashanti's operations, individually or in the aggregate, including the completion and commencement of commercial operations of certain of AngloGold Ashanti's exploration and production projects and completion of acquisitions and dispositions, AngloGold Ashanti's liquidity and capital resources and capital expenditure, and the outcome and consequence of any pending litigation proceedings, contain certain forward-looking statements regarding AngloGold Ashanti's operations, economic performance and financial condition. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, amongst other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in gold prices and exchange rates, and business and operational risk managements. For a discussion of such risk factors, refer to the section titled "Risk management and internal controls" in these annual financial statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of these annual financial statements or to reflect the occurrence of unanticipated events. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein.

Mr M Cutifani

(51) (Australian)

Mr S Venkatakrishnan

(Venkat)

(44) (British)

Mr RP Edey

(67) (British)

Mr FB Arisman

(65) (American)

Mr WA Nairn

(65) (South African)

Prof LW Nkuhlu

(65) (South African)

Mr SM Pityana

(50) (South African)

***Independent Non-executive Directors***

***Independent Non-executive***

***Chairman***

***Chief Executive Officer***

***Executive Director***

***Chief Financial Officer***

***Executive Director***

Dr TJ Motlatsi  
(58) (South African)  
*Independent Non-executive  
Deputy Chairman*

More detailed biographical information is presented in the section *Board of directors* on pages 134 – 136 of this report.  
**Board of directors**

## Contents

### AngloGold Ashanti Annual Financial Statements 2009

#### P

#### 1

Introduction

Vision, mission and values

P2

Scope of report

P4

Corporate profile

P6

Key features 2009

P12

Review of the year

Chairman's letter

P14

CEO's review

P18

CFO's report

P24

Scorecard 2009

P34

Project ONE

P36

Five-year summaries

P40

Operations at a glance

P44

Review of operations

P46

Gold, uranium and silver markets

P110

Global exploration

P114

Mineral Resource and Ore Reserve – a summary

P128

Governance

Board of directors and executive management

P134

Group information

P138

The regulatory environment enabling AngloGold Ashanti to mine

P142

Mine site rehabilitation and closure

P152

Gold production

P154

Sustainable development – a summary

P156

Corporate governance statement

P164

Risk management and internal controls	
P176	
Directors' approval	
P194	
Secretary's certificate	
P194	
Report of the independent auditors	
P195	
Directors' report	
P196	
Remuneration report	
P207	
Financial statements	
Group financial statements	
P216	
Company financial statements	
P316	
Principal subsidiaries and operating entities	
P345	
Other	
Non-GAAP disclosures	
P346	
Glossary of terms	
P353	
Shareholder information	
P359	
Administrative information	
Inside back cover	
Contents	



**AngloGold Ashanti Annual Financial Statements 2009**

**Vision, mission and values**

**P**

**2**

Our vision

To be the leading mining company.

Our mission

We create value for our shareholders, our employees and our business and social partners through safely and responsibly exploring, mining and marketing our products. Our primary focus is gold and we will pursue value creating opportunities in other minerals where we can leverage our existing assets, skills and experience to enhance the delivery of value.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**3**

Our values

**Safety is our first value.**

We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work. We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resources and systems to deliver on our most important commitment ... to care.

**We treat each other with dignity and respect.**

We believe that individuals who are treated with respect and who are entrusted to take responsibility respond by giving their best. We seek to preserve people's dignity, their sense of self-worth in all our interactions, respecting them for who they are and valuing the unique contribution that they can make to our business success. We are honest with ourselves and others and we deal ethically with all of our business and social partners.

**We value diversity.**

We aim to be a global leader with the right people for the right jobs. We promote inclusion and team work, deriving benefit from the rich diversity of the cultures, ideas, experiences and skills that each employee brings to the business.

**We are accountable for our actions and undertake to deliver on our commitments.**

We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.

**The communities and societies in which we operate will be better off for AngloGold Ashanti having been there.**

We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

**We respect the environment.**

We are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

**AngloGold Ashanti Annual Financial Statements 2009**

**Scope of report**

**P**

**4**

Scope of report

The suite of 2009 annual reports produced by AngloGold Ashanti Limited (AngloGold Ashanti) includes:

- Annual Financial Statements 2009
- Mineral Resource and Ore Reserve Report 2009
- Sustainability Review 2009
-

Abridged Report 2009

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**5**

These reports and documents communicate to our stakeholders and business partners on all aspects of AngloGold Ashanti's operating and financial performance for the 2009 financial year, from 1 January 2009 to 31 December 2009. Those to whom the company seeks to communicate include: shareholders; investors; employees and their representatives; the communities among whom AngloGold Ashanti operates; and regional and national governments. The **Annual Financial Statements 2009**, an extensive review of the year in both web-based and printed formats, from operational, financial and market perspectives, was prepared in accordance with: International Financial Reporting Standards (IFRS); the South African Companies Act, 61 of 1973; and the Listings Requirements of the JSE Limited (JSE). In compiling both the Annual Financial Statements 2009 and the Sustainability Review 2009, the guidelines on integrated reporting of the King Report on Governance for South Africa 2002 (King II) were taken into account. This report, which includes a separate Notice of Meeting, is submitted to the JSE in South Africa and to the London, New York, Ghanaian and Australian stock exchanges, as well as to the Paris and Brussels bourses. It is also furnished with the United States Securities and Exchange Commission (SEC) on a Form 6-K. 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, AngloGold Ashanti prepares an annual report on Form 20-F in accordance with US Generally Accepted Accounting Principles (US GAAP). The Form 20-F for the 2009 financial year must be filed with the

SEC by no later than 30 June 2010.

In the **Mineral Resource and Ore Reserve Report 2009**, AngloGold Ashanti's Mineral Resource and Ore Reserve are reported in accordance with the South African Code for Reporting of Exploration Results, Mineral Reserves and Mineral Resources (SAMREC 2007 Edition) 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 Resource and Ore Reserve reported. The Annual Financial Statements 2009 contains a summary of the group's Mineral Resource and Ore Reserve as detailed in the Mineral Resource and Ore Reserve Report 2009. These reserves are used in the preparation of the annual financial statements in accordance with IFRS. The **Sustainability Review 2009**, *Tomorrow's gold: issues that matter*, provides a group-level overview of AngloGold

Ashanti's key sustainability issues and is available in both a printed format and as a web-based report. A supplementary report, available as a pdf on the website, presents additional, more detailed information and data on group sustainability performance. AngloGold Ashanti's sustainability reporting is prepared in line with the Global Reporting Initiative (GRI) G3 guidelines and complies with the sustainable development framework of the International

Council of Metals and Mining (ICMM). Case studies in the supplementary report give insight into management's approach to issues of sustainability. In addition, the country reports provide insight into and data on sustainability management at an operational level. These reports are intended to facilitate local engagement processes and to meet the information needs of local stakeholders regarding the company.

A separate document, the **Abridged Report 2009**, which contains extracts of key information from the Annual Financial Statements 2009 as well as the notice of meeting to shareholders and the form of proxy, has been produced for distribution to all shareholders.

A compact disc, containing the web-based versions of the Annual Financial Statements and the Sustainable Development Report and downloadable pdfs of all these reports, will be distributed to all shareholders together with the Abridged Report 2009.

Hard copies of all these reports, which are integral to AngloGold Ashanti's communication programme with its shareholders and business partners, may be requested from the contacts listed at the end of this report.

**Note:**

•

Unless otherwise stated, \$ or dollar refers to US dollars throughout this suite of reports.

- References to “group” and “company” are used interchangeably in the narrative of this report, except in the financial statements of the group and company.
- To familiarise yourself with the terminology used in this report, please refer to the section on Non-GAAP disclosures and the Glossary of terms.
- Locations on maps are for indication purposes only.

**Mali**

Morila

137,000oz

Sadiola

135,000oz

Yatela

89,000oz

**Guinea**

Siguiri 316,000oz

**Ghana**

Iduapriem

190,000oz

Obuasi

381,000oz

**USA**

Cripple Creek & Victor 218,000oz

**Argentina**

Cerro Vanguardia

192,000oz

Operations

New exploration

**Colombia**

Quebradona

Gramalote

La Colosa

**Brazil**

Serra Grande

77,000oz

Brasil Mineração

329,000oz

**Canada**

Exploration

**AngloGold Ashanti Annual Financial Statements 2009**

**Corporate profile**

**P**

**6**

A truly global gold  
producer

**South Africa**

Great Noligwa

158,000oz

Kopanang

336,000oz

Moab Khotsong

247,000oz

Tau Lekoa

124,000oz

Surface operations

164,000oz

**West Wits**

Mponeng

520,000oz

Savuka

30,000oz

TauTona

218,000oz

**Australia**

Sunrise Dam

401,000oz

Tropicana

**Namibia**

**Tanzania**

Geita 272,000oz

**China**

Yili Yunglong

Jinchanggou

**DRC**

Mongbwalu

Kibali

**Russia**

Veduga

**Philippines**

Mapawa Area

Navachab 65,000oz

**Vaal River**

**Gabon**

**Egypt**

**Saudi Arabia**

**Eritrea**

**Solomon**

**Islands**

**New Zealand**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**7**

The group currently has 21 operations around the world as well as an extensive exploration programme under way on five continents. As at 31 December 2009, AngloGold Ashanti's Ore Reserve totalled 71.4Moz and it employed 63,364 people,

including contractors. Gold production for the year totalled 4.60Moz (2008: 4.98Moz), generating \$3.8bn in sales revenue.

Capital expenditure in 2009 was \$1bn.

*Locations on maps are for indication purposes only.*



**AngloGold Ashanti Annual Financial Statements 2009**

**Corporate profile**

**P**

**8**

Focused on returns

**AngloGold Ashanti's primary business is to maximise the returns delivered to shareholders throughout the economic cycle, by responsibly and efficiently producing gold.**

**AngloGold Ashanti strives to ensure its sustainability by:**

- **investing in the recruitment and development of employees;**
- **exploring for new orebodies and developing new mines;**
- **building and maintaining the infrastructure needed to sustain production;**
- **ensuring the orderly closure of operations at the end of their economic lives; and**
- **assisting in the development of the gold market.**

## **AngloGold Ashanti Annual Financial Statements 2009**

### **Our business**

**Exploration:** The group's exploration programme, which covers greenfield, brownfield, and more recently, marine exploration, is conducted either directly or in collaboration with partners and in joint ventures. The group's foremost recent greenfield discovery is the La Colosa deposit in Colombia (see map for regions of active greenfield exploration). Brownfield exploration is conducted mainly around existing operations. In October 2009, the group announced the establishment of a joint venture to explore for marine mineral deposits on the continental shelf on a worldwide basis. This complements AngloGold Ashanti's existing terrestrial exploration and mining activities.

**Operations:** In addition to the seven deep-level mines and one surface operation in South Africa, AngloGold Ashanti has surface and underground mining operations in the Americas, Australia and elsewhere on the African continent. In addition to the gold produced, valuable by-products – silver, sulphuric acid and uranium – are generated in the process of recovering the gold mined at certain operations.

**Marketing:** Once processed to the doré (unrefined gold bar) stage at AngloGold Ashanti's operations, this product is dispatched to various precious metal refineries where the gold is refined to a purity of at least 99.5%, in accordance with the standards of 'good delivery' as determined by London Bullion Market Association. It is then sold to bullion banks or refiners. Gold has been a much sought after source of wealth over the centuries, be it as an investment, a store of value or as jewellery. AngloGold Ashanti campaigns actively to promote demand for gold.

**P**  
**9**

**AngloGold Ashanti Annual Financial Statements 2009**

**Corporate profile**

**P**

**10**

Delivering shareholder  
returns

232

05

06

07

08

09

Dividends per share  
(South African cents)

450

143

100

130

130

SA cents **Year low**

36

05

06

07

08

09

Dividends per share  
(US cents)

62

19

11

17

17

US cents **Year low**

Relative share price performance (%)

Q2

Q3

Q4

Q1

Q2

Q3

2008

2009

AngloGold Ashanti share price (AU)

Philadelphia Stock Exchange Gold and Silver Index

60

40

20

0

-20

-40

-60

-80

Q4

**31 July 2008**

100% acquisition  
of Saõ Bento  
(\$70m) announced

**17 February 2009**

Sale of Tau Lekoa  
to Simmer & Jack  
announced

**21 November**

**2008**

\$1bn syndicated  
loan with Standard  
Chartered  
announced

**20 May 2009**

Issue of 3.50% convertible  
bonds of \$732.5m,  
due 2014

**1 September 2009**

\$284m equity offering to  
fund effective 35% interest  
in Kibali gold project

**22 December 2009**

Additional effective  
10% interest acquired  
in Kibali gold project

**5 October 2009**

Joint venture formed  
with De Beers in  
marine exploration  
and mining

**28 January 2009**

Announcement of sale  
of 33% interest in  
Boddington  
joint venture to  
Newmont for \$1.1bn

**1 July 2008**

Acquisition of 100%  
interest in Golden Cycle  
Gold Corporation  
for \$109m

Sale of 50% stake in  
Nufcor International

**July 2008**

Restructuring of  
hedge book begins

**7 July 2008**

Rights offer raises \$1.7bn

**6 May 2008**

Announcement of  
significant exploration  
results at La Colosa

**31 July 2009**

Hedge book reduced  
by 1.4Moz to 3.9Moz,  
which is less than one  
year's production

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**11**

Poised for growth

Since implementing its new business strategy at the end of March 2008, AngloGold Ashanti has conducted significant restructuring of its portfolio and balance sheet. The financial foundation of the company has been strengthened by the marked reduction in debt and significant cuts to the hedge book. Key personnel have been retained to address specific operational requirements, the portfolio has been optimised through the sale and acquisition of assets, decisive remedial action has been taken to bring underperforming mines to account and the exploration programme has been refocused. These changes put in place the foundation for the company to deliver to the full potential of its employees and its assets and to achieve positive returns on the capital it employs, throughout the economic cycle.

AngloGold Ashanti continues to be guided by its core organisational values, of which safety is the most important.

Americas

49%

South Africa

26%

United Kingdom

12%

Europe

4%

Asia Pacific/Middle East

3%

Ghana

3%

Other 3%

Geographical distribution of shareholders

as at 31 December 2009

**Stock exchange information**

AngloGold Ashanti's primary stock exchange listing is on the JSE in South Africa. The company's ordinary shares are also listed on 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

CHESS (Clearing House Electronic Sub-register System) Depositary Interests (CDIs) and in Ghana, in the form of Ghanaian Depositary Shares (GhDSs). Each IDR and ADS represent one ordinary share, each CDI represents one-fifth

of an ordinary share and 100 GhDSs represent one ordinary share.

As at 31 December 2009, AngloGold Ashanti had 362,240,669 ordinary shares in issue and a market capitalisation of \$14.6bn (31 December 2008: \$9.8bn).

4.1

05

06

07

08

09

Return on net capital employed

(%)

9.2

7.3

2.6

17.7

(1)

(1)

17.7

%

Year low

(1)

Excludes hedge buy-back costs

**AngloGold Ashanti Annual Financial Statements 2009**

**Key features 2009**

**P**

**12**

2009, a year of delivery on commitments

- LTIFR improved by 10% to 6.57 per million hours worked
- Received gold price at record levels – average for the year of \$925/oz, excluding hedge buy-back costs
- Strong local operating currencies negatively affect costs and margins
- Significant reduction in hedge book commitments – down by 35%
- Statement of financial position improved and net debt reduced by 32%
- Return on net capital employed increased to 17.7% excluding hedge buy-back costs
- Optimisation of portfolio and business restructuring, resulting in improved capital efficiencies



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**13**

Group overview 2009 – key data

2009

2008

% change

Gold produced

(000oz)

4,599

4,982

(8)

Average gold spot price

(\$/oz)

974

872

12

Average received gold price

(1)

(\$/oz)

751

485

55

Total cash costs

(\$/oz)

514

444

16

Total production costs

(\$/oz)

646

567

14

Ore Reserve

(2)

(Moz)

71

75

(5)

Revenue (\$m)

3,916

3,743

5

Gold income

(\$m)

3,768

3,619

4

Gross (loss) profit

(\$m)

(578)

594  
(197)  
Adjusted gross profit (loss)  
(3)  
(\$m)  
412  
(384)  
207  
Adjusted headline loss  
(4)  
(\$m)  
(50)  
(897)  
94  
Adjusted headline loss per share  
(US cents)  
(14)  
(283)  
95  
Dividends per share  
(US cents)  
17  
11  
55  
Average exchange rate  
(R/\$)  
8.39  
8.25  
2  
Exchange rate at year-end  
(R/\$)  
7.44  
9.46  
(21)  
Share price at year-end:  
JSE (R/share)  
306.29  
252.00  
21  
NYSE (\$/share)  
40.18  
27.71  
45  
Market capitalisation at year-end  
(\$m)  
14,555  
9,795  
49  
Note:  
(1)

Edgar Filing: ANGLOGOLD ASHANTI LTD - Form 6-K

Average received gold price excluding the effects of the hedge buy-back costs is \$925/oz in 2009 and \$702/oz in 2008.

(2)

After adjusting for the Boddington sale, Ore Reserve increased by 5% from 68.2Moz to 71.4Moz.

(3)

Gross (loss) profit excluding unrealised non-hedge derivatives and other commodity contracts. Refer to Non-GAAP disclosure note 2 on page 347.

(4)

Headline loss 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 346.

6.77

05

06

07

08

09

7.70

Group LTIFR

(per million hours worked)

8.24

7.32

6.57

6,166

05

06

07

08

09

Gold production

(000oz)

5,635

5,477

4,982

4,599

2.4

05

06

07

08

09

Gold income

(\$ billion)

2.6

3.0

3.6

3.8

6.57

4.6

Moz

\$3.8

bn

**AngloGold Ashanti Annual Financial Statements 2009**

**Chairman's letter**

**P**

**14**

Chairman's letter

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**15**

**Dear shareholder,**

This is my eighth and final letter to you since I became chairman of the then AngloGold in 2002. Reflecting on the company's

progress since then paints, on balance, a healthy picture, though it cannot be said that it has been without its challenges.

Perhaps the most fundamental strategic shift occurred early last year when former majority shareholder, Anglo American,

completed the process of selling off its stake in AngloGold Ashanti. While acknowledging the positive role played over the

years by Anglo American, this has given our company greater freedom to pursue its best interests. I believe the consequences

of this will become increasingly apparent in the years ahead.

A major milestone during my tenure as chairman was the business combination with Ashanti Goldfields in 2004. We must

concede that it took longer than expected to turn around Ashanti's main asset, Obuasi. Indeed, hindsight tells us that we could

have managed better the process of integrating the two companies, and taking advantage of the synergies and other opportunities the transaction offered. Hopefully lessons have been learned from this experience. Nonetheless, the

transaction

offered geographical diversity and with Obuasi, Geita, Siguiri and the exploration rights in the Democratic Republic of the

Congo, has given us significant long-term assets.

On the financial side, a central focus since 2002 has been on reducing the hedge book to take greater advantage of the recovery in the gold price in the last decade. The company has accelerated that process in the past two years,

during

which time our total hedge commitment has been reduced from 10.39Moz at end 2007 – more than double our annual production – to 3.9Moz, significantly less than a full year's production. The company will continue to focus on reducing the

the

hedge on an opportunistic basis so as to ensure maximum exposure to the spot gold price.

The gold price climbed steadily through the year, ending 24% stronger than it began. Starting at around \$875/oz, it reached

a high of \$1,226/oz early in December but by year-end was closer to \$1,100/oz. Continuing economic and jewellery demand

growth in China and India, expansionary US monetary and fiscal policies and limited major new orebody discoveries, all point

to sustained gold strength, though this trend is likely to be marked by significant market volatility.

My greatest regret is that we have not yet achieved our safety performance goals. I do, however, recognise the efforts of both

Chief Executive Officers, Bobby Godsell and now Mark Cutifani, under whose stewardship the fatality rate on our mines has

been reduced from 0.31 deaths per million hours worked in 2002, to 0.10 in 2009. Mark and his team will strive to reach the

target of zero fatalities.

The energetic corporate activity aimed at restructuring our asset portfolio in order to add value is evidence of the dynamism

of AngloGold Ashanti's management. Following the 2008 transactions in Colombia, the US and Brazil, 2009 saw a sale

agreement for our Tau Lekoa mine in South Africa, completion of which is pending final regulatory approval. We also sold our

33.3% interest in Boddington, Australia, while enhancing our operating and exploration base through the transactions involving the Kibali gold project in the DRC, the alliance with Thani Dubai Mining, the increased interest in Sadiola in Mali, and

the marine exploration joint venture with De Beers.

**Russell Edey,**

*Chairman*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Russell Edey looks back on  
his time at AngloGold Ashanti**

**AngloGold Ashanti Annual Financial Statements 2009**

**Chairman's letter**

**P**

**16**

In May, the company finalised a fund raising of \$732.5m of 3.5% convertible bonds due 2014 on competitive terms. The funds

were used to refinance AngloGold Ashanti's debt facilities and for general corporate purposes.

It is gratifying that AngloGold Ashanti has – justifiably – sustained its reputation over the years as a responsible corporate

citizen in the countries and communities where it operates. Though the scrutiny of our activities is intense, and challenges are

manifold and often complex, we have always sought to act with integrity, and have been willing to acknowledge any errors of

judgement and remedy them.

AngloGold Ashanti, like most major mining companies, continues to face significant challenges as a corporate citizen.

Energy issues are becoming a particular challenge in terms of security of supply, price and our obligation to minimise our

carbon footprint. South Africa faces a major challenge to meet the demand for electricity. Our company played a prominent

role in commissioning a submission to the energy regulator as it considered an initial application from the state-owned power

company for a 45% a year tariff increase over three years. While we recognise that power prices in South Africa have been

unrealistically low for many years, an increase of such magnitude would seriously damage not only our industry but the

economy as a whole. We hope our work played a part in the outcome of lower increases of about 25% a year over the three-

year period – a substantial improvement on the original request. In addition, together with other business groups, we continue to engage relevant government structures in an effort, jointly, to ensure a secure, fairly priced and cleaner

supply

of power to the country.

More broadly, public policy debate over the nature of a nations' stewardship over their natural resources, and the question of

a fair division of the benefits of mining between companies and the people of those nations, continues to intensify.

This is the

case not least in our company's country of domicile, South Africa, where a review of the Mining Charter promises to be a major

issue in 2010, and where vocal calls for nationalisation of the industry, emanating mostly from the ruling party's youth wing,

have become common. President Zuma and other senior government figures have stated that nationalisation is not on the

government's agenda.

Nevertheless, companies such as ours, and the business organisations to which we are affiliated, need to become more effective in these public policy debates. There is, in some jurisdictions, a tendency to be coy about such interventions.

However, provided it is done in a manner of mutual respect, and provided appropriate regard is given to the national interest

(as opposed to adopting unsustainable positions reflecting overly narrow corporate interests) there is no reason for coyness.



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**17**

It is particularly important that the Chamber of Mines – weakened in recent years by various factors, including the departure of some mining majors to foreign domiciles and primary listings – re-establishes itself as a credible representative of our industry. In pursuit of this goal, we made our Chief Executive Officer available for election as Vice President of the Chamber in November. He, along with the rest of the new Chamber leadership, are already doing good work in this regard. In conclusion, I would like to pay tribute to Mark. Even the best managed companies need regular phases of renewal. In the period since September 2007 when he joined us, Mark has truly positioned AngloGold Ashanti for a new and successful era.

He has achieved this through lucid strategic thinking, and putting those new strategies into effect. This is reflected in the rationalisation of our asset portfolio, the financial restructuring and, most importantly, the work he has done as a manager of people, building a highly capable team and giving them the confidence to take the business forward. I am very pleased to be succeeded by Tito Mboweni, who recently retired, after ten years in that position, as Governor of the South African Reserve Bank. His standing in international business and financial circles, and his clear identification with the values upon which AngloGold Ashanti is built, places the leadership of the board in very capable hands. It has been a privilege to serve you over the past 12 years. I leave you with a dynamic board and management team that will take AngloGold Ashanti to new heights.

Yours sincerely,

Russell Edey

Chairman

**AngloGold Ashanti Annual Financial Statements 2009**

**CEO's review**

**P**

**18**

CEO's review

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**19**

**My fellow AngloGold Ashanti shareholders,**

As you would no doubt be aware this was an epic year for AngloGold Ashanti, both in terms of the changes we have introduced as part of restructuring of our company and in relation to the gold price. As we restructured and reduced our gold hedge book it was gratifying to see spot prices setting a record \$1,226/oz in November, a sure sign that gold behaved exactly as it should have against the backdrop of continued uncertainty in the global economy and with the current outlook for inflation. It was in this environment that we took several important steps toward our goal of building a company that will thrive under all market conditions and deliver strong returns on capital employed, through the economic cycle. The year was an historic one for us given that AngloGold Ashanti finally said farewell to Anglo American - its long time dominant shareholder. This was somewhat of a protracted exit for our founder and largest investor, which had signalled its intention to sell its stake in our company well in advance of the final disposition. We were also pleased to learn in March that this longstanding overhang had not only been removed, but that the buyer of the block was Paulson & Co., a New York-based investment firm founded and headed by John Paulson, one of the most successful investors of modern times. In several meetings and conversations with John since then, he has voiced strong support for our overall business strategy, not least of all our efforts to improve safety. Encouragingly, he is also extremely bullish on the future of the gold market. Our stock responded well to the further implementation of our strategy during the course of the year and delivery on our major corporate and operating objectives. AngloGold Ashanti's American Depositary Receipts, the most liquid of our publicly traded securities, rose 45% during 2009 compared with a 35% rise in the benchmark Philadelphia Stock Exchange Gold & Silver Index. At year-end, AngloGold Ashanti had a market capitalisation of almost \$15bn, cementing its position as one of the world's largest and most valuable gold producers. Still, given the diversity of our portfolio, our competitive cost position and significant growth potential, our stock continues to trade at a fundamental discount to the North American peer group. You can be assured that your management team remains committed to exploring every means possible to eliminate that discount, most notably by delivering on the commitments we have made.

**Review of the year**

AngloGold Ashanti produced 4.6Moz of gold in 2009 at a total cash cost of \$514/oz, compared with the previous year's 4.98Moz at a total cash cost of \$444/oz. That production was also below initial market guidance for the year of 4.9Moz to 5Moz at a cash cost of \$435/oz to \$450/oz. Costs, however, remained within our exchange-rate adjusted guidance in each quarter.

**Safety**

Safety is the obvious starting point for me when reflecting on the performance in 2009. We continued to make good overall progress on this front, particularly when looking back at the past several years. Our lost time injury frequency rate in 2009 was

6.57 per million hours worked, a 10% improvement on 2008 and a great deal better than the 8.24 we saw in 2007.

Tragically,

we lost 16 of our colleagues during the year. While this performance remains a great improvement on fatalities of 34 in 2007,

it did not represent the improvement we were looking for from the levels of 14 in 2008.

**Mark Cutifani,**

*Chief Executive Officer*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Mark Cutifani discusses**

**the prospects for AngloGold Ashanti**

## AngloGold Ashanti Annual Financial Statements 2009

### CEO's review

P

20

While we worked to effect rapid improvements with those teams that had the poorest safety record, Thero Setiloane was set the crucial task of developing a plan to realise the next transformational gains to our safety performance. The people who leave their families to come to work at AngloGold Ashanti each day are the heart and soul of our operating team, for them, incremental advances on safety are simply not good enough. We will commence the rollout of our new Safety Transformation Blueprint from April 2010. This is a plan to further entrench our safety culture by increasing the involvement of employees at every level, to help us realise the next quantum leap toward delivering on our goal of zero fatalities, and ultimately delivering on our commitment of “no harm”.

Our South African mines were affected by far more rigorous policing of safety regulations by provincial mine inspectors in 2009. There was also a greater awareness of operating risks among our own managers and employees. In all, we lost 95 full production days at various South African mines and 73 partial days, which impacted our ability to achieve our initial guidance for the year. I fully support even-handed and consistent enforcement of South Africa's mine safety laws and our people are working hard to optimise internal controls while spending time with the authorities to better understand their requirements. Limiting these stoppages is crucial to maintaining and improving our competitive position in the South African mining industry and indeed against our global peer group.

There were significant interruptions to mining operations resulting from a stoppage at TauTona, which was closed for two months at the end of the year, based on our commitment to maintain a safe working environment for our employees. This stoppage was taken in addition to the seismic event that resulted in the closure of the Savuka operations through the second half of 2009. We expect both operations to return to production during the first half of 2010.

### Strategic focus

Our quest – as stewards of the capital – is to consistently generate returns above 15%, a goal often overlooked by gold mining companies pursuing additional production. By ensuring that we have the right people taking accountability for doing the right job at the right time, we can achieve our ambitious five-year cost and productivity objectives and make good on our commitment to deliver these returns. This is easily the most attractive opportunity available to us internally and has the potential to yield \$600m of benefits a year for a nominal capital outlay.

Project ONE is an all-encompassing business philosophy that touches every corner of the organisation – from embracing a more inclusive approach to the management of our working relationships and the allocation of work and accountability

through our System for People, to more scientific rigour in short and long-term planning and execution of work through our Business Process Framework.

We have focused on building our capacity in key areas over the past two years to add to the impressive capability that already exists within AngloGold Ashanti. Now, by combining these hard, technical planning and execution skills with the soft, human-resources management practices needed to realise the full potential of our people, we have made significant strides toward achieving our long-term objectives.

Looking back at the progress made since March 2008, when we first began to implement our new business strategy, we

estimate that we are a third of the way to completing its rollout across the business. Our initial focus was on making rapid

improvements to safety and the operating performance of our assets in Argentina and Brazil, while lowering overall debt and

paring the hedge book from around 12Moz to 3.9Moz by the end of 2009. The decision to improve the balance sheet and

reduce our overall financial risk proved prescient in light of the ructions in credit markets and the rising gold price.

We again

took advantage of improving conditions in the global debt markets in 2009 to strengthen our balance sheet by issuing a

\$732.5m convertible bond in May and completing a modest equity offering in September to finance our acquisition of an initial

effective 35% stake in the 22Moz Kibali gold project in the Democratic Republic of the Congo (DRC). We've since increased

our stake in the project to an effective 45%.

With the balance sheet headroom we created for ourselves, our treasury team was able to conduct a major restructuring of the

hedge book ahead of the strong rally in the gold price in the second half of the year. Our decision to remove a significant portion

of our hedge contracts over the past 18 months has generated more than \$2.5bn of value, given the difference in the mark-to-

market value of our hedge book at the end of 2009 and what it would have been had we not undertaken this reorganisation.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**  
**21**

Importantly, though, the balance sheet has provided the necessary platform to finance our growth ambitions, which brings me to the next phase of our business strategy – optimising our operating performance.

**Operations**

As the rollout of Project ONE continued to gain momentum during 2009, we had several encouraging developments across the business. I think you'll agree when you look at the arc of improvement from our operations in Argentina, Brazil and Ghana, that our targeted interventions yielded excellent results. Geita, which for some time has struggled to meet its operating targets, continued its turnaround in the latter part of 2009. This progress is the key to unlocking the potential of our portfolio. Importantly, these initiatives are supported by Project ONE and will gain momentum as we continue its rollout across 12 additional sites in 2010.

While the majority of our assets met or exceeded their targets, there were operational challenges that had to be met during the year. Grade problems in the pad at Cripple Creek & Victor (CC&V) hampered our performance in the US, while flooding at Obuasi and a first-quarter mill breakdown at Geita – along with the stoppages at Savuka and TauTona – led to the decline in production and our failure to meet initial guidance. The good news is that TauTona resumed normal operations in January 2010, Savuka will be up and running by June 2010 and a solid, workable plan is in place to remediate CC&V and restore it to annual production of around 280,000oz in 2011.

During the course of the year, Jorge Palmes and his team in Argentina showed what Cerro Vanguardia was capable of, given the right management and the appropriate level of support from the global organisation. In little over 12 months, Jorge and his team took a mine that was previously earmarked for sale and transformed it into an operation that is now competing for position as our lowest-cost operation. An equally impressive achievement is the progress made on plans for an underground development and heap leach operation at Cerro Vanguardia, which were little more than ideas at the beginning of 2009. Both projects are in progressive development.

This mirrors the change in Brazil under Helcio Guerra's leadership. More than a decade of static to shrinking production has now made way for a solid, practicable growth plan and one of the lowest cost mines in the group. Brazil is now the cornerstone of a regional growth plan that will take our Americas region from current levels around 800,000oz a year, to more than 1.1Moz over the next four years. At the core of this growth strategy is the São Bento property which we acquired from Eldorado Gold in 2008 for \$70m. The purchase was based not only on our view that the existing plant at São Bento could speed the development of our neighbouring Córrego de Sítio project, but also that there was more gold to be found on that property. I'm happy to report that our original hypotheses has proved correct and each of the drill holes we put into the ground

over 2009 has yielded mineralisation. By the end of 2010 we'll have made significant progress toward reporting a meaningful reserve from the project and will be able to shed more light on our plans for the second-phase expansion of this exciting district.

Australia again delivered another solid performance meeting its plan. Our team there has wasted no time in refocusing their growth strategy after the sale of our 33.33% stake in Boddington to Newmont Mining Corp. The underground potential at Sunrise Dam looks more encouraging with every hole we drill in the orebody and we're more confident than ever of sustaining the current level of production for many more years. All indications are that this will be supplemented by our Tropicana project, which will be tabled to the board for approval in the fourth quarter of 2010. These mines, seen together with an exciting and aggressive regional exploration strategy, make our Australian division a promising business in its own right. We also had good, consistent performance during 2009 from Siguiri in Guinea, which delivered to its plan despite some forced stoppages during a year of considerable political change in the West African country. In Mali we saw how the right leadership can get the most from a mature set of assets. Our decision not to sell our stake in the Sadiola mine has also been vindicated by growing optimism in the sulphide deposit at depth and our ability to develop it into a significant new source of production in coming years.

Geita and Obuasi have been set by the market as the true test of our operating credentials so it's especially gratifying to see their improved performance resulting from specific interventions made in the implementation of our business strategy. Obuasi has continued to build on the improvements that began to take hold in 2008 and Geita has well and truly turned the corner. Production at Obuasi was up 7% in 2009, grades improved by 19% and costs were maintained. Consider this: Obuasi,



**AngloGold Ashanti Annual Financial Statements 2009**

**CEO's review**

**P**

**22**

one of the world's great orebodies, had not once generated cash since the merger with Ashanti Goldfields. In April 2009, however, this operation made a cash contribution to the business for the first time in five years and has done so every month since as it has gone from strength to strength under its new management team and the new operating philosophy. We're expecting additional, significant improvements to help us realise the full potential of this orebody as we implement Project ONE in 2010. Changes to Obuasi's mine plan, which have eliminated the need for 400km of costly development over its life, have radically changed the capital profile of this important deposit and secured its future for many years to come. Progress at Geita has also given us cause for some optimism. The secondment in May of Graham Ehm, our Executive Vice President of our Australasia region, to run this operation in cooperation with Richard Duffy and his team, was a key development in changing the fortunes of this operation in the second half of 2009. After careful analysis of this operation, the implementation of our new operating framework has helped increase production by 52% in the second half of 2009 over the first half. Mining flexibility has improved, fleet and plant availability are greatly increased and the results are evident in the bottom line. This is a world class deposit and the foundation is now in place for it to regain its position as a cornerstone asset for us. South Africa continued to grapple with steeply rising electricity tariffs, evidenced by the 31% price increase effective from July 2009. This inevitably raised our cost base from mines that are almost exclusively powered by electricity. We have committed to assisting, where possible, in helping Eskom's management weigh the alternative funding structures available in order to preserve this industry's competitive position. With higher power costs ahead and a growing realisation that South African homes and businesses reduce electricity consumption to ensure stable supply, we've worked hard to become a more efficient consumer in recent years. The results have been remarkable – by the end of 2009, our overall consumption had dropped by 16% from the base set at the end of 2007. This effort was enough to win us two national energy efficiency awards in 2009, an achievement of which we're all immensely proud. Still, there's more to do for our teams in South Africa – and, indeed across the globe – they are all up to the job of making our mines more efficient. Like Australia and Brazil, our South African operations also faced cost pressure from a markedly stronger local currency. With a weaker dollar responsible for much of gold's upward movement in 2009, a stronger rand is likely to be a fact of life for us for some time. This is also true for our operations in Brazil and Australia, all of which have faced increased portfolio inflows that have driven these currencies higher against the dollar, crimping local revenues and raising dollar costs. It was a dominant

theme for us this year and a major factor behind the rise in our cash costs.

We are not standing idly by in the face of these rising costs. The implementation of our Business Process Framework at the

Mponeng plant during 2009 yielded a 15% increase in throughput with only a nominal investment. This success, at one of the

more efficient operations in our portfolio, is emblematic of the greater gains to be made across the group in the year ahead.

Robbie Lazare, who has designed and implemented our change programme, has been appointed Executive Vice President

of our South African operations. In this capacity he will lead our efforts to effect operational improvements while also reviewing

the West Wits and Vaal River operations to determine their optimal structure. Robbie and his team have been tasked with

ensuring that we retain our competitive edge in South Africa. This will leave Richard Duffy to focus on continuing the good

work on operational improvements in Continental Africa and growth projects through the pipeline.

### **Securing our growth**

With the plan in place to optimise each of our existing operations, we've taken decisive steps during the year to secure our

long-term growth, much of which is evidenced by the 5% rise in our Ore Reserve to 71.4Moz after adjusting for the Boddington sale. This provides a strong foundation to ensure the sustainability of our business going forward.

Our exploration team remains one of the most successful in the gold industry and has refocused its efforts in the countries in

which we already operate and have a distinct advantage. Under Tony O'Neill's guidance, the team entered exciting new regions including the Middle East and North Africa, and Canada, where we have high confidence of growing our business still

further. Our marine-prospecting joint venture with De Beers also holds significant promise as a new frontier.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**23**

In Colombia, where we already have a 12Moz resource at our La Colosa project, our in-country team continues to navigate

a complex permitting process. We have only to wait for water permits from the regional government to resume drilling at

La Colosa but have in the meantime also begun exploring at a range of other sites in the country where we hold significant

land positions with exciting geological potential. Colombia is an important aspect of our long-term growth plan and we remain

committed to a collaborative approach with communities and the government at all levels to secure the necessary permissions

to move forward with this development.

Our acquisition of an effective 45% stake in the 22Moz Kibali gold project in the DRC also gives AngloGold Ashanti a foothold

in the world's largest untapped gold deposit. We look forward to the sustainable development of this district with our partners

in the endeavour, Randgold Resources and the Government of the DRC.

**The year ahead**

I see 2010 as a watershed year for our company. This is a year where we must prove our operating credentials by making the

transformational leap in safety that will help secure our future in South Africa, by achieving the recovery at Cripple Creek &

Victor, by making meaningful progress toward developing our potential in Colombia and by extending and entrenching the

improvements made in Argentina, Brazil, Ghana and Tanzania. This will lay the groundwork for AngloGold Ashanti to achieve

its exciting growth ambitions and – most important of all – to deliver the returns on capital that are the driving force behind

our overall decision making.

I'd like to bid farewell to outgoing chairman Russell Edey, who has been an invaluable touchstone for me since my arrival in

2007. He has led the board with incisiveness and absolute integrity for the past eight years and his presence will be missed.

I look forward to forging the same partnership with Tito Mboweni, the former Governor of the South African Reserve Bank,

whom we're fortunate enough to have as Russell's replacement. A director of his calibre, with knowledge of local and international markets that is as broad as it is deep, is a tremendous asset to our company and its shareholders.

Lastly, I'd like to thank the more than 63,000 people at AngloGold Ashanti who are part of this extraordinary effort to create

the world's leading mining company. I continue to be inspired by the level of commitment and initiative evident throughout this

company. While 2009 was indeed an epic year, I've no doubt that 2010 will be greater still.

Regards,

Mark Cutifani

Chief Executive Officer

**AngloGold Ashanti Annual Financial Statements 2009**

**CFO's report**

**P**

**24**

CFO's report

**Highlights for the year**

Average dollar gold spot price

\$974/oz

12% higher than previous year.

Average dollar gold price received

\$751/oz

55% higher than 2008 mainly due to the higher levels of hedge

(including the effects of the hedge

book restructuring in the previous year.

buy-back costs)

Total cash costs (\$/oz)

\$514/oz

16% higher than the previous year due to lower production resulting

from safety related stoppages, inflation related increases in salaries,

mining contractor costs, power, consumables and ore stockpile

movements.

Adjusted headline loss

(\$50m)

The adjusted headline loss decreased from \$897m to \$50m

(including the effects of the hedge

mainly due to the higher gold price received and the

buy-back costs)

lower cost of the hedge buy-backs. The adjusted headline

earnings excluding the cost of the hedge buy-backs,

increased from \$19m to \$708m mainly due to a higher

received gold price.

Dividend for the year

130 SA cents

A final dividend of 70 South African cents (approximately

per share

9.10 US cents) was declared for the six months ended

31 December 2009, an increase of 17% from the previous

declaration. This takes the total dividend for the year to

130 South African cents (approximately 16.75 US cents) per

share, representing a 30% increase over the 2008 dividend.

Capital raised through an equity

\$284m

AngloGold Ashanti successfully completed an equity offering in

offering

September 2009. The gross proceeds of \$284m were applied

towards the acquisition of an effective 45% interest in the Kibali

gold project.

Hedge book reduction

2.1Moz

Hedge book commitments reduced through further buy-backs

and continued delivery into maturing contracts. This represents a

2.1Moz or 35% reduction to the 6.0Moz committed at the start of the year. Outstanding commitments of 3.9Moz now amount to less than one year's production.

Net debt levels

\$868m

Net debt levels closed at \$868m, some \$415m lower than the start of the year due to improved operational cash flows and the sale of assets.

Cash flows from operating activities

\$1,299m

Cash flows from operating activities, excluding the hedge buy-excluding hedge buy-back costs

back costs, increased from \$584m to \$1,299m in 2009 mainly due to the higher received gold price and improved performance from turn-around assets.

**AngloGold Ashanti Annual Financial Statements 2009**

**P  
25**

**Introduction**

In a year of volatile gold prices and exchange rates, AngloGold Ashanti successfully accomplished a number of financial milestones:

- Adjusted headline earnings (excluding the impact of accelerated hedge buy-backs) were a record at \$708m, a result of better received prices, improved performance from some assets and foreign exchange gains;

- The full year dividend was increased by 30% compared to the previous year, to 130 South African cents per share (approximately 16.75 US cents per share);

- Net debt levels were reduced by 32% or \$415m during the year to close at \$868m;

- The issue of a five-year \$732.5m convertible bond at competitive terms lengthened the tenor of borrowings;

- The hedge book was reduced by 35% or 2.1Moz to close the year with 3.9Moz of hedge commitments, which represents less than one year's forecast production;

- The rationalisation of the asset portfolio was completed with the sale of AngloGold Ashanti's 33.33% interest in the Boddington mine for a cash consideration of \$990m plus royalties; and

- An equity raising of \$284m was completed to part fund the \$344m acquisition of an effective 45% interest in the Kibali gold project in the Democratic Republic of the Congo.

Looking ahead, the financial objectives for 2010 include:

- Maximising margins and cash generation in the business;

- Continuing with opportunistic reductions to the hedge book to further improve participation in a gold price rally; and

- Introducing more tenor into the statement of financial position whilst refinancing the group's \$1.15bn revolving credit facility before December 2010.

**Srinivasan Venkatakrisnan (Venkat),**

*Chief Financial Officer*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Venkat discusses the financial prospects for AngloGold Ashanti**

**Production**

Production for the year at 4.6Moz was 8% or 383,000oz less than that of 2008.

Southern Africa's production declined by 14% to 1.86Moz, reflecting the increased number of safety-related stoppages resulting from more stringent policing of safety regulations as well as the proactive approach by the company's managers to

averting accidents. In addition, on 22 May 2009 the seismic event at Savuka caused damage to the shaft infrastructure thus

reducing production. On 23 October 2009, underground operations at the TauTona mine were suspended to conduct inspection and shaft steel work rehabilitation along the shaft barrel. TauTona was brought back into production in January

2010, after the inspection and rehabilitation work were successfully completed.

Production during the year from Continental Africa fell by 3% to 1.52Moz as improvements at Geita and Obuasi offset

declines from Sadiola and Morila. In South America, production increased by 6% to 598,000oz, with a strong turnaround

from Argentina. Cripple Creek & Victor in North America suffered from below-par recoveries from the leach pad, resulting in

a 16% drop in production to 218,000oz.

Australasia's production decreased by 7% to 401,000oz due to the lower grade of ore processed given that the high-grade Mega open pit was exhausted in 2008.

**Income statement**

An analysis of the abridged income statement for the year, with comments on significant variances is presented as follows:

Dollar million

Notes

2009

2008

Gold income

1

3,768

3,619

Cost of sales

2

(2,813)

(2,728)

Loss on non-hedge derivatives and other commodity contracts

3

(1,533)

(297)

Gross (loss) profit

(578)

594

Corporate, marketing and exploration costs

4

(322)

(276)

Operating special items

5

691

(1,538)

Operating loss

(209)
(1,220)
Net interest paid
6
(85)
(48)
Exchange gains and fair value adjustments on convertible bonds
7
79
29
Share of equity accounted investments' profit (loss)
94
(138)
Loss before taxation
(121)
(1,377)
Taxation
8
(147)
197
Loss after taxation from continuing operations
(268)
(1,180)
Profit from discontinued operations
-
25
Loss for the year
(268)
(1,155)

**Other financial data**

EBITDA (excluding hedge buy-back costs)
1,663
1,131
Adjusted headline earnings (excluding hedge buy-back costs)
708
19
Adjusted headline loss
(50)
(897)

**Income statement commentary**

The reduction in the loss for the year from \$1,155m in 2008 to \$268m in 2009 is mainly the impact of the higher received gold price and asset impairment reversals in 2009 compared to the impairment of assets in 2008. This was partially negated by the higher loss on the non-hedge derivatives as outlined in note 3.

**AngloGold Ashanti Annual Financial Statements 2009**

**CFO's report**

**P**

**26**



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**27**

**1. Gold income**

Despite the lower gold production, gold income at \$3,768m was 4% higher than in 2008. This is due to the average received

gold price (including hedge buy-back costs) increasing from \$485/oz to \$751/oz mainly due to the higher gold spot price

and the lower cost of the hedge buy-back in 2009. The price received excluding the cost of the hedge buy-back increased

from \$702/oz to \$925/oz, which is a 5% discount to the average spot gold price.

**2. Cost of sales**

Cost of sales increased by 3% from \$2,728m to \$2,813m in 2009.

Components in cost of sales consist of:

•

Total cash costs increased by 8% from \$2,113m in 2008 to \$2,283m in 2009. In unit cash cost terms, total cash costs have increased from \$444/oz to \$514/oz (refer to graph below). This is mainly due to the lower production, lower grade, ore

stockpile inventory draw downs and inflation.

•

Rehabilitation costs decreased by 21% from \$28m to \$22m, mainly due to changes in estimates, discount and inflation rate

assumptions. Retrenchment costs of \$14m occurred mainly at the South African and Ghanaian operations.

•

Amortisation of tangible and intangible assets decreased from \$562m to \$557m in 2009. The decrease is attributed to the reassessment of the useful lives of the assets and components of property, plant and equipment in accordance with the

revisions to the business plan as well as lower ounces produced.

**3. Loss on non-hedge derivatives and other commodity contracts**

There are mainly two reasons for the increase in the loss on the non-hedge derivative contracts from \$297m in 2008 to \$1,533m in 2009:

•

During July 2009, hedge contracts to the value of \$797m were accelerated and cash settled. Of these accelerated settlements, \$580m were designated as normal purchase and sale exempted contracts (NPSE) and previously held off the

statement of financial position. A further \$217m was also incurred in accelerating the cash settlement of existing non-hedge

derivative contracts. The cash settlement of the NPSE contracts resulted in the remaining NPSE designated contracts to be

re-designated as non-hedge derivatives and recorded on the statement of financial position with changes in the fair value

accounted for in the income statement. The consequential impact on the financial statements in July 2009 of the accelerated

settlement and related re-designation of NPSE contracts was a loss on non-hedge derivatives of \$1,028m, an increase in

the non-hedge derivative liability of \$558m and cash outflows of \$797m.

•

During 2009, the spot price of gold increased from \$872/oz at the beginning of the year, to \$1,102/oz at the end of the year.

Upon fair valuing the hedge book at year-end, the substantially higher spot gold price contributed to a further loss on non-

hedge derivatives.

**4. Corporate, marketing and exploration costs**

Corporate and other administration expenses increased from \$131m to \$154m in 2009 due to inflation, additional costs

associated with the business improvement, Project ONE and the Safety Transformation projects.

\$/oz

444

2008

(11)

Exchange

8

Inflation

17

Volume

22

Grade

514

2009

441

Total

0

400

500

300

200

23

Ore

stockpile

11

Other

Analysis of total cash costs 2009 vs 2008

(\$/oz)

100

600

Marketing costs of \$10m are \$3m less than in 2008 and include lower contributions to the World Gold Council following reduced annual production.

Exploration expenses increased from \$126m in 2008 to \$150m in 2009 mainly due to increased expenditure in Colombia, in Canada and the Solomon Islands. Exploration expenditure consisted of greenfields expenditure of \$88m, brownfields of \$36m and pre-feasibility and feasibility study expenditure of \$26m at La Colosa in Colombia and Tropicana in Australia.

AngloGold Ashanti has taken advantage of some outstanding early stage exploration opportunities and to consolidate significant land areas in underexplored areas ranging from low risk, mining friendly jurisdictions like Canada, to new frontier areas like the South West Pacific.

#### **5. Operating special items**

Operating special items in 2009 amounted to a credit of \$691m compared to a charge in 2008 of \$1,538m.

The charge to the income statement in 2008 was attributable to the large asset impairments of \$1,608m relating to Obuasi,

Geita and Iduapriem. In 2009 these asset impairments were partially reversed due to the increase in the long-term real gold

price and improved mine plans. Asset impairment reversals of \$717m were recorded in 2009 consisting of \$373m at Obuasi,

\$261m at Geita and \$83m at Iduapriem.

Other operating special items include a reassessment of indirect taxes in Tanzania and Guinea, profits and losses on the disposal of tangible assets and investments, write-off of loans not recoverable, and an insurance claim recovery for business

interruption at the Savuka mine.

#### **6. Net interest paid**

The increase in net interest paid from \$48m to \$85m in 2009 is due to the higher interest and fees on the term facility, a

reduction in capitalised interest and lower interest earned on cash and cash equivalents.

#### **7. Exchange gains and fair value adjustments on convertible bonds**

During 2009, part of the proceeds from the Boddington joint venture sale was applied towards repaying borrowings, resulting

in the realisation of an exchange gain of \$121m.

In 2009, the fair value loss of \$33m on the convertible bond was mainly due to an increase in the volatilities and the share

price underlying the new \$732.5m convertible bond. In 2008, the fair value gain of \$25m was attributable to the write-off of

the option component of the previous convertible bond to nil as it approached maturity in February 2009.

#### **8. Taxation**

Taxation was a charge of \$147m in 2009 compared with a benefit of \$197m in 2008, mainly due to higher earnings and the

lower deferred taxation benefit received on the hedge buy-back costs incurred in 2009. The taxation benefit in 2008 related

to the cost of the hedge buy-back.

#### **Other financial data**

EBITDA (excluding hedge buy-back costs) increased from \$1,131m in 2008 to \$1,663m in 2009. The year-on-year increase

of \$532m was mainly attributable to higher gold income and realised gains on non-hedge derivatives and other commodity contracts of \$652m, favourable inventory movements of \$79m, share of equity accounted investments' EBITDA of \$68m, partially negated by an increase in total cash costs of \$170m, indirect taxes of \$48m and higher corporate and exploration costs of \$47m.

Adjusted headline earnings (excluding hedge buy-back costs), increased from \$19m in 2008 to \$708m in 2009. This increase is due to the higher received gold price, the foreign exchange gain from the early repayment of the Australian dollar denominated loan, higher income from associates and equity accounted joint ventures which was partly offset by the lower production, higher operating, corporate and exploration costs. The adjusted headline loss for the year, after factoring in the hedge buy-back costs, was \$50m.

**AngloGold Ashanti Annual Financial Statements 2009**

**CFO's report**

**P**

**28**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**29**

**Statement of financial position**

An analysis of the abridged statement of financial position as at 31 December is presented and variations in balances are commented upon below.

US Dollar millions

Notes

2009

2008

Tangible and intangible assets

(1)

1

6,083

5,286

Cash and cash equivalents

1,100

575

Other assets

2

2,604

2,199

Total assets

9,787

8,060

Total equity

3

3,030

2,511

Borrowings

4

1,931

1,933

Deferred taxation

753

617

Other liabilities

5

4,073

2,999

Total equity and liabilities

9,787

8,060

(1)

Includes assets held for sale

**Statement of financial position commentary**

The statement of financial position has improved significantly during the 2008 and 2009 years. Equity of \$2.0bn has been

injected, hedge contracts of \$1.9bn before taxation were accelerated and cash settled, and assets were disposed for cash

of \$1.1bn.

Significant events that impact on the statement of financial position are:

**1. Tangible and intangible assets**

The increase in the tangible and intangible assets from \$5,286m to \$6,083m is mainly due to the capital expenditure incurred during the year amounting to \$1,019m, the effects of stronger local currencies' closing positions against the US dollar of \$473m, asset impairment reversals of \$717m, partly offset by the amortisation and depreciation charge of \$557m. In 2009, capital expenditure reduced by some \$175m mainly due to lower expenditure on the Boddington project. In 2008, \$419m was spent at Boddington, compared with \$145m in 2009, the latter having been reimbursed to AngloGold Ashanti upon completion of the sale.

**2. Other assets**

Other assets consist mainly of investments, inventories, financial derivatives, trade and other receivables, non-current assets, deferred tax assets, and cash restricted for use. Other assets increased from \$2,199m in 2008 to \$2,604m in 2009. Significant movements include:

- investments in associates and equity accounted joint ventures increased due to the purchase of the effective 45% interest in the Kibali gold project for \$344m, and additions to the investment value from equity accounted earnings;
- other investments increased due to a higher fair value of the investment in International Tower Hill and other sundry investment purchases;
- inventories increased due to the timing of gold dispatches, higher production costs and uranium inventory levels, and in North America the heap leach inventory increased with higher cost ounces placed on the leach pad and the slower percolation of the gold bearing solution through the leach pad; and
- financial derivative assets reduced mainly due to normal maturities of the hedge book during the year, partially offset by the effect of an increase in the spot gold price.

**3. Total equity**

Total equity reflects an increase from \$2,511m to \$3,030m in 2009. Significant movements during 2009 consist of the hedge buy-back cost of \$758m net of deferred taxation, the accounting for the NPSE contracts of \$558m at 31 July 2009, asset impairment reversals of \$717m, and the equity raising of \$284m to part fund the acquisition of the effective 45% interest in the Kibali gold project.

#### **4. Borrowings**

Total long and short-term borrowings were at similar levels in 2008 and 2009 at \$1,933m and \$1,931m respectively. The

2009 year includes the following significant movements:

- during February 2009, a draw down of \$1.0bn on the term facility was made to repay the 2.375% convertible bonds of \$1.0bn;

- during May 2009, a five year 3.5% convertible bond of \$732.5m was raised with an option component of \$142m;

- during July 2009, a subsequent repayment of \$750m was made on the term facility; and

- the net movement on the \$1.15bn syndicated loan facility increased by \$185m.

The term facility was renegotiated in August 2009 for a one year period maturing in August 2010, consisting of a \$250m term portion and a \$250m revolver portion, and is extendable for another year at the option of the company until August 2011.

#### **5. Other liabilities**

Other liabilities consist mainly of provisions such as the environmental rehabilitation liability, retirement defined benefit plans, liabilities held for sale, trade and other payables and financial derivatives. The increase from \$2,999m to \$4,073m in 2009 is mainly due to:

- increases in the environmental rehabilitation and other provisions of \$43m due to changes in estimates, discount and inflation rate assumptions as well as stronger local currencies;

- increases in the provision for pension and post-retirement benefits of \$22m largely due to exchange movements, partly offset by the effect of changes to discount and inflation rate assumptions;

- financial derivative liabilities increased by \$939m mainly due to the contracts amounting to \$558m at 31 July 2009 previously designated as NPSE and now accounted for in the statement of financial position. In addition, a 3.5% convertible bond was issued during the year and the resultant option component also increased the financial derivative by \$176m at year-end.

The substantial increase in the spot gold price further increased the financial derivative liability;

- liabilities held for sale include that of Tau Lekoa in 2009 of \$7m. In 2008, liabilities held for sale related to the Boddington joint venture of \$48m; and

- trade and other payables and deferred income increased by \$61m and related mainly to increased payroll and other benefits.

**AngloGold Ashanti Annual Financial Statements 2009**

**CFO's report**

**P**

**30**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**31**

**Statement of cash flows**

An analysis of the abridged statement of cash flows is presented and significant variations in balances are commented upon below.

US dollar millions

Notes

2009

2008

Cash generated from operations including discontinued operations

1

1,345

631

Dividends received from equity accounted investments

2

101

78

Taxation paid

(147)

(125)

Cash utilised for hedge buy-back costs

(797)

(1,113)

Net cash inflow (outflow) from operating activities

502

(529)

Capital expenditure

3

(1,019)

(1,194)

Net proceeds from the acquisition and disposal of tangible assets, investments, and associate and joint venture loans

4

778

92

Interest received

55

67

Other investing activities

(9)

(6)

Net cash outflow from investing activities

(195)

(1,041)

Net proceeds from share issues

5

295

1,668

Net borrowings proceeds

6



43	
239	
Dividends and finance costs paid	
(167)	
(151)	
Net cash inflow from financing activities	
171	
1,756	
Net increase in cash and cash equivalents	
478	
186	
Translation	
47	
(88)	
Cash and cash equivalents at beginning of year	
575	
477	
Cash and cash equivalents at end of year	
1,100	
575	

**Statement of cash flows commentary**

The higher closing cash position is mainly the result of improved cash generated from the operations and the sale of the

Boddington joint venture. Other items that contributed to significant movements in the cash flow year-on-year were the hedge

buy-back costs, capital expenditure, net proceeds from the sale and acquisition of assets and investments, as well as proceeds from the issue of shares.

***Operating activities***

1. Cash generated from operations including discontinued operations more than doubled from \$631m to \$1,345m mainly due

to the higher received gold price, partly negated by the lower ounces produced and sold and the higher total cash costs.

Movements in working capital resulted in a net outflow of \$206m in 2008 compared with \$50m in 2009. The reduced level

of cash locked up in working capital is mainly due to an increase in trade and other payables. Trade and other payables increased due to the timing of payments and higher year-end accruals following annual escalations and inflationary increases on payroll and other benefits.

2. The marginally higher dividends received in 2009 from equity accounted investments is due to an additional distribution of

\$30m from Yatela largely attributed to the 35% increase in production to 89,000oz and the improved received gold price.

***Investing activities***

3. Capital expenditure reduced by \$175m from \$1,194m to \$1,019m in 2009. This was primarily driven by a reduction of

capital expenditure at the Boddington gold mine of \$274m. Capital expenditure during 2009 consisted of \$413m relating

to project capital, \$348m for Ore Reserve development and \$258m for stay-in-business capital.

Excluding the Boddington joint venture, project capital expenditure year-on-year was up by \$34m and is primarily attributed

to the MLE1 project at Cripple Creek & Victor which had increased by \$54m. Ore Reserve development expenditure increased by \$87m and mainly arose at South Africa, in line with increased Ore Reserve development metres. Stay-in-

business expenditure decreased by \$21m and was mainly driven by reduced capital requirements at Geita of \$34m.

4. The net proceeds from the sale of assets increased from \$92m to \$778m in 2009. During 2009, \$990m was received from the sale of the Boddington joint venture and \$145m was reimbursed for the capital expenditure incurred. The balance of the proceeds relates mainly to real estate activities in Brazil. The proceeds were partly offset by the acquisition of an effective 45% interest in the Kibali gold project of \$344m, an additional interest in Sadiola for \$6m, and investments in environmental rehabilitation trust funds established by AngloGold Ashanti in compliance with regulatory requirements, and other sundry investment purchases.

Proceeds from the sale of assets in 2008 consisted of \$14m for the North American royalty and production related interests of the El Chante and Marigold projects, \$14m from the disposal of a 50% interest in Amikan and AS APK, \$7m from real estate activities in Brazil, \$10m from the sale of the Ergo assets and \$48m arising from the sale of the 50% interest in Nufcor International Limited partly offset by investments in environmental rehabilitation trust funds.

#### ***Financing activities***

5. The net proceeds from the issue of shares reduced from \$1,668m in 2008 to \$295m in 2009. In 2008, the rights offer resulted in the issuing of 69,470,442 shares of 25 South African cents each at a subscription price of R194.00 raising some

\$1.7bn. On 1 September 2009, AngloGold Ashanti announced the placing of 7,624,162 AngloGold Ashanti ordinary shares at an issue price of \$37.25 per American Depositary Share. The offering closed on 8 September 2009 and total proceeds of \$284m were received.

6. Net borrowing proceeds decreased from \$239m in 2008 to \$43m in 2009. The 2009 year included proceeds of \$732.5m

on the 3.5% convertible bonds, \$1bn on the term facility and \$985m on the syndicated loan facility (\$1,150m). This was partly offset by repayments of \$1bn on the 2.375% convertible bonds, \$750m on the term facility and \$899m on the syndicated loan facility (\$1,150m). The balance of the movements relate to proceeds and repayments in terms of other loan agreements.

In 2008, net borrowing proceeds include a draw down of \$743m on the \$1,150m syndicated loan facility. Repayments include \$242m on the corporate bond, and \$316m on the \$1,150m syndicated loan facility. The balance of the movements

relate to proceeds and repayments in terms of other loan agreements.

#### **One-year forecast – 2010**

AngloGold Ashanti's annual production guidance for 2010 is 4.5Moz to 4.7Moz. This reflects the sale of Tau Lekoa, cautious

assumptions regarding the frequency of safety related stoppages in South Africa, and increased production from CC&V, where

the grade is expected to stabilise in 2010 after having been negatively affected by recoveries from the leach pad in 2009.

Capital expenditure for 2010 is estimated at \$1bn to \$1.1bn.

#### **AngloGold Ashanti Annual Financial Statements 2009**

#### **CFO's report**

**P**

**32**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**33**

**For the year ending 31 December 2010**

Forecast Expected

Forecast

production total

cash capital

000oz

cost expenditure

\$/oz

(1)

\$m

(4)

South Africa

(2)(3)

1,722 – 1,800

553 – 571

391

Namibia

96 – 100

600 – 628

18

Ghana

593 – 619

562 – 588

156

Mali

265 – 277

663 – 695

12

Guinea

295 – 308

527 – 552

11

Tanzania

339 – 354

833 – 872

36

Australia

381 – 398

901 – 943

36

Argentina

176 – 184

411 – 430

48

Brazil

419 – 437

424 – 444

251

United States of America

214 – 223

480 – 503

78

Democratic Republic of the Congo

–

–

17

Other

–

–

27

AngloGold Ashanti

4,500 – 4,700

590 - 615

1,081

(1)

Based on the following assumptions: R7.70/\$, A\$/0.93, BRL1.70/\$ and Argentinian peso 3.90/\$; oil at \$75 per barrel. The year-on-year increase in total cash

costs is due to the unwinding of previously incurred deferred stripping charges, implementation of royalties in South Africa, higher power tariffs, escalation and stronger local operating currencies.

(2)

In South Africa, production assumes stable power supply from Eskom and a 35% increase in power tariffs.

(3)

Excludes Tau Lekoa.

(4)

Capital expenditure is managed in line with earnings and cash flows and may fluctuate accordingly. Forecast capital expenditure for operations with non-controlling interests is reported at 100%. For entities which are equity accounted, the forecast capital spend is the attributable share.

(5)

AngloGold Ashanti anticipates a discount to the spot gold price of 8% to 10% based on a gold price of \$950/oz to \$1,250/oz.

**Other illustrative estimates**

***For the year ending 31 December 2010***

\$m

Depreciation and amortisation

700

Corporate costs, marketing and business process framework

210

Expensed exploration and pre-feasibilities

216

Interest and finance charges

120

Srinivasan Venkatakrishnan

Chief Financial Officer

**AngloGold Ashanti Annual Financial Statements 2009**

**Scorecard 2009**

**P**

**34**

Scorecard 2009 – delivering  
on our commitments

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**35**

2008 – Commitment

2009 – Delivery

**Share overhang**

•

Eliminate the overhang created by

•

The 11.3% stake was sold to Paulson & Co. during March.

Anglo American plc's plan to exit their investment in AngloGold Ashanti.

**Rebuilding financial capacity**

•

Improve balance sheet and reduce debt

•

Net debt reduced by 32% to \$868m.  
to create a platform for growth.

•

Hedge book reduced by a further 35% to 3.9Moz by end 2009,

•

Reduce hedge book.

reducing discount on realised gold price and overall financial risk.

•

Sharpen focus on capital management.

•

Operating cash flow for the year of \$502m.

•

Increase operating cash flow leverage.

•

Return on net capital employed of 17.7% achieved (2008: 2.6%).

**Operating delivery initiative**

•

Begin implementation of Project ONE, the

•

Phased implementation at the Mponeng plant, Geita mine and plant,  
overarching business improvement initiative

Siguiri plant, AngloGold Ashanti Brasil Mineração mines and plant,  
that will drive AngloGold Ashanti toward

Sunrise Dam plant and Savuka plant.

achieving five-year targets on safety,

Detailed plans drawn for rollout to 11 sites in 2010, including:  
productivity and returns.

Mponeng, Kopanang mine and plant, TauTona and Moab Khotsong  
mines; Iduapriem plant and Obuasi mine and plant; Cerro Vanguardia  
and Serra Grande mine and plants; CC&V mine; Navachab mine and  
plant; Great Noligwa uranium plant.

•

Address critical operating challenges,

•

Cerro Vanguardia production increased 25% and costs declined 42%;

in Argentina, Ghana and Tanzania  
credible growth plan in place from underground and heap leach  
projects.

- Obuasi production increased 7% and costs declined 0.5%; Obuasi  
made positive contribution for first time in five years; practicable plan  
in place to secure long-term future of deposit.

- Geita plan in place to remediate operating performance. Costs on  
declining trajectory.

#### **Optimising leadership and skills base**

- Human resources policy development centralised to ensure alignment  
and focus on delivering the group strategy.

- The System for People, the human resources component of Project  
ONE, was finalised and its rollout across the company began in 2009.

- Management changes made at underperforming operations.

- Ensured those with appropriate skills were appointed at each level of  
the organisation.

#### **Turning around safety performance**

- Strive to eliminate fatalities entirely and

- Lost-time injury frequency rate (LTIFR) improved 10% to 6.57 per  
to reduce all injury rates by 20% in 2009  
million hours worked.

- – the long-term goal is a 70% reduction in

- Safety Transformation Blueprint developed to effect quantum improvement  
these rates by 2014.

- in safety after 16 fatalities reported in 2009. Launch of this safety  
initiative is planned for April 2010.

#### **Pursuing growth**

- Drive organic growth at existing assets,

- Ore Reserve increased by 5% to 71.4Moz after adjusting for Boddington  
through greenfields exploration, Boddington.  
brownfield expansion and by acquisitions

- Successfully completed pre-feasibility study on Tropicana Project and  
where these add value.

- commenced with bankable study due for completion in 2010.

- Conducted successful exploration campaign to confirm mineralisation  
at São Bento deposit in Brazil.



Acquired an effective 45% of the Kibali gold project, in the Democratic Republic of the Congo.

- 

Exploration programme expanded and revitalised with new greenfields exploration taking place in Canada, Argentina, Brazil, Guinea, Gabon, Egypt, Saudi Arabia, Eritrea and Solomon Islands.

- 

Marine exploration joint venture with De Beers.

- 

Delays continued in obtaining final permission to continue drilling at La Colosa site in Colombia.

**AngloGold Ashanti Annual Financial Statements 2009**

**Project ONE**

**P**

**36**

Project ONE

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**37**

AngloGold Ashanti's Project ONE programme is the holistic transformation initiative that underpins the effort to reach an ambitious, but achievable, set of strategic safety, productivity, environmental and financial goals. AngloGold Ashanti has set a five-year objective of reducing accident rates by 70%; increasing overall productivity by 30%; cutting reportable environmental incidents by 60%; increasing production by 20%; achieving a 25% real reduction in costs; and, crucially, achieving a return of at least 15% on capital employed through the economic cycle. By achieving these aims, the company will carve for itself a unique competitive position in the mining industry with the management capacity and cash flow to realise its long-term vision of being the world's leading mining company.

Practically, Project ONE introduces a common business approach in two main areas:

- The System for People, a managerial effectiveness model is focused on people as the catalysts and drivers of change, and is designed to bring about effective working relationships based on trust and a culture of accountability at all levels.

- The Business Process Framework, a scientifically rigorous model focused on both short- and long-term planning and execution of work. This framework delivers the business expectations and operational targets set by the organisation while incorporating possibilities for continuous improvements.

The primary focus of Project ONE is to introduce a common business process across AngloGold Ashanti, from its 21 mining operations across 10 countries, to its myriad exploration sites across 4 continents and its corporate hubs in South Africa, the United States and Australia. The programme was launched in August 2008 under the direction of Tony O'Neill, Executive Vice President – Business and Technical Development, and is now being implemented at all operations.

The benefit of introducing this common business process lies in establishing a disciplined and uniform operating methodology in order to minimise waste and variation. This, in turn, will ensure each operation and every service function operates consistently at their highest performance and efficiency levels. The philosophy is simple in theory and execution. Volatility and variation in any business process creates uncertainty, whether in determining mining volumes and plant feed or in optimising maintenance schedules and supply-chain management. The same holds for the management of working relationships. It is this variation and volatility which skews outcomes, and which can be reduced by implementing rigorous planning, scheduling, resourcing and execution processes, and most importantly, by clarifying roles and accountabilities at each level.

The merits of this approach are already in evidence at the two pilot sites for the project: the Mponeng plant in South Africa and the Geita mine in Tanzania. The business improvement initiative was initiated at the Mponeng plant in October 2008, and

contributed to a 15% increase in throughput over the historical average. This is an especially significant result at the Mponeng plant, long regarded as the flagship operation within the group.

Mponeng plant daily tonnes (over 12 months)

1,000

0

Dec 2008

Dec 2009

Months

2,000

3,000

4,000

5,000

6,000

7,000

UCL

LCL

Mean

Mean

UCL

LCL

Mean

UCL

LCL

UCL – Upper control limit

LCL – Lower control limit

T

tonnes

**AngloGold Ashanti Annual Financial Statements 2009**

**Project ONE**

**P**

**38**

At Geita, where Project ONE was launched in February 2009, immediate results from both the System for People and the

Business Process Framework interventions have been even more striking. For too long, Geita's performance suffered because

of continual equipment breakdowns, poor plant and fleet availability, an overall lack of mining flexibility and a skills deficit in

some key areas. Graham Ehm, formerly the Executive Vice President of our Australian operations and one of our most

experienced open pit-mine operators, was appointed in May 2009 to lead the change at Geita in partnership with Richard

Duffy and his team. Graham was able to build on solid preparatory work done before his appointment and also to take decisive

action to effect the improvements seen by the end of 2009. The remarkable improvements achieved are emblematic of Project

ONE's potential.

Through careful analysis of the relevant aspects of Geita's operations – from human resources, drilling and blasting, to plant

availability and fleet maintenance – the flaws in the overall operating methodology became apparent. And so did the remedies.

There are powerful anecdotes that demonstrate the resulting change.

A dispassionate look at the mine's drill and blast performance showed AngloGold Ashanti did not possess the right level of

expertise in Tanzania to ensure anything but a hand-to-mouth existence in broken stocks. Soon after appointing specialist

drill-and-blast contractors in May, stocks of broken ore rose to more than three weeks worth and provided the necessary

mining flexibility we needed. This had positive reverberations throughout the rest of the operation.

Our study at Geita also showed a critical deficiency in maintenance. Our teams were running flat-out to deal with emergency

breakdowns, which were occurring with alarming frequency due to a lack of scheduled maintenance and general backlog on

basic upkeep of equipment of all types. Identifying this problem enabled Geita's management to appoint a rapid-response

team to address the ongoing emergency issues, while another group was put in place to address the maintenance backlog.

To this end, work orders for recurring jobs have been designed to ensure the right person is appointed and that they have the

correct resources available at the right time to efficiently complete their work in the time allotted. This requires active participation by the management team and each level of the workforce in frequent planning sessions where expectations are

set, tasks assigned and accountability apportioned.

Geita plant daily tonnes (over 12 months)

0

Jan 2009

Dec 2009

Months

20,000

UCL

LCL

Mean

Mean

UCL

LCL

Mean

UCL

LCL

15,000

10,000

5,000

UCL – Upper control limit

LCL – Lower control limit

T

onnes

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**39**

The Geita team has focused on limiting volatility and variance, and smoothing out the peaks and troughs in each of the operating processes. By reducing volatility and increasing operating certainty through detailed planning, the average throughput can be enhanced and efficiency increased with only nominal capital investment. In short, by ensuring that the right

people are in the right place, to do the right job at the right time, productivity has been bolstered in a meaningful way.

By

combining the technical skills in the business with the equally important skills of organisational design and human resource

management, AngloGold Ashanti is beginning to realise Geita's potential.

Plant availability and throughput are significantly higher and disruptive weekly maintenance shutdowns have been replaced by

well-resourced monthly shutdowns; the increase in broken stocks has greatly improved flexibility; bench designs are improved

and in-pit road designs have been greatly enhanced which has allowed trucks to achieve better cycle times; fleet availability

is also markedly better, which has significant consequences not only for efficiency, but also for fleet replacement. The confluence of these factors will help mining teams to access higher grade areas more quickly than originally anticipated and

ultimately will bolster production further and lower costs.

The improvements are not independent of other management interventions, but the introduction of consistent business processes will ensure that improvements are sustained and extended.

Following the success of the pilot projects, the business improvement intervention was extended to the Siguiri plant in Guinea,

Sunrise Dam in Australia, the Savuka plant in South Africa and the AngloGold Ashanti Brazilian operations in Nova Lima.

Operational improvements are expected at these sites during the course of 2010. Implementation will have begun at the

remaining sites by mid 2011.

Geita plant daily recovery (over 12 months)

0

Jan 2009

Dec 2009

Months

100

UCL

LCL

Mean

Mean

UCL

LCL

Mean

UCL

LCL

80

60

40

20

UCL – Upper control limit

LCL – Lower control limit  
%



**AngloGold Ashanti Annual Financial Statements 2009**

**Five-year summaries**

**P**

**40**

**For the year ended 31 December**

Five-year  
summaries

**Summarised group financial results – income statement**

US Dollar million

2009

2008

2007

2006

2005

Gold income

3,768

3,619

3,002

2,646

2,393

Cost of sales

(2,813)

(2,728)

(2,458)

(2,138)

(2,149)

Loss on non-hedge derivatives and other commodity contracts

(1)

(1,533)

(297)

(792)

(231)

(135)

Gross (loss) profit

(578)

594

(248)

277

109

Corporate administration and other expenses

(154)

(131)

(128)

(84)

(64)

Market development costs

(10)

(13)

(16)

(16)

(13)

Exploration costs

(150)

(126)

(117)

(58)

(44)

Other net operating expenses

(8)

(6)

(20)

(20)

(24)

Operating special items

691

(1,538)

(13)

(7)

(67)

Operating (loss) profit

(209)

(1,220)

(542)

92

(103)

Dividend received from other investments

—

—

2

—

—

Interest received

54

66

43

31

24

Exchange gain (loss)

112

4

(1)

(5)

2

Fair value adjustment on option component of convertible bond

(33)

25

47

16

(32)

Finance costs and unwinding of obligations

(139)

(114)

(120)  
(116)  
(102)  
Fair value loss on interest rate swaps  
—  
—  
—  
—  
(1)  
Share of equity accounted investments' profit (loss)  
94  
(138)  
35  
115  
43  
(Loss) profit before taxation  
(121)  
(1,377)  
(536)  
133  
(169)  
Taxation  
(147)  
197  
(101)  
(146)  
46  
Loss after taxation from continuing operations  
(268)  
(1,180)  
(637)  
(13)  
(123)  
Discontinued operations  
Profit (loss) from discontinued operations  
—  
25  
1  
(2)  
(36)  
Loss for the year  
(268)  
(1,155)  
(636)  
(15)  
(159)  
Allocated as follows:  
Equity shareholders  
(320)  
(1,195)  
(668)

(45)  
 (182)  
 Non-controlling interests  
 52  
 40  
 32  
 30  
 23  
 (268)  
 (1,155)  
 (636)  
 (15)  
 (159)  
 Other financial data  
 Adjusted gross profit (loss)  
 (1)  
 \$m  
 412  
 (384)  
 835  
 884  
 395  
 Headline loss  
 \$m  
 (852)  
 (30)  
 (648)  
 (82)  
 (145)  
 Adjusted headline (loss) earnings  
 (1)  
 \$m  
 (50)  
 (897)  
 278  
 411  
 153  
 Adjusted headline earnings excluding hedge buy-back costs \$m  
 708  
 19  
 278  
 411  
 153  
 Adjusted gross margin excluding hedge buy-back costs  
 %  
 13  
 (16)  
 25  
 29  
 16  
 EBITDA

(1)  
 \$m  
 1,663  
 1,131  
 1,224  
 1,409  
 772  
 EBITDA margin  
 %  
 52  
 48  
 37  
 47  
 30  
 Interest cover  
 (1)  
 times  
 11  
 8  
 9  
 11  
 7  
 Loss per ordinary share (cents)  
 Basic US  
 cents  
 (89)  
 (377)  
 (237)  
 (16)  
 (69)  
 Diluted  
 US cents  
 (89)  
 (377)  
 (237)  
 (16)  
 (69)  
 Headline  
 US cents  
 (236)  
 (9)  
 (230)  
 (30)  
 (55)  
 Adjusted headline (loss) earnings  
 (1)  
 US cents  
 (14)  
 (283)  
 99  
 151

58

Dividends paid per ordinary share

US cents

17

11

19

62

36

Weighted average number of shares

million

361

317

281

273

265

Issued shares at year-end

million

366

357

282

280

265

(1)

Refer to Non-GAAP disclosure notes on pages 346 to 352.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**41**

**As at 31 December**

**Summarised group financial results – statement of financial position**

US Dollar million

2009

2008

2007

2006

2005

Assets

Tangible and intangible assets

5,996

4,493

7,041

6,329

6,139

Cash and cash equivalents

1,100

575

477

471

197

Other assets

2,691

2,992

2,190

2,022

1,859

Total assets

9,787

8,060

9,708

8,822

8,195

Equity and liabilities

Total equity

3,030

2,511

2,442

3,047

2,661

Borrowings

1,931

1,933

1,848

1,448

1,856

Deferred taxation

753

617  
1,042  
1,093  
1,136  
Other liabilities  
4,073  
2,999  
4,376  
3,234  
2,542  
Total equity and liabilities  
9,787  
8,060  
9,708  
8,822  
8,195  
Other financial data  
Equity  
3,915  
3,242  
3,926  
4,529  
4,217  
Net capital employed  
(1)  
4,876  
4,683  
5,360  
5,568  
5,935  
Net debt  
(1)  
868  
1,283  
1,318  
1,015  
1,726  
Net asset value – per share  
(1)  
US cents  
828  
702  
867  
1,087  
1,004  
Net tangible asset value – per share  
(1)  
US cents  
779  
661  
718



946

862

Market capitalisation

(1)

14,555

9,795

11,878

13,008

13,069

Financial ratios

Return on net capital employed excluding  
hedge buy-back costs

%

18

3

7

9

4

Net debt to net capital employed

%

18

27

25

18

29

Net debt to equity

%

22

40

34

22

41

Exchange rates

Rand/dollar average exchange rate

8.39

8.25

7.03

6.77

6.37

Rand/dollar closing exchange rate

7.44

9.46

6.81

7.00

6.35

Australian dollar/dollar average exchange rate

1.26

1.17

1.19

1.33

1.31

Australian dollar/dollar closing exchange rate

1.12

1.44

1.14

1.27

1.36

Brazilian real/dollar average exchange rate

2.00

1.84

1.95

2.18

2.44

Brazilian real/dollar closing exchange rate

1.75

2.34

1.78

2.14

2.35

(1)

Refer to Non-GAAP disclosure notes on pages 346 to 352.

**AngloGold Ashanti Annual Financial Statements 2009**

**Five-year summaries**

**P**

**42**

**For the year ended 31 December**

Five-year  
summaries

**Summarised group financial results – statement of cash flows**

US Dollar million

2009

2008

2007

2006

2005

Cash flows from operating activities

Cash generated from operations

1,345

632

983

1,132

619

Cash utilised by discontinued operations

–

(1)

(2)

(1)

(31)

Dividends received from equity accounted investments

101

78

65

85

51

Taxation paid

(147)

(125)

(180)

(110)

(22)

Cash utilised for hedge buy-back costs

(797)

(1,113)

–

–

–

Net cash inflow (outflow) from operating activities

502

(529)

866

1,106

617

Cash flows from investing activities

Capital expenditure

(1,019)

(1,194)

(1,015)

(811)

(711)

Net (payments) proceeds from acquisition and disposal  
of mines, subsidiaries, associates and joint ventures

(354)

10

1

9

4

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

1,132

82

(13)

46

(16)

Dividend received from other investments

–

–

2

–

–

Interest received

55

67

35

24

18

Net loans repaid (advanced)

1

–

–

5

(1)

(Increase) decrease in cash restricted for use

(10)

(6)

(25)

(3)

17

Utilised in hedge restructure

–

–

–

–

(69)  
 Other investing activities  
 –  
 –  
 –  
 1  
 (2)  
 Net cash outflow from investing activities  
 (195)  
 (1,041)  
 (1,015)  
 (729)  
 (760)  
 Cash flows from financing activities  
 Net proceeds from share issues  
 295  
 1,668  
 34  
 507  
 9  
 Net borrowings proceeds (repaid)  
 43  
 239  
 323  
 (394)  
 305  
 Finance costs paid  
 (111)  
 (93)  
 (72)  
 (82)  
 (73)  
 Dividends paid  
 (56)  
 (58)  
 (144)  
 (132)  
 (169)  
 Net cash inflow (outflow) from financing activities  
 171  
 1,756  
 141  
 (101)  
 72  
 Net increase (decrease) in cash and cash equivalents  
 478  
 186  
 (8)  
 276  
 (71)  
 Translation

47  
(88)  
14  
(2)  
(8)  
Cash and cash equivalents at beginning of year  
575  
477  
471  
197  
276  
Cash and cash equivalents at end of year  
1,100  
575  
477  
471  
197  
Other financial data  
Free cash flow  
(1)  
(104)  
(1,069)  
336  
633  
160  
Cash generated to cash invested  
(1)  
times  
2.3  
0.6  
0.7  
1.6  
0.8  
(1)  
Refer to Non-GAAP disclosure notes on pages 346 to 352.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**43**

**For the year ended 31 December**

**Summarised group operating results – operating results**

2009

2008

2007

2006

2005

Underground operations

Metric tonnes milled

000

11,944

12,335

13,112

13,489

13,806

Yield

g/t

6.41

6.89

6.99

7.20

7.31

Gold produced

000 oz

2,461

2,734

2,948

3,123

3,243

Surface and dump reclamation

Metric tonnes treated

000

12,779

11,870

12,429

12,414

8,061

Yield

g/t

0.51

0.42

0.49

0.50

0.52

Gold produced

000 oz

208

161

197  
201  
136  
Open-pit operations  
Metric tonnes mined  
000  
167,000  
175,999  
172,487  
173,178  
168,904  
Stripping ratio  
(1)  
5.58  
5.24  
4.48  
4.82  
5.02  
Metric tonnes treated  
000  
25,582  
25,388  
25,312  
26,739  
25,541  
Yield  
g/t  
1.96  
2.12  
2.34  
2.14  
2.74  
Gold produced  
000 oz  
1,609  
1,734  
1,904  
1,843  
2,246  
Heap-leach operations  
Metric tonnes mined  
000  
57,456  
54,754  
59,720  
63,519  
61,091  
Metric tonnes placed  
(2)  
000  
19,887



23,462

22,341

23,329

22,227

Stripping ratio

(1)

1.94

1.43

1.77

1.83

1.97

Recoverable gold placed

(3)

kg

12,958

14,496

16,242

18,162

18,500

Yield

(4)

g/t

0.65

0.62

0.73

0.78

0.83

Gold produced

000 oz

321

353

428

468

541

Total gold produced

000 oz

4,599

4,982

5,477

5,635

6,166

– Southern Africa

1,862

2,167

2,408

2,640

2,757

– Continental Africa

1,520

1,562

1,575

1,693  
2,067  
– Australasia  
401  
433  
600  
465  
455  
– North America  
218  
258  
282  
283  
330  
– South America  
598  
562  
612  
554  
557  
Average price received  
(5)  
\$/oz sold  
751  
485  
629  
577  
439  
Total cash costs  
(6)  
\$/oz produced  
514  
444  
357  
308  
281  
Total production costs  
(6)  
\$/oz produced  
646  
567  
476  
414  
374  
Capital expenditure  
\$m  
1,027  
1,201  
1,059  
817  
722

Monthly average number of employees

63,364

62,895

61,522

61,453

63,993

LTIFR

6.57

7.32

8.24

7.70

6.77

FIFR

0.10

0.09

0.21

0.22

0.14

Definitions

(1)

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

(2)

Tonnes placed onto leach pad.

(3)

Recoverable gold placed onto leach pad inventory.

(4)

Recoverable gold placed/tonnes placed.

Comments

(5)

Average gold price received negatively impacted by the reduction of the hedge book in 2008 and 2009.

(6)

Unit cost increases have been driven primarily by lower production and input cost inflation.

**AngloGold Ashanti Annual Financial Statements 2009**

**Operations at a glance**

**P**

**44**

**For the year ended 31 December**

Operations at a glance

Attributable tonnes

Average

Attributable

treated/milled

grade recovered

gold production

(Mt)

(g/t)

(000oz)

Operation

2009

2008

2007

2009

2008

2007

2009

2008

2007

Southern Africa

1,862

2,167

2,408

Vaal River

Great Noligwa

0.9

1.4

2.0

5.73

7.33

7.54

158

330

483

Kopanang

1.6

1.6

1.8

6.74

6.82

7.24

336

362

418

Moab Khotsong

0.8  
0.6  
0.3  
9.36  
9.31  
7.94  
247  
192  
67  
Tau Lekoa  
1.2  
1.2  
1.4  
3.32  
3.58  
3.62  
124  
143  
165  
Surface operations  
9.7  
7.9  
8.0  
0.53  
0.36  
0.49  
164  
92  
125  
West Wits  
Mponeng  
1.9  
1.9  
1.9  
8.66  
10.02  
9.50  
520  
600  
587  
Savuka  
0.2  
0.3  
0.3  
5.45  
6.28  
6.69  
30  
66  
73  
TauTona

(1)  
1.5  
1.6  
1.8  
7.29  
8.66  
9.67  
218  
314  
409  
South Africa  
1,797  
2,099  
2,328  
Namibia  
Navachab  
1.3  
1.5  
1.6  
1.58  
1.43  
1.56  
65  
68  
80  
Continental Africa  
1,520  
1,562  
1,575  
Ghana  
Iduapriem  
(2)  
3.4  
3.5  
2.8  
1.72  
1.76  
1.85  
190  
200  
167  
Obuasi  
(1)  
4.6  
5.6  
6.0  
5.18  
4.37  
4.43  
381  
357

360  
Guinea  
Siguri (85%)  
8.8  
8.6  
8.3  
1.11  
1.20  
1.05  
316  
333  
280  
Mali  
Morila (40%)  
1.7  
1.7  
1.7  
2.47  
3.08  
3.36  
137  
170  
180  
Sadiola (41%)  
(3)  
1.7  
1.6  
1.6  
2.52  
3.42  
2.76  
135  
172  
140  
Yatela (40%)  
(4)  
1.1  
1.1  
1.2  
3.62  
2.66  
3.46  
89  
66  
120  
Tanzania  
Geita  
4.5  
4.3  
5.1  
1.89

1.92  
2.01  
272  
264  
327  
Australasia  
401  
433  
600  
Australia  
Sunrise Dam  
(5)  
3.9  
3.8  
3.8  
2.87  
3.46  
4.86  
401  
433  
600  
North America  
218  
258  
282  
United States  
Cripple Creek & Victor  
(4)  
18.7  
22.1  
20.9  
0.46  
0.49  
0.53  
218  
258  
282  
South America  
598  
562  
612  
Argentina  
Cerro Vanguardia (92.5%)  
0.9  
0.9  
0.9  
6.51  
5.44  
6.88  
192  
154



204

Brazil

Brasil Mineração

(1)

1.5

1.4

1.4

7.02

7.62

7.48

329

320

317

Serra Grande (50%)

(1)

0.5

0.4

0.4

4.72

7.58

7.21

77

87

91

AngloGold Ashanti

4,599

4,982

5,477

(1)

The yield of TauTona, Obuasi, Brasil Mineração and Serra Grande represents underground operations.

(2)

Prior to 1 September 2007, AngloGold Ashanti's shareholding in Iduapriem was 85%.

(3)

Prior to 29 December 2009, AngloGold Ashanti's shareholding in Sadiola was 38%.

(4)

The yield of Yatela and Cripple Creek & Victor reflects recoverable gold placed/tonnes placed from heap leach operations.

(5)

The yield of Sunrise Dam represents open-pit operations.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**45**

Attributable capital

Total cash costs

expenditure

(\$/oz)

(\$m)

Operation

2009

2008	2007	2009
------	------	------

2008	2007	
------	------	--

Southern Africa

472

367

346

405

349

367

Vaal River

Great Noligwa

794

458

403

24

26

37

Kopanang

406

348

307

58

47

52

Moab Khotsong

424

379

668

104

89

89

Tau Lekoa

718

533

474

17

18

16

Surface operations

341

440

305  
3  
—  
1  
West Wits  
Mponeng  
329  
249  
264  
109  
86  
86  
Savuka  
1,115  
411  
403  
13  
11  
9  
TauTona  
559  
374  
317  
57  
60  
71  
South Africa  
466  
362  
343  
385  
337  
361  
Namibia  
Navachab  
622  
534  
419  
20  
12  
6  
Continental Africa  
608  
544  
423  
178  
250  
175  
Ghana  
Iduapriem  
(1)

516  
525  
373  
28  
54  
23  
Obuasi  
630  
633  
459  
94  
112  
94  
Non-controlling interests and exploration  
—  
—  
—  
2  
2  
1  
Guinea  
Siguiri (85%)  
519  
466  
464  
22  
18  
18  
Non-controlling interests and exploration  
—  
—  
—  
4  
4  
3  
Mali  
Morila (40%)  
527  
419  
350  
4  
1  
1  
Sadiola (41%)  
(2)  
488  
399  
414  
4  
3  
6

Yatela (40%)

368

572

322

1

3

2

Tanzania

Geita

954

728

452

19

53

27

Australasia

662

552

313

177

439

281

Boddington (33.33%)

—

—

—

146

419

249

Sunrise Dam

646

531

306

31

19

30

Exploration and other

—

—

—

—

1

2

North America

385

334

282

87

27

23

United States

Cripple Creek & Victor

376

309

269

87

27

23

South America

353

402

262

171

127

162

Argentina

Cerro Vanguardia (92.5%)

355

608

261

17

15

18

Non-controlling interests and exploration

–

–

–

1

1

2

Brazil

Brasil Mineração

339

300

233

84

69

117

Serra Grande (50%)

406

294

263

33

20

12

Non-controlling interests exploration

–

–

–

36

22

13

Other

—

—

—

9

9

51

AngloGold Ashanti

514

444

357

1,027

1,201

1,059

(1)

Prior to 1 September 2007, AngloGold Ashanti's shareholding in Iduapriem was 85%.

(2)

Prior to 29 December 2009, AngloGold Ashanti's shareholding in Sadiola was 38%.

## Introduction

AngloGold Ashanti, a global gold mining company with 21 operations on 4 continents, employed 63,364 people, including contractors, and produced 4.6Moz of gold in 2009.

The group's operations by regional division are:

- Southern Africa – includes all group operations in South Africa and Namibia

- Continental Africa – includes operations in Ghana, Guinea, Mali and Tanzania

- Australasia – includes assets in Australia

- North America – includes the United States operation

- South America – includes operations in Brazil and Argentina

In addition, the company conducts a focused worldwide exploration programme. In the course of mining and processing the ore mined, silver, uranium oxide and sulphuric acid occur as by-products at the Argentinean, South African and Brazilian operations respectively.

## **AngloGold Ashanti Annual Financial Statements 2009**

### **Review of operations**

**P**

**46**

Review of operations



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**47**

Underground

54%

Open pit

35%

Heap leach

7%

Surface

4%

Production by type of mining – 2009

Southern Africa

40%

Continental Africa

33%

Australasia

9%

North America

5%

South America

13%

Production by region – 2009

476

07

08

09

Group production costs

(\$/oz)

567

646

\$646

/oz

1,059

07

08

09

Group capital expenditure

(\$m)

1,201

1,027

\$1,027

m

357

07

08

09

09

Group cash costs

(\$/oz)

444

514

\$514

/oz

Group – key data

5,477

07

08

09

Group gold production

(000oz)

4,982

4,599

4.6

Moz

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**48**

**Group safety**

AngloGold Ashanti's focus on safety continued in 2009. The company's approach to managing risk and enabling employees

to work safely in a supportive work environment is based on a new conversational culture, where many voices participate and

make a meaningful contribution to designing the way in which the company works and protects itself from both known and

unexpected risks. The success of this approach depends on four key factors – leadership, engagement, systems, and learning. For these factors to be effective, they need to occur in an enabling environment. The focus of the safety transformation process is on moving the organisation towards a culture of engagement and learning that stimulates awareness of the nature of risk.

It is with much regret that the company reports that 16 employees lost their lives at work in 2009 (2008: 14 fatalities). While

it is particularly disappointing that this figure indicates a relapse from the prior year, AngloGold Ashanti remains focused on

decreasing the long-term trend in fatal accidents.

Expressed in terms of safety performance statistics, the fatal injury frequency rate (FIFR) was 0.10 per million hours worked,

compared with 0.09 in 2008 and 0.21 in 2007. The lost-time injury frequency rate (LTIFR) in 2009 was 6.57 per million hours

worked compared with 7.32 in 2008 and 8.24 in 2007.

0.14

05

06

07

09

**Group FIFR**

(per million hours worked)

0.22

0.21

08

0.09

0.10

6.77

05

06

07

08

09

7.70

**Group LTIFR**

(per million hours worked)

8.24

7.32

6.57

## AngloGold Ashanti Annual Financial Statements 2009

P  
49

### Group operating review

In 2009, AngloGold Ashanti produced 4.60Moz of gold, a decrease of 8% on the 4.98Moz produced in 2008. This was in line with the revised production forecast.

This year-on-year decline in gold production was a result of:

- lower grades mined;
- safety stoppages in South Africa;
- seismic event at Savuka that damaged the shaft infrastructure;
- two-month stoppage at TauTona;
- lower grade ore processed at Sunrise Dam due to the high-grade Mega open pit being exhausted in 2008; and
- lower leach-pad recoveries at CC&V.

Group total cash costs for the year increased from \$444/oz to \$514/oz. This was mainly due to lower production volumes

and grade, ore stockpile inventory draw downs and inflation.

Total cash cost increases varied by region, with the South African operations under the most pressure. Here, a 9.7% wage

increase and a 31.3% increase in electricity tariffs – both effective from mid-year – together with the relative strength of the

local currency, compounded by a 14% drop in production, resulted in a cash cost increase of 29% for the South African operations.

Given the focus on optimising operational performance and maintaining costs, the group continued to invest significantly in

capital expenditure. Capital expenditure for the year amounted to \$1,027m (2008: \$1,201m), of which 26% (\$264m) was

stay-in-business expenditure, 34% (\$347m) was spent on Ore Reserve development, principally at the South African operations and 40% (\$416m) was spent on new project development, primarily at:

- Mponeng below 120 CLR Project;
- CC&V Mine Life Extension Project and
- 

Boddington joint venture – an amount of \$145m incurred to June 2009 was reimbursed with the sale of the asset.

Safety remained the highest priority for the group and the performance of each operation is detailed in separate discussions

below. In addition, given the group's move towards integrated reporting, significant issues related to sustainable development

are dealt with briefly in these operational discussions. For a more detailed review of these issues, see the Sustainability

Review 2009.

### Group outlook

Gold production in 2010 is expected to be between 4.5Moz and 4.7Moz. Given that the relative strength of local operating currencies is anticipated to continue, total cash costs are expected to remain under pressure, ranging between \$590/oz and \$615/oz. AngloGold Ashanti's exchange rate assumptions for 2010 are: R7.70/\$, A\$/\$0.93, Brazilian real 1.70/\$ and the Argentinean peso 3.90/\$. Capital expenditure is estimated at \$1bn to \$1.1bn for 2010.

**Namibia**

Navachab 65,000oz

N

Operations

**South Africa**

**Vaal River**

Great Noligwa

158,000oz

Kopanang 336,000oz

Moab Khotsong

247,000oz

Tau Lekoa

124,000oz

Surface operations

164,000oz

**West Wits**

Mponeng 520,000oz

Savuka

30,000oz

TauTona 218,000oz

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**50**

**Southern Africa**

**AngloGold Ashanti's Southern Africa region includes the group operations in South Africa and Namibia. In 2009, the Southern Africa region produced 1.862Moz (57,922kg) of gold, equivalent to 40% of group production, at a total cash cost of \$472/oz.**

**The Mineral Resource in Southern Africa, attributable to AngloGold Ashanti, totalled 109.28Moz at year-end and the attributable Ore Reserve, 32.57Moz.**

*Locations on maps are for indication purposes only.*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Robbie Lazare, Executive Vice President – South Africa, discusses AngloGold Ashanti's operations in Southern Africa**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**51**

South Africa

39%

Namibia

1%

Rest of AngloGold Ashanti

60%

Contribution to group production

– by country

Mponeng

11%

Kopanang 7%

Moab Khotsong

5%

TauTona 5%

Tau Lekoa

3%

Great Noligwa

3%

Surface operations

4%

Savuka 1%

Navachab 1%

Rest of AngloGold Ashanti 60%

Contribution to group production

– by operation

367

07

08

09

Capital expenditure

(\$m)

349

405

\$405

m

37,385

07

08

09

Total number of employees\*

37,609

38,003

\* Including contractors

38,003

346

07

08

09

Total cash costs

(\$/oz)

367

472

\$472

/oz

Southern Africa – key data

2,408

07

08

09

Gold production

(000oz)

2,167

1,862

1.9

Moz



## AngloGold Ashanti Annual Financial Statements 2009

### Review of operations

P

52

#### South Africa

AngloGold Ashanti's South African operations comprise seven deep-level mines and one surface operation. They are Great Noligwa, Kopanang, Tau Lekoa, Moab Khotsoang and the surface operation, which make up the Vaal River region, and Mponeng, Savuka and TauTona, which make up the West Wits region. Together, these operations contributed 39% to group production in 2009.

For information on the regulatory environment and licence to operate in South Africa, refer to the section entitled *Regulatory environment enabling AngloGold Ashanti to mine* on page 142 of this report.

#### Safety

Tragically, there were 13 fatalities (2008: 11 fatalities) at the South African operations during the year in 938 accidents. The FIFR for 2009 was 0.14 per million hours worked (2008: 0.12 and 2007: 0.29), while the LTIFR was 10.40 per million hours worked (2008: 11.24 and 2007:12.72). We remain focused on eliminating all workplace injuries across the operations and are encouraged by the improvement in the LTIFR, which has fallen for the third consecutive year to the lowest level ever recorded by the group. In all, 95 full production shifts and 73 partial production shifts were lost at the South African operations due to safety related stoppages.

A number of initiatives were implemented in 2009 to help achieve the company's aim of eliminating safety incidents. With "*Safety*

*is our First Value*" as the cornerstone of this effort, the South Africa operations continued to push the "*White Flag Day*" initiative

to signify injury-free days at each operation. The company also initiated the "*It's OK to Stop!*" programme to encourage

employees at all levels to call work to a halt in unsafe conditions. The "*5-TEEN*" process was developed to focus on analysing

the activities of the crews in the worst 15% of safety performers, and providing support to effect rapid improvement.

An analysis

of those teams was conducted in three phases during August and December 2009 and January 2010.

In addition, a three-tier approach to investigation and recovery from fatal accidents was adopted in South Africa, starting with

the mandatory on-site inspection and followed by a peer review by an independent team and a technical review which included representation from both the company's executive and the state's mine inspectorate. This new structure is designed

to adapt and change safety processes and policies where necessary.

These initiatives were underpinned by the use of a new risk management system software application which was installed

during the course of the year and is expected to be fully functional during the first quarter of 2010. The South African operations successfully passed their OHSAS 18001: 2007, First Advance Part 2 assessments, a crucial step toward

both strengthening existing protocols and establishing common Health and Safety Management systems. Taken together, these

programmes form part of AngloGold Ashanti's Safety Transformation.

Safety Transformation is an ongoing programme designed to deliver on AngloGold Ashanti's safety values. It addresses the

company's approach to managing risk through the development of an organisational culture based on engagement and learning, facilitated by effective leadership and underpinned by enabling and sustaining systems. Rollout will begin at three

global pilot sites during April 2010, following a global launch on 20 April in South Africa.

**Operating performance**

Gold production for South Africa totalled 55,908kg (1.797Moz) in 2009, a decline of 14% on the previous year. This decline

was mainly a result of a 10% reduction in underground recovered grade and decreased volume due to:

- More rigorous policing of safety regulations by company management and state mine inspectors which caused longer and more frequent stoppages, both following accidents and as a pre-emptive safety measure.
- A seismic event in May that caused significant damage to the underground infrastructure at Savuka, requiring mining activity to be suspended while repairs were made.
- An eight-week suspension of mining at TauTona to conduct a thorough inspection and repair of all shaft steelwork following an incident in October when a length of steel dislodged from the shaft wall.
- An underground fire in March 2009, as well as complex geological structures encountered at Great Noligwa.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**53**

Total cash costs rose by 30% in South Africa to R123,401/kg (\$466/oz) in 2009 from R95,144/kg (\$362/oz) in 2008. The

increase is as a result of a decline in production and increased costs driven largely by annual wage increases, higher power

tariffs and inflation on input costs. The uranium contribution is offset against cash costs and in 2009 resulted in a reduction in

cash costs of R54m (\$6m).

Bi-annual South African wage negotiations were successfully concluded in the third quarter, with AngloGold Ashanti and its

partners in local trade unions agreeing to an increase that had a 9.7% impact on payroll costs for the South African operations

in the first year starting 1 July 2009. In the second year, the impact will be 1% above inflation, with a guaranteed minimum of

7.5%. This settlement, which AngloGold Ashanti believes is fair to all parties, was concluded after a constructive, three-month

interaction.

Power tariffs levied by Eskom, the state-owned power utility, increased by 31.3% in 2009, placing additional pressure on

cash costs.

Uranium is a by-product of gold mining at South Africa's Vaal River operations. In 2009, total uranium production was

1.4 million pounds, 8% more than the previous year's 1.3 million pounds, due to improved recoveries.

Capital expenditure for the South African operations in 2009 totalled R3,228m (\$385m), 16% up on 2008.

Stay-in-business

expenditure accounted for 20% of total expenditure and included shaft rehabilitation at TauTona and Savuka. Ore

Reserve

development accounted for another 62% of the capital budget and projects the remaining 18%. The bulk of the project expenditure was on the Mponeng VCR decline R419m (\$50m) and Mponeng below 120 R85m (\$10m).

**Growth projects**

The major projects currently being undertaken in South Africa are:

•

Mponeng Carbon Leader Reef project

•

Moab Zaaiplaats project.

**Outlook**

Gold production from the South African operations is expected to be between 1.72Moz and 1.80Moz in 2010 at a cash cost of

between \$553/oz and \$571/oz. The latter includes a \$16/oz impact of royalties to be paid under the terms of the Mineral and

Petroleum Resources Royalty Act, which comes into effect in March 2010 and higher power costs in 2010.

Capital expenditure of R3,008m (\$391m) is planned, to be spent primarily on:

•

Mponeng VCR Below 120 project R415m (\$54m);

•

Ore Reserve development R1,740m (\$226m);

•

Stay-in-business capital R761m (\$99m); and

•

Other projects R92m (\$12m).

**Community and environment**

The South African operations manage community and environmental matters within integrated programmes that ensure compliance with legislation and also fulfilment of all obligations to stakeholders, including host communities and the Department of Mineral Resources (DMR).

Both the Vaal River and West Wits operations have a detailed Social and Labour Plan (SLP) and Environmental Management

Plan (EMP), developed in accordance with relevant legislation. SLP reports, which detail progress made against firm targets,

are submitted to the DMR annually along with EMP audits. Both plans are drawn up after interactions with both host communities and government agencies.

No significant issues were raised by either communities or government on sustainability issues during the year. The EMPs are

certified to the ISO 14001 environmental management system standard.

All of the South African operations are fully compliant with the International Cyanide Management Code (Cyanide Code).

For further information see the Sustainability Review 2009 and both the West Wits and Vaal River SLP reports, which are

available at [www.anglogoldashanti.com](http://www.anglogoldashanti.com).

**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 Vaal River operations have among them four gold plants, one

uranium plant and one sulphuric acid plant. Combined, the Vaal River operations, which include the surface division, produced

32.025kg (1,029,000oz) of gold, which is 55% of the South African division's production and 22% of group production.

**Great Noligwa**

**Description**

Great Noligwa adjoins Kopanang and Moab Khotsong and is located close to the town of Orkney on the Free State side of

the Vaal River. The Vaal Reef, the primary reef, and the Crystalkop Reef, a secondary reef, are mined here.

This mining operation consists of a twin-shaft system and operates over eight main levels at an average depth of 2,400 metres

below surface.

Given the geological complexity of the orebody at Great Noligwa, a scattered mining method is employed. The mine shares

a milling and treatment circuit with Moab Khotsong and Kopanang Mine, which applies conventional crushing, screening, SAG

grinding and carbon-in-leach (CIL) processes to treat the ore and extract gold.

**Key statistics**

**Great Noligwa**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.43

0.29

0.34

(g/t)

14.90

10.07

11.69

Recovered grade

(oz/t)

0.167

0.214

0.220

(g/t)

5.73

7.33

7.54

Gold production

(000oz)

158

330

483

Total cash costs

(\$/oz)

794

458

403

Total production costs

(\$/oz)

990

557

507

Capital expenditure

(\$m)

24

26

37

Total number of employees

4,739

5,743

6,634

Employees

4,612

5,472

5,908

Contractors

127

271

726

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**54**

483

07

08

09

Gold production

(000oz)

330

158

403

07

08

09

Total cash cost

(\$/oz)

458

794

37

07

08

09

Capital expenditure

(\$m)

26

24

6,634

07

08

09

Total number of employees\*

5,743

4,739

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**55**

**Safety**

The mine achieved its first ever two million fatality-free shifts on 16 July 2009 while the vertical transport and SV3 sections

received one million fatality-free shift awards during the year.

Safety, as measured by the LTIFR, improved significantly with 10.90 per million hours worked recorded for the year (2008: 14.66). The

mine achieved the benchmarks for all safety indices in 2009. There was one fatality in 2009, caused by a fall of ground (2008: 1).

The “*White Flag Day Every Day*” and “*It’s OK to Stop*” campaigns were the two major contributors to improved safety. Other

safety initiatives include daily shaft-based communication and visibility tours by both management and union leadership.

Management-initiated safety stoppages also had a positive impact on physical conditions underground and on the improved

safety performance.

Great Noligwa maintained its OHSAS 18001:2007 and ISO 14001 certification in 2009.

**Operating performance**

Gold production fell by 52% to 4,914kg (158,000oz). The decline in output was due mainly to the transfer of the high-grade SV4

section of the mine to the Moab Khotsong upper mine from July 2008, as well as an underground fire in March and various safety-

related stoppages including those requested by both the DMR and mine management.

In addition, about 33 panels were affected by the intersection of complex, unexpected geological structures, which limited

mining flexibility and development. Yield declined by 22%, mainly because of the transfer of the high-grade SV4 section to

Moab Khotsong and the lower grades mined due to the limited flexibility.

Unit cash costs for the year rose by 77% to R211,048/kg (\$794/oz). This increase was mainly the result of lower production

volumes and inflationary pressures on wages and power tariffs.

Capital expenditure of R205m (\$24m) was spent mainly on Ore Reserve development and stay-in-business projects which

covered upgrades to both horizontal and vertical transport, accessing old pillar areas and the upgrade of plant infrastructure.

**Growth prospects**

Given that Great Noligwa is a mature operation, it is in the process of converting from conventional scattered mining to pillar

and/or remnant mining for the remainder of its operational life. The Vaal Reef, which has been the most economically viable reef

at Great Noligwa, is being depleted and the less economical Crystalkop Reef is increasingly being exploited together with the

economically viable pillars and remnants containing the Vaal Reef. Growth opportunities are therefore limited to the possible

inclusion of a few Vaal and Crystalkop Reef safety haulage pillars that are not currently part of the reserve. A feasibility study is

currently being conducted to determine the viability of establishing alternate routes for men, material, ore and ventilation, to



replace these haulages. Should that prove to be successful, these pillars may be mined and will then be included in the 2011

Business Plan.

**Outlook**

Areas mined in the past 12 months exposed and encountered extremely complex geological structures, resulting in the need

for additional development to re-establish access to areas for further mining. However, mining has progressed close to the

boundary limits, explaining the increased dependency on pillars to sustain a reasonable level of production.

Production in 2010 is projected to be between 3,950kg (127,000oz) and 4,106kg (132,000oz). To ensure longer term viability,

a rationalisation exercise was conducted resulting in lower volumes, a smaller underground footprint and reduced resources.

These initiatives are expected to return the mine to profitability.

Despite lower production and the impact of inflation, total unit cash costs are expected to remain largely unchanged between

\$804/oz and \$829/oz.

Capital expenditure of R166m (\$22m) will be spent mostly on Ore Reserve development, with the remainder earmarked for

stay-in-business projects.

**Kopanang**  
**Description**

Kopanang adjoins Great Nologwa and is located close to the town of Orkney on the Free State side of the Vaal River. The major reef mined at Kopanang is the Vaal Reef, while the secondary Crystalkop Reef is mined on a smaller scale. Mining operations are conducted at depths ranging from 1,280m to 2,240m. 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 by footwall tunnelling raised on the dip of the reef and stoped on-strike. Kopanang has a gold processing plant employing both conventional semi-autogenous grinding and carbon-in-pulp (CIP) technology. There are two streams of ore into the plant, one of which is mainly Vaal Reef ore while the other is fed exclusively by Ventersdorp Contact Reef ore from Tau Lekoa. As the ore mined at Kopanang also contains uranium as a by-product, about 40% of the Vaal Reef ore mined here is sent to the gold plant at Great Nologwa for uranium extraction.

**Key statistics**

**Kopanang**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.40

0.32

0.36

(g/t)

13.85

11.07

12.18

Recovered grade

(oz/t)

0.197

0.199

0.211

(g/t)

6.74

6.82

7.24

Gold production

(000oz)

336

362

418

Total cash costs

(\$/oz)

406

348

307  
Total production costs  
(\$/oz)  
586  
492  
393  
Capital expenditure  
(\$m)  
58  
47  
52  
Total number of employees  
6,059  
6,031  
5,935  
Employees  
5,612  
5,620  
5,470  
Contractors  
447  
411  
465

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**56**  
418  
07  
08  
09  
Gold production  
(000oz)  
362  
336  
307  
07  
08  
09  
Total cash cost  
(\$/oz)  
348  
406  
52  
07  
08  
09  
Capital expenditure  
(\$m)  
47  
58

5,935

07

08

09

Total number of employees\*

6,031

6,059

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**57**

**Safety**

There was one fatality at Kopanang in 2009, the result of a fall of ground related accident (2008: 2). The overall safety performance improved during the year with an LTIFR of 11.46 per million hours worked (2008: 12.86), and a FIFR of 0.07 per

million hours worked (2008: 0.14). The mine achieved two significant safety milestones in 2009: 1.5 million fatality-free shifts

in March 2009 and 750,000 fatality-free shifts in November 2009. Kopanang ended the year at 954,410 fatality-free shifts.

Mitigation strategies were implemented to improve safety performance, to ameliorate risks associated with falls of ground and

to improve support standards used in development, horizontal transport and cooling of the work environment.

Kopanang won the Safety Shield; Horizontal Transport and Vertical Transport competitions.

The mine retained its OHSAS 18001:2007 certification.

**Operating performance**

Gold production fell to 10,481kg (336,000oz) in 2009, 7% less than the previous year. An 8% decline in volumes mined was

the major contributor to the decline. Safety-related work stoppages, complex geological structures and insufficient available

face length all contributed to the lower volumes.

Unit total cash costs increased to R107,580/kg (\$406/oz). This was as a result of lower production as well as inflationary

pressures on wages and power tariffs.

The capital expenditure totalled R486m (\$58m) for the year compared to R391m (\$47m) in 2008. This expenditure related

mainly to Ore Reserve development and stay-in-business capital for infrastructure upgrades.

**Growth prospects**

Four brownfield projects have been identified which could extend the life of Kopanang: Gencor 1 East extension, Crystalkop

Reef, the shaft fault area and the ground below current infrastructure on 68 Level.

**Outlook**

Gold production outlook for 2010 is forecast at between 11,041kg (355,000oz) and 11,539kg (371,000oz) with total cash

costs estimated to be between \$466/oz and \$481/oz. The higher production output relates to an overall increase in yield

which is expected to average 6.9g/t.

Capital expenditure of R460m (\$60m) will be spent on Ore Reserve development to improve and create mining flexibility,

as well as stay-in-business capital related to the Kopanang plant.

67
07
08
09
Gold production
(000oz)
192
247
668
07
08
09
Total cash cost
(\$/oz)
379
424
89
07
08
09
Capital expenditure
(\$m)
89
104
3,534
07
08
09
Total number of employees*
4,737
6,069

\* Including contractors

**Moab Khotsong**

**Description**

Moab Khotsong, which began commercial production in January 2006, is located south and south-east of Great Noligwa and Kopanang in the Free State province. The mine was developed principally to exploit the Vaal Reef. The first phase of this operation included development of a main shaft system, a subsidiary ventilation shaft and three main production levels between 2,600m and 3,054m below surface. The SV4 section transferred from Great Noligwa in 2008 and renamed Top Mine, was included in Moab Khotsong's 2009 results. Given the known geological complexity of the Vaal Reef, a scattered mining method is employed with haulages, cross cuts and raises pre-developed in a grid system.

**Key statistics**

**Moab Khotsong**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.60

0.69

1.52

(g/t)

20.57

23.51

52.12

Recovered grade

(oz/t)

0.273

0.271

0.232

(g/t)

9.36

9.31

7.94

Gold production

(000oz)

247

192

67

Total cash costs

(\$/oz)

424

379

668

Total production costs

(\$/oz)

737

632

1,234

Capital expenditure

(\$m)

104

89

89

Total number of employees

6,069

4,737

3,534

Employees

4,334

2,914

1,986

Contractors

1,735

1,823

1,548

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**  
**58**



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**59**

**Safety**

The safety performance at Moab Khotsong deteriorated in 2009. Consequently, four fatalities were recorded during the year, three as a result of falls-of-ground and the other a backfill accident. The LTIFR was 14.16 per million hours worked (2008: 11.98) and the FIFR per million hours worked, 0.29 (2008: 0.08). A safety audit of the entire operation was conducted by external and internal auditors to measure compliance with stoping, and development support standards, as well as the operation of trucks, tramming and explosive controls. The results of these audits were applied to make improvements. Encouragingly, the mine achieved 500,000 fatality free shifts in September 2009, 750,000 fatality-free shifts in November 2009 and ended the year with 907,376 fatality free shifts. The 5-TEEN process was implemented to monitor the worst 15% of safety performers. Additional training was provided to refocus attention on the prevention of accidents and the importance of working to established safety standards. Quarterly safety presentations were also held to reinforce overall compliance with group-wide safety protocols. By year-end, all employees had received risk assessment training. Moab Khotsong received eight Section 54 directives from the Department of Mineral Resources during the course of the year, resulting in the loss of 26 production shifts. The mine successfully completed part one of the OHSAS first advance assessment in January 2009 with the second part conducted in July 2009. The mine also successfully maintained its ISO 14001 certification after a re-assessment audit was conducted by DQS during July 2009.

**Operating performance**

Great Noligwa's SV4 section was incorporated into Moab Khotsong as the Top Mine from July 2008 and combined with a ramp-up in Middle Mine production resulted in a 29% increase in production to 7,686kg (247,000oz). The grades mined increased by 1% to 9.36g/t and volumes treated increased by 28%, due mainly to the Top Mine's inclusion as well as ramp-up activities in the Middle Mine. Production was, however, hampered by safety, and mining, related stoppages and unexpected geological occurrences which affected production at the Middle Mine. The latest geological modelling indicates that more Ore Reserve development will be necessary to access the orebody. Total unit cash costs increased by 9% to R111,662/kg (\$424/oz) due to higher labour and power costs, partially offset by higher production. Capital expenditure for the year totalled R874m (\$104m), mainly spent on Ore Reserve development with the balance being stay-in-business capital and project Zaaiplaats.

**Growth prospects**

The feasibility study for the optimal extraction of the orebody within the lower mine area of Moab Khotsong, beneath the farm Zaaiplaats, is complete. The project extends the mine's life and involves its deepening from 101 to 115 level. This project is estimated to access 160,000kg (5.14Moz) with an estimated capital expenditure of R8bn and is expected to go to the board for approval during 2010 and a development start date in 2011.

**Outlook**

Production in 2010 is projected be between 8,398kg (270,000oz) and 8,771kg (282,000oz), at a total cash costs of between \$577/oz and \$595/oz. The major reason for the increased cost relates to the further build up of labour in anticipation of higher production levels, increases in power tariffs and the payment of royalties due to begin in 2010. Capital expenditure of R864m (\$112m) is planned to be spent mostly on Ore Reserve development with the remainder designated for stay-in-business expenditure and exploration drilling.

**Tau Lekoa**

**Description**

Tau Lekoa is one of four mining operations in the Vaal River area. It is close to the town of Orkney on the North West Province

side of the Vaal River. Unlike the other Vaal River operations, the major reef mined at Tau Lekoa is the Ventersdorp Contact

Reef. Mining operations are conducted at depths ranging from 800m to 1,743m, making this one of the shallower AngloGold

Ashanti mines in South Africa.

The Tau Lekoa operation comprises a twin-shaft system. Because of its geologically complex orebody, a scattered mining

method is used at Tau Lekoa with the orebody being accessed via footwall tunnelling. Stoping takes place on strike. There

are currently seven shaft levels with an average of 70 panels in operation. Tau Lekoa employs hydro-power as its primary

source of energy.

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

On 17 February 2009, AngloGold Ashanti announced that it had agreed to sell, with effect from 1 January 2010, the Tau Lekoa

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

(Simmert). On 25 November 2009, AngloGold Ashanti announced that the closing of the sale may be delayed pending

approval by the South African Department of Mineral Resources (DMR) of the transfer of the applicable mining rights, the only

remaining condition to the sale. AngloGold Ashanti and Simmert have subsequently agreed to extend the deadline for the

completion of the transaction from 31 March 2010 to 30 September 2010, to allow for a further possible delay in closing

pending the approval of the DMR. Closing of the transaction is anticipated to occur before 30 September 2010.

**Key statistics**

**Tau Lekoa**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.21

0.17

0.16

(g/t)

7.27

5.70

5.39

Recovered grade

(oz/t)

0.097

0.104

0.106

(g/t)

3.32

3.58  
3.62  
Gold production  
(000oz)  
124  
143  
165  
Total cash costs  
(\$/oz)  
718  
533  
474  
Total production costs  
(\$/oz)  
749  
658  
622  
Capital expenditure  
(\$m)  
17  
18  
16  
Total number of employees  
3,114  
3,034  
2,851  
Employees  
2,700  
2,650  
2,506  
Contractors  
414  
384  
345

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**60**

165

07

08

09

Gold production

(000oz)

143

124

474

07

08

09

Total cash cost

(\$/oz)

533

718

16

07

08

09

Capital expenditure

(\$m)

18

17

2,851

07

08

09

Total number of employees\*

3,034

3,114

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**61**

**Safety**

There were two fatalities at Tau Lekoa (2008: 0), one caused by a locomotive accident and the other a seismic fall of ground.

Consequently, the FIFR per million hours worked deteriorated to 0.25 while the LTIFR improved to 15.68 per million hours worked

(2008: 16.57). The mine achieved a million fatality-free shifts on 3 February 2009 for the first time ever in its 24-year history.

Tau Lekoa continued with its "*Pathway to Success*" campaign to enhance safety performance with an emphasis on AngloGold

Ashanti's four key strategic safety areas.

Seven Section 54 directives were issued by the DMR, each lasting two days. Section 54 of South Africa's Mine Health and

Safety Amendment Act 2008 orders the closure of a shaft or mining area deemed unsafe. These stoppages related to various

factors including appropriate entry examinations for miners, temporary and permanent support standards, signalling devices

and geological features.

Tau Lekoa retained its OHSAS 18001 and ISO 14001 certification.

**Operating performance**

Gold production declined by 13% to 3,852kg (124,000oz) in 2009. This was largely attributable to grade recovery which

decreased to 3.32 g/t, a consequence of mining activities being focused towards the lower grade boundary.

Total cash costs rose by 36% to R191,184/kg (\$718/oz). This was mainly attributable to the lower production as well as

inflationary pressures on wages and consumables.

Capital expenditure for the year totalled R142m (\$17m), primarily spent on Ore Reserve development with the balance on stay-

in-business projects, such as dyke access, to stabilise and support development.

**Outlook**

Tau Lekoa is an asset held for sale. The AngloGold Ashanti one year forecast does not include an outlook for Tau Lekoa.

**Vaal River Surface**

**Description**

The resources of AngloGold Ashanti South Africa's surface operation include the waste rock dumps and tailings storage facilities.

Dedicated surface-source treatment plants together with spare capacity at the primary gold plants in the area are used to treat material from the waste rock dumps and tailings storage facilities. These dedicated surface plants are the Mispah Gold Plant, which treats material from the Great Noligwa waste rock dump, and the East Gold Acid & Float Plant which treats material from the sulphur pay dam.

As at 31 December 2009, surface Mineral Resource totalled 2.1Moz of gold and Ore Reserve 1.9Moz.

**Key statistics**

**Surface operations**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.007

0.007

0.008

(g/t)

0.225

0.206

0.245

Recovered grade

(oz/t)

0.015

0.011

0.014

(g/t)

0.53

0.36

0.49

Gold production

(000oz)

164

92

125

Total cash costs

(\$/oz)

341

440

305

Total production costs

(\$/oz)

355

469

333

Capital expenditure

(\$m)

3

1

1

Total number of employees

234

234

222

Employees

228

227

211

Contractors

6

7

11

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**62**

125

07

08

09

Gold production (000oz)

92

164

305

07

08

09

Total cash cost (\$/oz)

440

341

1

07

08

09

Capital expenditure (\$m)

1

3

222

07

08

09

Total number of employees\*

234

234

\* Including contractors



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**63**

**Safety**

The LTIFR increased during the year from 1.18 per million hours worked in 2008 to 1.73 in 2009. OHSAS 18001 and ISO 14001 re-certifications were obtained during 2009.

A total of 307 “white flag days” was achieved during 2009. A white flag day signifies an injury-free, 24-hour period on an

individual operation. Six plants achieved more than 200 consecutive white flag days. Ten plants have currently achieved more

than the benchmark of 31 consecutive white flag days.

The principles of the “*It’s OK to Stop*” working in a workplace considered unsafe were communicated to all employees of the

division during the year. Work was stopped 34 times.

**Operating performance**

Gold production increased by 78% to 5,092kg (164,000oz). Reduced reef deliveries from the mines, as well as the decision

to operate the plant over public holidays, resulted in greater volumes of waste rock being treated.

Total cash costs decreased by 23% to R89,867/kg (\$341/oz), mainly a result of the increased production. This was partially

offset by inflationary pressures on labour, consumables and power.

Capital expenditure for the year at the surface operations totalled R21m (\$3m), spent mostly on stay-in-business projects.

**Outlook**

Production at surface sources is projected to be between 4,541kg (146,000oz) and 4,852kg (156,000oz) at a total cash cost

of between \$524/oz and \$540/oz.

Capital expenditure of R33m (\$4m) is expected to be spent mainly on stay-in-business projects.

587
07
08
09
Gold production
(000oz)
600
520
264
07
08
09
Total cash cost
(\$/oz)
249
329
86
07
08
09
Capital expenditure
(\$m)
86
109
5,561
07
08
09
Total number of employees*
5,685
6,029

\* Including contractors

**West Wits**

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

Together the West Wits operations produced 23,883kg (768,000oz) of gold, equivalent to 42% of the Southern Africa region's production and 17% of group production.

**Mponeng  
Description**

Mponeng is situated between the towns of Merafong and Fochville on the border between Gauteng and North West Province, southwest of Johannesburg. The mine exploits the Ventersdorp Contact Reef (VCR) at depths varying between 2,400m and 3,600m below surface, where a sequential grid mining method is employed. Access to the reef is from the main haulage and return airway development, with cross-cuts developed every 212m to the reef horizon. Raises are then developed on-reef to the level immediately above and the reef is stoped-out on strike.

The Mponeng lease area is constrained to the north by the TauTona and Savuka mines, to the east by Gold Fields Limited's Driefontein mine and to the west by Harmony Gold Mining Company Limited's Elandsrand mine. No mining takes place to the south.

Mponeng comprises a twin-shaft system housing two vertical shafts and two service shafts. Ore is treated and smelted at the mine's gold plant which has a monthly capacity of 160,000t. The plant uses two semi-autogenous (SAG) mills to process the ore and the gold is extracted by means of carbon-in-pulp (CIP) technology.

**Key statistics**

**Mponeng**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.25

0.22

0.23

(g/t)

8.53

7.61

7.83

Recovered grade

(oz/t)

0.253

0.292

0.277

(g/t)

8.66

10.02

9.50

Gold production

(000oz)

520

600

587

Total cash costs

(\$/oz)

329

249

264

Total production costs

(\$/oz)

399

323

348

Capital expenditure

(\$m)

109

86

86

Total number of employees

6,029

5,685

5,561

Employees

5,926

5,482

5,126

Contractors

103

203

435

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**64**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**65**

**Safety**

There were three fatalities at Mponeng during the year (2008: 2), one caused by a locomotive accident, the second by a fall of ground and the third a snatch-block incident. The FIFR for the year was 0.20 per million hours worked (2008: 0.14) and the LTIFR 11.44 (2008: 11.44).

The mine embarked on a number of parallel safety initiatives in 2009, including “*Goldsafe days*”; team-based processes; mass open-air meetings; monthly miner, artisan, team leader and safety representative meetings; and the ongoing reinforcement of the “*It’s OK to Stop*” principle to all employees.

Mponeng was closed twice after the issue of Section 54 directives by the DMR. In both cases, the mine was re-opened after three days following close consultation between management and the DMR.

Occupational health and safety assessments for OHSAS 18001 certification were conducted in January and July 2009, with

Mponeng retaining accreditation on both occasions.

**Operating performance**

Mponeng’s gold production decreased by 13% to 16,159kg (520,000oz) in 2009. A 14% decline in grade contributed to the

lower output and resulted from the variability of VCR grade, changes to the mining mix and a 4% reduction in face length.

Total cash costs rose by 33% to R86,928/kg (\$329/oz) as a result of lower gold production and the impact of inflation on

power, labour, support and stores. In addition, Mponeng utilised excess labour from Savuka for backlog equipping, following

the seismic incident during May 2009.

Total capital expenditure for the year totalled R912m (\$109m) and was primarily spent on the VCR below 120 project R502m (\$60m). In addition, capital of R299m (\$36m) was spent on Ore Reserve development and R111m (\$13m) on stay-

in-business activities.

**Growth projects**

*Carbon Leader Reef Project below 120:* This project involves accessing the Carbon Leader Reef (CLR) about 900m below

the VCR which is currently being mined. It will also access the VCR below the current infrastructure on levels 126 to 141.

Further work on this project is ongoing and was not presented for formal approval to the board in July 2009 as previously

reported, as additional geological drilling was required to upgrade the resource.

The estimated capital expenditure for this project has increased to R17bn and production forecasts increased to around 14Moz of gold with the inclusion of the VCR area below 126 level into this project. The project is to be presented to the board

for approval in November 2010 and if approved, development could begin in June 2011.

*Ventersdorp Contact Reef (VCR) below 120 Project:* Development is ahead of schedule and in line with the project plan.

Ongoing progress on this project resulted in Mponeng becoming the deepest mine in the world in January 2009. The estimated completion date for the project is 2013 with full production planned for 2015. The project is anticipated to recover

2.87Moz of gold at a cost of R2.03bn (\$250m).

**Outlook**

Production at Mponeng is forecast to be between 16,081kg (517,000oz) and 16,734kg (538,000oz) at a total cash cost of between \$400/oz and \$413/oz.

Capital expenditure in 2010 is estimated at R864m (\$112m), with R440m (\$57m) designated for growth, including the VCR

Below 120 project, and the balance for stay-in-business and Ore Reserve development activities.

**Savuka**

**Description**

Savuka is situated on the West Wits line in the province of Gauteng, approximately 70km southwest of Johannesburg, and lies close to the town of Merafong in North West Province. This operation currently extracts both the Carbon Leader Reef

(CLR) at between 3,137m and 3,457m below surface and the Ventersdorp Contact Reef (VCR) at 1,808m below surface.

The Savuka lease area is constrained to the north and northwest by DRDGOLD Limited's Blyvooruitzicht Mine, to the east by

TauTona, to the west by Harmony's Elandsrand mine and to the south by Mponeng.

**Key statistics**

**Savuka**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.78

0.43

0.40

(g/t)

26.74

14.91

13.72

Recovered grade

(oz/t)

0.159

0.183

0.195

(g/t)

5.45

6.28

6.69

Gold production

(000oz)

30

66

73

Total cash costs

(\$/oz)

1,115

411

403

Total production costs

(\$/oz)

1,387

518

476

Capital expenditure

(\$m)

13  
 11  
 9  
 Total number of employees  
 1,054  
 1,224  
 1,143  
 Employees  
 1,019  
 1,179  
 1,063  
 Contractors  
 35  
 45  
 80

**Safety**

There was one fatality during the year as a result of seismic activity (2008: 1). The FIFR increased year-on-year to 0.40 per million hours worked (2008: 0.33), while there was an encouraging improvement in the LTIFR to 7.62 per million hours worked in 2009 (2008: 15.20).

Following the fatal accident, the mine received one Section 54 directive which was lifted three days later.

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**  
**66**  
 73  
 07  
 08  
 09  
 Gold production (000oz)  
 66  
 30  
 403  
 07  
 08  
 09  
 Total cash cost (\$/oz)  
 411  
 1,115  
 9  
 07  
 08  
 09  
 Capital expenditure (\$m)  
 11  
 13  
 1,143  
 07  
 08  
 09



Total number of employees\*

1,224

1,054

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**67**

The mine continued with the implementation of the parallel safety initiatives which commenced in 2008, including “*Goldsafe*”

days; team-based processes; mass open air meetings; and monthly miner, artisan, team leader and safety representative meetings. Savuka also participated in the successful rollout of the “*It’s OK to Stop*” campaign. In addition, various internal

safety audits were conducted to enable management to address and mitigate the risks identified in the process.

OHSAS 18001 assessments were conducted in January and July 2009, with Savuka retaining its certification on both occasions.

**Operating performance**

Savuka’s operations for the year were severely hampered by a seismic event in May 2009 which resulted in production being

suspended for the remainder of the year. As a consequence, gold output declined by 55% to 924kg (30,000oz) in 2009.

Total cash costs rose by 177% to R295,800/kg (\$1,115/oz), due primarily to the decrease in production and repairs to damaged underground infrastructure. An insurance claim, which includes normal business interruption and material damage,

has been lodged and is expected to be processed in 2010. Savuka produced 432kg (14,000oz) at a total cash cost of R143,876/kg (\$452/oz) during the first quarter of 2009, the last quarter of full production before the seismic event occurred.

Capital expenditure increased by 20% to R107m (\$13m), with R61m (\$7m) allocated to stay-in-business expenditure, including the seismic incident-related expenses of R35m (\$4m) and R46m (\$6m) to Ore Reserve development.

**Growth projects**

Once access to the CLR horizon has been re-established in the second quarter of 2010, exploration and drilling programmes

will continue to determine the extent and accessibility of the extensive resource to the west of current mining activities and to

identify potential mining prospects.

**Outlook**

Following the seismic incident, it is anticipated that normal production will resume by May 2010. While rehabilitation work is

progressing according to plan, production and costs will continue to be affected for a large part of 2010. However, whilst

production is expected to start increasing from the fourth quarter of 2010, the operation is expected to return to normal throughput levels in 2011.

Production at Savuka is forecast to be between 1,058kg (34,000oz) and 1,120kg (36,000oz) at a total cash cost of between

\$1,190/oz and \$1,227/oz in 2010. Capital expenditure of R97m (\$13m) is planned for Ore Reserve development and continuing rehabilitation.

**TauTona****Description**

TauTona lies on the West Wits line, just south of Merafong in North West Province and about 70km southwest of Johannesburg. Mining at TauTona takes place at depths ranging from 1,850m to 3,450m. The mine has a three-shaft system

and is in the process of converting from longwall mining to scattered grid mining. TauTona consists of a main shaft system

supported by secondary and tertiary shafts.

TauTona shares a processing plant with Savuka, which currently has a modularised monthly capacity of 180,000t. The plant

uses conventional milling to crush the ore and a CIP plant to treat the ore. Once the carbon has been removed from the ore

it is transported to the gold plant at Mponeng for elution electro-winning, smelting and the final recovery of the gold.

**Key statistics****TauTona****2009****2008****2007**

Pay limit

(oz/t)

0.74

0.44

0.40

(g/t)

25.33

15.05

16.11

Recovered grade\*

(oz/t)

0.213

0.253

0.282

(g/t)

7.29

8.66

9.67

Gold production

(000oz)

218

314

409

Total cash costs

(\$/oz)

559

374

317

Total production costs

(\$/oz)

797

509

464

Capital expenditure

(\$m)

57

60

71

Total number of employees

4,293

4,623

4,992

Employees

3,842

3,849

4,160

Contractors

451

774

832

*\* Underground operations*

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**68**

409

07

08

09

Gold production (000oz)

314

218

317

07

08

09

Total cash cost (\$/oz)

374

559

71

07

08

09

Capital expenditure (\$m)

60

57

4,992

07

08

09

Total number of employees\*

4,623

4,293

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**69**

**Safety**

One fatality occurred at TauTona during the year (2008: 4), which was the result of a shaft accident. The FIFR per million hours

worked decreased to 0.10 from 0.35 in 2008, while the LTIFR per million hours worked improved to 13.04 from 13.46 in 2008.

TauTona has implemented measures such as the “5-TEEN” campaign and adopted the Mining Industry Occupational Safety

and Health (MOSH) system to enhance safety performance at the mine. Operationally, the mine upgraded infrastructure and

changed from longwall mining to sequential grid mining to address safety considerations.

The mine continued with the implementation of the parallel safety initiatives begun in 2008, including, among others, the

ongoing rollout of the “*It’s OK to Stop*” principle to all employees, the “*White Flag Day*” drive, the “*Laduma for Safety*”

campaign and wellness days. During October, management completed a full risk assessment of the entire shaft system and

emergency escape routes to neighbouring Mponeng and Savuka mines. All escape routes were declared safe and found to

be in order. Emergency escape and refuge bay procedures were updated.

TauTona has demonstrated continued improvements regarding OHSAS 18001 and maintained its certification following audits

conducted in January and September 2009.

TauTona also achieved one year free of fatalities caused by falls of ground and was the winner of the AngloGold Ashanti

fall-of-ground competition.

**Operating performance**

Production at TauTona for 2009 was affected largely by closure of the shaft due to a risk assessment of the entire shaft system

and emergency escape routes in October 2009. This resulted in the cessation of production activities until January 2010 while

underground infrastructure was inspected and repaired where necessary. As a consequence, gold production declined by

30% to 6,800kg (218,000oz) compared with 9,769kg (314,000oz) in 2008. In addition, the decision to stop mining the Carbon

Leader Reef shaft pillar before its scheduled conclusion and the suspension of mining at two longwalls, owing to the geological

nature of the area, contributed further to the decline.

Total cash costs increased to R147,668/kg (\$559/oz) from R97,483/kg (\$374/oz) in 2008 as a result of reduced production

and inflationary pressures on wages, power and consumable costs.

Capital expenditure for the year was R479m (\$57m). Of this, R336m (\$40m) was spent on Ore Reserve development and

R143m (\$17m) on stay-in-business activities which included shaft rehabilitation expenditure.

**Growth prospects**

*CLR Below 120 level project:* The project scope has been revised and now entails the development of a single decline to

123 level to access 250,000oz of gold. If approved by the board in November 2010, development will commence in 2011,

with first production in 2015. The total estimated capital expenditure for the revised project is R600m.

**Outlook**

Production in 2010 is projected to be between 8,460kg (272,000oz) and 8,833kg (284,000oz), with the mine expected to be

back to full production by the second quarter of 2010. Total cash costs of between \$627/oz and \$647/oz are forecast.

Capital expenditure totalling R523m (\$68m) is planned for 2010 and will be spent mainly on Ore Reserve development and

stay-in-business projects.

**Namibia**

AngloGold Ashanti has one mining operation in Namibia, Navachab, which produced 65,000oz of gold in 2009, equivalent to

3% of the Southern Africa region's production and 1% of group production.

For information on the regulatory environment and licence to operate in Namibia, refer to the section entitled *Regulatory*

*environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Navachab**

**Description**

Navachab Gold Mine is situated near the town of Karibib, some 170km northwest of the capital Windhoek, and 171km inland

on the southwest coast of Africa. Navachab, which began operations in 1989, is an open-pit mine with a processing plant

which includes mills, carbon-in-pulp and electro-winning facilities, with a monthly capacity of 120,000t.

**Key statistics**

**Navachab**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.05

0.04

0.04

(g/t)

1.55

1.29

1.22

Recovered grade

(oz/t)

0.046

0.042

0.046

(g/t)

1.58

1.43

1.56

Gold production

(000oz)

65

68

80

Total cash costs

(\$/oz)

622

534

419

Total production costs

(\$/oz)

663

601

479  
Capital expenditure  
(\$m)  
20  
12  
6  
Total number of employees  
578  
482  
409  
Employees  
578  
482  
409  
Contractors  
—  
—  
—

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**  
**70**  
80  
07  
08  
09  
Gold production (000oz)  
68  
65  
Total cash cost (\$/oz)  
419  
07  
08  
09  
534  
622  
6  
07  
08  
09  
Capital expenditure (\$m)  
12  
20  
409  
07  
08  
09  
Total number of employees  
482  
578



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**71**

**Safety**

Navachab experienced its first fatal accident since the start of operations when a drill-rig operator was fatally injured in a tramming accident on 2 June 2009. Contractor drilling operations were halted for a month to ensure all risk and safety aspects

of the operation were thoroughly addressed. As a result of the review, drilling contractors will be required to use only rigs with

enclosed cabs to prevent a reoccurrence of this incident. Two safety interventions involving the entire workforce were held

during the year to ensure improved performance.

The FIFR for 2009 was 0.67 per million hours worked (2008: 0) with an LTIFR for the year of 2.02 (2008: 0).

OHSAS 18001 assessments were conducted in July and December 2009, with Navachab retaining its certification on both

occasions.

**Operating performance**

Gold production at Navachab declined by 4% to 65,000oz in 2009. The decline in production was a result of the 14% decrease

in tonnes treated, caused by harder footwall material.

Unit cash costs rose 16% to \$622/oz as a result of higher labour, power costs and rising contractor fees. This was compounded by the decline in gold production.

Capital expenditure for the year totalled \$20m, with \$12m spent on construction of the dense media separation (DMS) plant

and \$2m on exploration. The balance was allocated to stay-in-business expenditure, including work on the filtration plant;

upgrades of heavy mining equipment; the construction of new housing to accommodate half of the workforce; acquisition of

two new drill rigs; a stand-by generator, and a storage area network information technology system.

**Growth prospects**

Construction of the DMS plant remained on schedule and the training of operators was completed. Commissioning of the

plant is scheduled for the first quarter of 2010, and will result in improved production by increasing grade.

Long-lead items for the filtration plant were ordered in 2009 and construction of the new filtration plant will begin in 2010 to

provide the second tailings storage facility (TSF) ahead of 2011, when the existing TSF is due to reach capacity. The filtration

plant will ensure cost savings on detoxification chemicals and will allow for the additional recovery of water from the plant. The

plant will also negate the inherent safety, health and environment risks associated with a TSF.

Optimisation work on the western pushback continues in order to maintain annual gold production of between 100,000oz to

120,000oz. Evaluation of a further expansion to add 700,000oz of gold to reserves is at the scoping stage. The exploration

strategy has also been adjusted to optimise the sequence of mining.

**Outlook**

Gold production for 2010 is expected to increase to between 96,000oz and 100,000oz with total cash costs of between \$600/oz and \$628/oz. This significant increase in production of 48% will be mostly attributable to the improved grade at the

DMS plant.

Capital expenditure of \$18m is forecast for 2010, of which \$3m relates to commissioning of the DMS plant, \$2m for exploration and a further \$13m to stay-in-business expenditure. The latter will be spent primarily on the filtration plant and heavy mining equipment.

**Community and environment**

ISO 14001 environmental certification was maintained during the year. Another important milestone for the operation was passed in November 2009, when Navachab achieved compliance with the Cyanide Code. Formal notification is awaited from the Code Secretariat.

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**72**

Continental Africa

**AngloGold Ashanti has seven mining operations in its Continental Africa region:**

- **Iduapriem and Obuasi in Ghana**
- **Siguiri in Guinea**
- **Morila, Sadiola and Yatela in Mali**
- **Geita in Tanzania**

**Ghana**

Iduapriem 190,000oz

Obuasi

381,000oz

**N**

**Tanzania**

Geita 272,000oz

**Saudi**

**Arabia**

**Egypt**

**Gabon**

**Guinea**

Siguiri

316,000oz (85%)

**Mali**

Morila

137,000oz (40%)

Sadiola 135,000oz (41%)

Yatela 89,000oz (40%)

**DRC**

Mongbwalu

Operations

Exploration

New exploration

*Locations on maps are for indication purposes only.*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Richard Duffy, Executive Vice President – Continental Africa, discusses**

**AngloGold Ashanti's operations in Continental Africa**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**73**

Combined production from these operations declined by 3% to 1.52Moz of gold in 2009, equivalent to 33% of group production. In all, they employed 14,689 people, including contractors, 473 less than in 2008. Total attributable capital

expenditure for the region was \$178m, a decrease of 29% on the \$250m spent in 2008. The bulk of this was spent at the

Ghanaian operations, and at Obuasi in particular.

The Mineral Resource in Continental Africa, attributable to AngloGold Ashanti, totalled 67.39Moz at year-end, including an

attributable Ore Reserve of 26.15Moz.

In addition, AngloGold Ashanti has had an active greenfields exploration programme in the Democratic Republic of the Congo

(DRC), with the most promising prospects being the Mongbwalu concession and the Kibali joint venture with Randgold

Resources and the DRC government. This is in addition to the brownfields exploration being conducted in and around its

existing operations. For further information on the group's exploration programme in Continental Africa, see the Global

Exploration section of this report.

Obuasi

8%

Siguiri

7%

Geita

6%

Iduapriem

4%

Sadiola

3%

Morila

3%

Yatela

2%

Rest of AngloGold Ashanti

67%

Contribution to group production

176

07

08

09

Attributable capital expenditure (\$m)

250

178

\$178

m

15,307

07

08

09

Total number of employees\*

15,162

14,689

\* Including contractors

14,689

423

07

08

09

Total cash costs (\$/oz)

544

608

\$608

/oz

**Continental Africa – key data**

1,575

07

08

09

Attributable gold production (000oz)

1,562

1,520

1.5

Moz

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**74**

**Ghana**

For information on the regulatory environment and licence to operate in Ghana, refer to the section entitled

*Regulatory*

*environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Iduapriem**

**Description**

The Iduapriem mine, wholly owned by AngloGold Ashanti since September 2007, comprises the Iduapriem and Teberbie

properties. The Iduapriem mine is situated in the western region of Ghana, some 70km north of the coastal city of Takoradi and

10km southwest of Tarkwa. Iduapriem is an open-pit mine and its processing facilities include a carbon-in-pulp (CIP) plant.

**Key statistics**

**Iduapriem**

**2009**

**2008**

**2007**

Pay limits

(oz/t)

0.04

0.04

0.06

(g/t)

1.45

1.43

1.66

Recovered grade

(oz/t)

0.050

0.051

0.054

(g/t)

1.72

1.76

1.85

Gold production

– 100%

(000oz)

190

200

185

– Attributable

190

200

167

#

Total cash costs

(\$/oz)

516

525

373

Total production costs

(\$/oz)

579

611

495

Capital expenditure

– 100%

(\$m)

28

54

24

– Attributable

28

54

23

#

Total number of employees

1,447

1,780

1,323

Employees

727

732

721

Contractors

720

1,048

602

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

**Safety**

The LTIFR of 1.32 per million hours worked improved from the 1.63 reported in 2008. Iduapriem maintained its OHSAS 18001

certification after a successful surveillance audit in January 2009. Safety interventions initiated in 2009 included additional risk

assessment training, safety leadership training, near-miss reporting, the introduction of management-led safety observation

tours and the promotion of an interdependent safety culture.

167

07

08

09

Attributable gold production (000oz)

200

190

373

07

08

09

Total cash cost (\$/oz)

525

516

23

07

08

09

Attributable capital expenditure (\$m)

54

28

1,323

07

08

09

Total number of employees\*

1,780

1,447

\* Including contractors



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**75**

**Operating performance**

Gold production declined 5% to 190,000oz in 2009. This was mainly a result of downtime associated with the breakdown of

the SAG2 mill, as well as flooding of the Block 7 and 8 pits, after excessive rainfall. This was countered by the commissioning

of a new crusher plant at Teberebie, the addition of a second ball mill and a new thickener which contributed positively to production.

The grade mined declined by 2% as flooding in the pits limited access to certain high-grade areas. Plant recoveries improved

by 2%, mainly as a result of the installation of a multi-mix, oxygen-injection system and an upgraded oxygen plant.

The expansion project to increase annual plant capacity to 4.3Mt was commissioned at the end of April 2009.

Total cash costs fell 2% from the previous year to \$516/oz, a result of decreases in power tariffs and the price of fuel.

The benefits of these price declines were partly offset by an increase in mining contractor costs, which was a consequence

of higher volumes of waste mined.

Total capital expenditure for the year was \$28m, including \$14m on the plant expansion and \$2m on the Ajopa project. Ajopa

contains an estimated mineable reserve of 4.4Mt at a grade of 2.07g/t, equivalent to around 290,000oz of gold. This project

is expected to yield approximately 276,000oz over 24 months. Stay-in-business capital for the year amounted to \$12m.

**Growth prospects**

While the mine has limited growth prospects on surface, the recent surge in the gold price has led to renewed interest in

evaluating the considerable low-grade resources in the Tarkwaian conglomerates that extend below the economic limits of the

existing pits. Work is currently under way to determine if there is an economic resource sufficient to support underground mining.

**Outlook**

Production at Iduapriem in 2010 is projected to be between 211,000oz and 223,000oz. Total cash costs are estimated to be

between \$549/oz and \$585/oz. Capital expenditure of \$31m is planned to be spent primarily on the completion of the Ajopa

project and stay-in-business projects, including a new tailings storage facility. Following discussions with the Environmental

Protection Agency in Ghana, in relation to potentially adverse environmental impacts from the current tailings facility, operations

have been temporarily suspended from 19 February 2010. It is however expected that a significant portion of the annual

production will be recovered over the course of the year.

**Community and environment**

Community and environmental concerns remain priorities at Iduapriem, especially regarding the relocation of villages and

people. Maintenance of the existing tailings storage facility (TSF) is of particular concern. The failure of a section of a retaining

wall at the existing TSF has emphasised the importance of managing these concerns correctly and extensive engagement has

taken place with the community on the matter. Operations at the Iduapriem mine have, from 11 February 2010, been temporarily suspended to allow for completion of discussions with governmental agencies to finalise permitting for the construction of a new tailings facility as a particular priority, following a directive from the Environmental Protection Agency to decommission the existing TSF in early 2010. Iduapriem maintained its ISO 14001 certification. The mine applied to the ICMI for temporary withdrawal from certification to the cyanide code due to a single instance of non-compliance related to the cyanide mixing and storage facility. A new cyanide storage facility is planned for construction in 2010. A new application will be made to the ICMI during the middle of 2010, once a contractor has been appointed to build the new facility. Iduapriem's alternative community livelihood programme has been commended by local authorities.

**AngloGold Ashanti Annual Financial Statements 2009****Review of operations****P****76****Obuasi****Description**

Obuasi, wholly owned by AngloGold Ashanti, is located in the Ashanti region of southern Ghana, approximately 60km south

of Kumasi. It is primarily an underground mine, operating at depths of up to 1,500m, though some surface mining does occur.

Historically, three treatment plants have processed the ore: a sulphide plant treats the ore from underground; a tailings plant

undertakes tailings reclamation; and an oxide plant is used to batch treat remnant open-pit ore and stockpiles.

**Key statistics****Obuasi****2009****2008****2007**

Pay limits\*

(oz/t)

0.21

0.29

0.28

(g/t)

7.26

9.35

8.49

Recovered grade\*

(oz/t)

0.151

0.127

0.129

(g/t)

5.18

4.37

4.43

Gold production

(000oz)

381

357

360

Total cash costs

(\$/oz)

630

633

459

Total production costs

(\$/oz)

796

834

698

Capital expenditure

(\$m)

94

112

94

Total number of employees

5,759

5,722

6,226

Employees

4,408

4,259

4,672

Contractors

1,351

1,463

1,554

\* Underground operations

**Safety**

There was one fatality during the year (2008: 2) caused by an accident involving machinery. The FIFR improved to 0.04 per

million hours worked from 0.1 in 2008. The LTIFR rose to 2.91 per million hours worked from 2.10 in 2008.

Obuasi has drawn up a strategy to improve safety performance focused on four interlinked goals: processes that ensure accountability and drive performance; effective employee dialogue and engagement; improving health and safety systems; and a

health and safety support function that fits the needs of the organisation. This strategy will be implemented in 2010.

360

07

08

09

Gold production (000oz)

357

381

459

07

08

09

Total cash cost (\$/oz)

633

630

94

07

08

09

Capital expenditure (\$m)

112

94

6,226

07

08

09

Total number of employees\*

5,722

5,759

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**77**

**Operational performance**

Gold production improved by 7% to 381,000oz, due largely to improved grade control which led to an increase in head grade

to 5.85g/t from 5.65g/t. This was complemented by better recoveries resulting from the turnaround initiatives implemented in

the plant. The increase in production was achieved despite extensive flooding of the underground workings in July 2009 and

the collapse of two main leach tanks at the oxide treatment plant earlier in the year.

Ore Reserve development metres declined by 5% as a result of flooding underground and the poor availability of contractor

equipment. This reduced mining flexibility in the latter part of the year affected delivery of the required throughput to the

sulphide treatment plant.

Good progress was made with the implementation of the turnaround project which is aimed at stabilising and returning the

operation to profitability. The number of mining areas was consolidated and the mine development contractor included in

discussions on improving safety and efficiency and the introduction of mechanised development crews in selected areas.

Mining methods have been changed to reduce waste and increase stope length and minimise capital expenditure over the life

of the operation.

The tailings/sulphide treatment plant was commissioned, using tailings from the existing plant. This has increased monthly

flotation treatment capacity by 180,000t.

Total cash costs remained steady at \$630/oz. The main contributor was the saving in power tariffs, which was partially offset

by increases in labour costs and the once-off settlement of historical claims.

Capital expenditure amounted to \$94m for the year, of which \$16m was spent on projects, \$43m on development and \$35m

on stay-in-business projects.

**Growth prospects**

The TSP flotation plant was commissioned towards the end of 2009. The re-commissioning of SAG2 to increase tonnes is

planned for the end of July 2010.

Further, the Deeps development on level 50 for both the Kwesi Mensah and Brown Sub-Vertical Shaft and the exploration

drilling on level 50 platform, were suspended because of the flooding in July 2009. These activities are to be resumed in the

early part of the fourth quarter of 2010.

The transformation strategy for Obuasi is ongoing with the objective of stabilising the current production levels and assessing

the growth potential between 2012 and 2020. This strategy includes increasing tonnage from underground and throughput

of the South Treatment Plant.

**Outlook**

Production at Obuasi in 2010 is projected to be between 382,000oz and 396,000oz at an estimated total cash cost of between

\$570/oz and \$597/oz. Capital expenditure is expected to be approximately \$125m, with \$3m allocated to projects, \$82m to stay-in-business capital and \$40m to Ore Reserve development.

**Community and environment**

The mine successfully completed a socio-economic study of the Obuasi mining community with the assistance of a consortium of consultants. The aim of the study was to determine past and future impacts on the community in order to

improve the management of these impacts and to develop better community engagement strategies.

The company's highly acclaimed malaria control programme, which has led to a 74% reduction in the incidence of malaria

within the environs of Obuasi, received another major boost with the signing, in December, of an agreement to provide funding

of up to \$130m with a Swiss-based global fund to roll out a similar programme in 40 other districts within Ghana.

The company also successfully maintained its ISO 14001 conformity assessment certification following a comprehensive

compliance audit conducted in December 2009. Obuasi withdrew from the Cyanide Code owing to infrastructure modifications needed to meet Code requirements. The mine will rejoin the Code as soon as possible.

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**78**

**Guinea**

For information on the regulatory environment and licence to operate in Guinea, refer to the section entitled

*Regulatory*

*environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Siguiri**

**Description**

AngloGold Ashanti has an 85% interest in Siguiri, with the government of Guinea holding a 15% stake. The Siguiri mine is a

conventional open-pit operation situated in the Siguiri district in the northeast of the Republic of Guinea, West Africa, about

850km from the capital city of Conakry. All mining is undertaken by a contractor and the ore is processed using a carbon-in-

pulp (CIP) process. Siguiri hosts structurally controlled mineralisation within a deeply weathered saprolite profile.

**Key statistics**

**Siguiri**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.02

0.03

0.03

(g/t)

0.71

0.93

0.95

Recovered grade

(oz/t)

0.032

0.035

0.031

(g/t)

1.11

1.20

1.05

Gold production

– 100%

(000oz)

372

392

330

– 85%

316

333

280

Total cash costs



(\$/oz)

519

466

464

Total production costs

(\$/oz)

595

542

599

Capital expenditure – 100%

(\$m)

26

22

21

– 85%

22

18

18

Total number of employees

2,973

2,933

2,917

Employees

1,492

1,489

1,537

Contractors

1,481

1,444

1,380

280

07

08

09

Attributable gold production (000oz)

333

316

464

07

08

09

Total cash cost (\$/oz)

466

519

18

07

08

09

Attributable capital expenditure (\$m)

18

22

2,917

07

08

09

Total number of employees\*

2,933

\* Including contractors

2,973

**AngloGold Ashanti Annual Financial Statements 2009**

**P  
79**

**Safety**

There was one fatality at the mine during the year, as a result of a machinery accident. Safety remained a key priority at Siguiri during 2009 with an LTIFR of 0.47 per million hours worked being recorded (2008:0.42) and a FIFR of 0.16 (2008:0). Total injuries reflected a 48% improvement year-on-year.

'*Safety is our First Value*' was relaunched to focus the attention of workers on all matters related to their welfare.

**Production**

breaks were implemented across the entire operation to acknowledge all those injured. The safety flagging system introduced

in 2008 continued to prove useful in promoting and communicating safety information. The baseline risk assessment was revised in accordance with OHSAS 18001 standards during the year and an OHSAS surveillance audit is scheduled for early 2010.

**Operational review**

Attributable gold production declined 5% to 316,000oz compared with the record 333,000oz produced in 2008. This was still ahead of expectations.

The decline in output in 2009 was a consequence of the lower grade areas mined following depletion of the high-grade Santchoro and Bidini pits during the year. Production was also affected by the loss of nine days of operation following various

stoppages during the year ordered by the Government of Guinea and certain issues raised by the community.

The CIP plant maintained its excellent performance with the volumes treated by the mill increasing from 10.1Mt in 2008 to

10.4Mt in 2009. The reduced recovery rate resulted from the processing of transitional ore stockpiles, sourced from the

bottom of the exhausted pits, which were of a higher grade but had lower recoveries.

Total cash costs rose by 11% to \$519/oz, due to higher labour and consumable costs.

Attributable capital expenditure for the year totalled \$22m with \$7m spent on brownfields exploration projects and \$15m on

stay-in-business activities.

**Growth prospects**

Brownfield exploration targets identified outside the current mining blocks will be drilled during 2010 and 2011 to enable Siguiri

to maintain current mining volumes and increase reserves. Drilling is also under way to target fresh ore below the bottom of

most of the active pits and is scheduled for completion by the end of 2011, after which metallurgical testing and a feasibility

study will be conducted to investigate ways of processing this hard, sulphidic ore. Should this study confirm the positive

results of the plant expansion conceptual study completed in 2009, annual production throughput could increase by up to

3Mt, yielding a further 150,000oz (attributable) by 2013.

Additional greenfields exploration in the outer blocks will continue in coming years and is expected to be completed by 2013.

**Outlook**

Attributable gold production for 2010 is projected to be between 295,000oz and 308,000oz with total cash costs between

\$527/oz and \$552/oz. Capital expenditure of \$10m (attributable) is scheduled for 2010, of which \$7m will be spent on brownfields exploration and \$3m on stay-in-business capital.

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**80**

**Community and environment**

Community and government relations were more challenging in 2009 than in 2008, following the change in the country's leadership in December 2008. Of the various community issues, the most significant was a two-day demonstration by residents of Siguiiri town following electricity supply interruptions caused by a faulty circuit breaker. The Government of Guinea placed a temporary embargo on the export of gold which, following submissions to the relevant authorities, was lifted at the end of June, when normal shipments resumed. A month's worth of production was shipped from the country during the first week of July alone. During the period of the export embargo, production at Siguiiri continued uninterrupted. At the end of June, the company agreed with the Government of Guinea on the nature and protocols of an environmental fund related to the mine's existing \$35m provision for environmental rehabilitation of the Siguiiri mine. The company agreed to an advance payment of \$10m of its existing provision after receiving an undertaking from the government that the funds be used solely for the environmental rehabilitation of the Siguiiri mine and that the payment be offset against the balance of AngloGold Ashanti's future environmental liabilities. Siguiiri retained its ISO 14001 certification. The mine was audited against the Cyanide Code during 2009 and was awaiting notification of its certification status at the time of publication.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**81**

**Mali**

For information on the regulatory environment and licence to operate in Mali, refer to the section entitled *Regulatory environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Morila**

**Description**

The Morila mine is situated some 180km southeast of Bamako, the capital of Mali. Mining of the single open pit was completed in April 2009. The operation is currently treating low-grade stockpiles and will continue to do so until 2013. The

plant at Morila, which incorporates a conventional carbon-in-leach (CIL) process with an upfront gravity section to extract the

free gold, has throughput capacity of 4.2Mtpa which has been enhanced to 4.3 Mtpa.

The Morila mine is 80% owned by Morila Limited, a joint venture in which AngloGold Ashanti and Randgold Resources Limited

each have a 50% stake giving AngloGold Ashanti an effective stake of 40% in Morila. The Government of Mali owns the

remaining 20%. Randgold Resources manages the Morila mine.

**Key statistics:**

**Morila**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.04

0.06

0.08

(g/t)

1.21

2.17

2.46

Recovered grade\*

(oz/t)

0.072

0.090

0.098

(g/t)

2.47

3.08

3.36

Gold production

– 100%

(000oz)

342

425

450

– 40%

137

170

180  
 Total cash costs  
 (\$/oz)  
 527  
 419  
 350  
 Total production costs  
 (\$/oz)  
 583  
 495  
 421  
 Capital expenditure  
 – 100%  
 (\$m)  
 10  
 3  
 1.3  
 – 40%  
 4  
 1  
 0.5  
 Total number of employees – 100%  
 1,053  
 1,703  
 1,686  
 Employees  
 518  
 605  
 498  
 Contractors  
 535  
 1,098  
 1,188  
 \* Open-pit operation  
 180  
 07  
 08  
 09  
 Attributable gold production (000oz)  
 170  
 137  
 350  
 07  
 08  
 09  
 Total cash cost (\$/oz)  
 419  
 527  
 0.5  
 07  
 08

09

Attributable capital expenditure (\$m)

1

4

1,686

07

08

09

Total number of employees\*

1,703

1,053

\* Including contractors



## AngloGold Ashanti Annual Financial Statements 2009

### Review of operations

P

82

#### Safety

The safety statistics for Morila are reported by Randgold Resources, who operate the mine.

#### Operational performance

Gold production in 2009 declined 19% to 137,000oz, due mainly to an 81% drop in volumes mined following depletion of the

open-pit resource during April and the subsequent treatment of low-grade stockpiles.

Total cash costs increased by 26% to \$527/oz, due to the lower level of gold production and significant increases in reagent

costs and metallurgical stores.

Overheads at Morila reduced by 20%. Employee numbers at the operation declined because of the cessation of mining and

the replacement of the mining contractor with a stockpile rehandling contractor. To ameliorate the impact of the job losses at

the mine, Morila collaborated with a micro-finance company to develop and implement a programme to provide capital for

those affected by the reduction of the workforce.

Morila invested \$10m of stay-in-business capital in 2009, of which \$4m was attributable. The major element of this expenditure was the purchase of the mining contractor's fleet.

#### Growth prospects

From 2010 to the end of the mine's life, Morila will continue to treat only low-grade ore. Attributable production is expected

therefore to decrease.

#### Outlook

During 2009, the AngloGold Ashanti's Mineral Resource & Reserve Committee reviewed exploration activities and the potential

of the mine. It supported the recommendation that exploration activities be suspended until understanding of both

Reduced

Intrusion-Related Gold Systems (RIRGS) and Birimian mineralisation increases to a degree that warrants re-evaluation of

existing data and models.

Gold production for 2010 is projected to be in a range of 88,000oz to 92,000oz at a total cash cost of between \$761/oz to

\$797/oz. Capital expenditure is estimated at \$1m for 2010.

#### Community and environment

No significant environmental incidents were reported during the year. The mine was recertified to ISO 14001 during the year.

The bridge over the Bama Koni River, which serves as the main passageway for all communities between Koumantou and

Sanso, was renovated by the Morila joint venture during the year. In recognition of this project, the Minister of Mines and the

Minister of Infrastructure presided over its opening.

Anti-malaria spraying of the mine camp and surrounding villages continued during the year as part of the ongoing malaria-

control programme.

**AngloGold Ashanti Annual Financial Statements 2009****P****83****Sadiola****Description**

Sadiola is located in the far southwest of the country of Mali, 77km to the south of the regional capital, Kayes. Sadiola is a

joint venture operation in which, just prior to year-end, AngloGold Ashanti and IAMGOLD each had a 38% interest, the

Government of Mali, 18%, and the International Finance Corporation, 6%. On 29 December 2009, AngloGold Ashanti and

IAMGOLD purchased the 6% stake held by the International Finance Corporation, increasing their respective stakes in Sadiola

to 41% each. However, AngloGold Ashanti's effective stake in Sadiola for the 2009 financial year was 38%.

Mining at Sadiola takes place in five open pits and the ore mined is treated and processed in a carbon-in-pulp (CIP) gold plant

with a monthly processing capacity of 363,000t.

**Key statistics****Sadiola****2009****2008****2007**

Pay limit

(oz/t)

0.04

0.07

0.08

(g/t)

1.46

2.18

2.46

Recovered grade\*

(oz/t)

0.074

0.100

0.081

(g/t)

2.52

3.42

2.76

Gold production

– 100%

(000oz)

354

453

369

– 38%

(1)

135

172

140

Total cash costs

(\$/oz)

488

399

414

Total production costs

(\$/oz)

571

554

462

Capital expenditure – 100%

(\$m)

10

8

16

– 38%

(1)

4

3

6

Total number of employees – 100%

1,532

1,510

1,529

Employees

705

634

618

Contractors

827

876

911

\* Open-pit operation

(1)

Effective 29 December 2009, AngloGold Ashanti increased its interest from 38% to 41%

140

07

08

09

Attributable gold production (000oz)

172

135

414

07

08

09

Total cash cost (\$/oz)

399

488

6

07

08

09

Attributable capital expenditure (\$m)

3

4

1,529

07

08

09

Total number of employees\*

1,510

1,532

\*Including contractors

## AngloGold Ashanti Annual Financial Statements 2009

### Review of operations

P

84

#### Safety

There was an improvement in the safety performance at Sadiola in 2009. There were no fatalities and just one lost-time injury, giving a much improved LTIFR for the year of 0.21 per million hours worked (2008: 0.87). Sadiola received its OHSAS 18001:2007 certification in June 2009. The safety non-conformities reporting system was fully implemented and there was a reduction in the number of serious accidents involving vehicles and heavy machinery.

#### Operational performance

Attributable production decreased by 22% to 135,000oz, mainly as a result of a 26% decline in the head grade. The decrease in grade was a result of the depletion of the Sadiola main pit reserves and a shift in mining to the lower grade satellite pits.

Grade is expected to continue to decline in 2010 after which it will stabilise.

The gravity circuit in the process plant added value to the recovery of difficult high-grade sulphide ore and was also used to

treat oxide material. Recoveries of oxide ores improved markedly with soft oxide recoveries reaching 95% compared to 93%

previously. Plans are in place to implement a second gravity circuit in early 2010.

Employee numbers increased after recruitment by the exploration and analytical services department, following implementation of an aggressive exploration campaign.

Total cash costs rose by 22% to \$488/oz, owing mainly to a 22% decline in production because of the lower grade feed

supplied to the process plant and increased mining volumes.

Total capital expenditure for the year was \$10m (\$4m attributable). Of the total, \$4m was spent on the deep sulphide project

study and \$6m on stay-in-business projects such as infrastructure refurbishment and maintenance.

#### Growth prospects

Sadiola's future growth is dependent on the success of the deep sulphide project, for which a feasibility study is currently being

undertaken. The decision to proceed from pre-feasibility to the feasibility stage was approved by the board in October 2009

with the feasibility study scheduled for completion by October 2010. This project could potentially add 2.9Moz to Sadiola's

current life-of-mine production profile, of which 1.19Moz would be attributable.

#### Outlook

Attributable annual production from Sadiola is projected to decline to between 117,000oz and 122,000oz at a total cash cost

of between \$662/oz and \$693/oz. Capital expenditure of \$24m (\$10m attributable) is planned.

#### Community and environment

During 2009, there were no significant environmental or community related issues.

Furthermore, the surrounding communities in the adjacent villages expressed their acknowledgement of the contribution made

by Sadiola and neighbouring mines during the official ceremonies held by the regional and local authorities at the opening of

the water dams which had been financed by Sadiola and Yatela through the Integrated Development Action Plan (IDAP).

Sadiola retained its ISO 14001 certification. It was certified in significant compliance with the Cyanide Code.

**AngloGold Ashanti Annual Financial Statements 2009****P****85****Yatela****Description**

The Yatela mine is situated some 25km north of Sadiola and approximately 50km south-southwest of Kayes. Ore extraction

is conducted from the Yatela main pit as well as from a satellite pit at Alamoutala. The ore mined is treated by a heap-leach

process and the carbon loaded on site. The carbon is then eluted and the gold smelted at nearby Sadiola.

Yatela is 80% owned by the Sadiola Exploration Company Limited, a joint venture in which AngloGold Ashanti and IAMGOLD

each have an interest of 50%, giving AngloGold Ashanti an effective stake of 40% in Yatela. The Government of Mali owns

the remaining 20% stake in the mine.

**Key statistics****Yatela 2009****2008****2007**

Pay limit

(oz/t)

0.04

0.04

0.04

(g/t)

1.52

1.34

1.37

Recovered grade\*

(oz/t)

0.106

0.078

0.101

(g/t)

3.62

2.66

3.46

Gold production

– 100%

(000oz)

222

165

301

– 40%

89

66

120

Total cash costs

(\$/oz)

368

572

322  
 Total production costs  
 (\$/oz)  
 455  
 591  
 381  
 Capital expenditure – 100%  
 (\$m)  
 2  
 8  
 5  
 – 40%  
 1  
 3  
 2  
 Total number of employees – 100%  
 803  
 888  
 903  
 Employees  
 298  
 305  
 265  
 Contractors  
 505  
 583  
 638  
 \* Open-pit operation  
 120  
 07  
 08  
 09  
 Attributable gold production (000oz)  
 66  
 89  
 322  
 07  
 08  
 09  
 Total cash cost  
 (\$/oz)  
 572  
 368  
 2  
 07  
 08  
 09  
 Attributable capital expenditure (\$m)  
 3  
 1  
 903

07

08

09

Total number of employees\*

888

803

\* Including contractors



## **AngloGold Ashanti Annual Financial Statements 2009**

### **Review of operations**

**P**

**86**

#### **Safety**

Yatela had an exceptional year in terms of safety performance and recorded zero fatalities and zero lost-time injuries which resulted in an LTIFR of 0 per million hours worked for the year (2008: 1.15). This achievement was mainly due to a combined team effort from the whole workforce focusing on the basic safety as well as the full implementation and adherence to the safety system.

OHSAS 18001:2007 certification was achieved in June 2009.

#### **Operating performance**

Attributable gold production in 2009 at Yatela rose by 35% to 89,000oz, due mainly to a marked increase in the head grade

of stacked ore. The high-grade ore came from the targeted areas at the bottom of push-back 7. Unfortunately, this phase of

the mine will be fully depleted early in 2010.

Total cash costs declined by 36% to \$368/oz, a result of the significant rise in gold production and improved grades, lower

fuel prices and a decrease in mining contractor costs resulting from the renegotiation of the contract and the appointment of

a new contractor as from July 2008.

Capital expenditure of \$2m (\$1m attributable) in 2009 was mostly spent on exploration.

#### **Growth prospects**

An extensive exploration programme was undertaken during 2009 to investigate ways to extend the life of the mine.

Early

indications are that additional reserves have been found at both Alamoutala and Yatela which will enable the continuation of

the mining operation.

#### **Outlook**

Attributable production at Yatela is projected to be between 60,000oz and 63,000oz in 2010. Total cash costs are expected

to increase to between \$567/oz and \$595/oz. Capital expenditure of \$3m (\$1m attributable) is planned for additional exploration as well as \$3m (\$1m attributable) on stay-in-business activities as a result of the life extension.

#### **Community and environment**

There were no significant environmental or community issues.

Furthermore, the surrounding communities of the Sekotoko, Kourouketo and Alamoutala villages expressed their acknowledgement of the contribution made by the Sadiola and Yatela mines during the official ceremonies held by the regional

and local authorities at the opening of the water dams which had been financed by both operations through the Integrated

Development Action Plan (IDAP).

Yatela obtained full ICMI accreditation in terms of the international cyanide management code in August 2009 and retained its

ISO 14001 accreditation in November 2009.

**AngloGold Ashanti Annual Financial Statements 2009****P****87****Tanzania**

For information on the regulatory environment and licence to operate in Tanzania, refer to the section entitled *Regulatory*

*environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Geita****Description**

The Geita gold mine is located in the Lake Victoria goldfields of the Mwanza region of Tanzania, about 120km from Mwanza

and 4km west of Geita Town. The mine is wholly owned and managed by AngloGold Ashanti.

The Geita gold deposit is an Archaean mesothermal orebody, largely hosted in a banded ironstone formation. It is a multiple open-

pit operation with underground potential and is currently serviced by a 5.2Mt per annum carbon-in-leach (CIL) processing plant.

**Key statistics**

<b>Geita</b>	<b>2009</b>
--------------	-------------

<b>2008</b>	
-------------	--

<b>2007</b>	
-------------	--

Pay limit	
-----------	--

(oz/t)	
--------	--

0.09	
------	--

0.10	
------	--

0.09	
------	--

(g/t)	
-------	--

3.08	
------	--

3.10	
------	--

3.04	
------	--

Recovered grade*	
------------------	--

(oz/t)	
--------	--

0.055	
-------	--

0.056	
-------	--

0.059	
-------	--

(g/t)	
-------	--

1.89	
------	--

1.92	
------	--

2.01	
------	--

Gold production	
-----------------	--

(000oz)	
---------	--

272	
-----	--

264	
-----	--

327	
-----	--

Total cash costs	
------------------	--

(\$/oz)	
---------	--

954	
-----	--

728	
-----	--

452	
-----	--

Total production costs	
------------------------	--

(\$/oz)	
---------	--

1,121	
-------	--

929  
 601  
 Capital expenditure  
 (\$m)  
 19  
 53  
 27  
 Total number of employees  
 3,186  
 3,116  
 3,226  
 Employees  
 1,990  
 2,130  
 2,304  
 Contractors  
 1,196  
 986  
 922  
 \* Open-pit operation  
 327  
 07  
 08  
 09  
 Gold production  
 (000oz)  
 264  
 272  
 452  
 07  
 08  
 09  
 Total cash cost  
 (\$/oz)  
 728  
 954  
 27  
 07  
 08  
 09  
 Capital expenditure  
 (\$m)  
 53  
 19  
 3,226  
 07  
 08  
 09  
 Total number of employees\*  
 3,116  
 3,186

\* Including contractors

## AngloGold Ashanti Annual Financial Statements 2009

### Review of operations

P

88

#### Safety

Safety performance improved at Geita during 2009 with no fatalities being recorded during the year. The LTIFR for 2009 was

0.10 (2008: 0.86) per million hours worked, significantly better than the previous year.

A high degree of focus was maintained on safety with specific emphasis on hazard identification and reporting.

Further,

a motivation scheme was launched which led to a significant decrease in accidents and damage.

Geita also maintained its OHSAS 18001 certification.

#### Operating performance

Production at Geita increased by 3% to 272,000oz in 2009. Significant quarterly improvements were achieved during the

course of the year with gold production rising from 44,000oz in the first quarter, when output was hampered by a mill breakdown and a general maintenance backlog, to 81,000oz in the fourth quarter of the year.

Improved mining performance yielded access to higher-grade orebodies in the second half of the year, resulting in an average

annual yield of 1.89g/t.

Process-plant throughput was still very low at the beginning of the year as a result of the failure in January 2009 of the SAG

mill gearbox, together with several other breakdowns in the plant. A focus on asset integrity and the overarching maintenance

strategy led to improved plant availability during the year. While Geita continued with owner mining, Ausdrill Tanzania Limited

was awarded the drilling-and-blasting contract from July 2009 in order to improve productivity and quality.

A 31% increase year-on-year in total cash costs to \$954/oz was a result of increases in the cost of key inputs, including that

of reagents and mining contractors, as well as unfavourable movements in ore stock piles and the inclusion of deferred stripping costs. These increases were partially offset by a decline in fuel costs.

Various turnaround initiatives were implemented at Geita which included the overarching Project ONE, as well as the Business

Process Framework (BPF) and Systems for People (SP). The focus on good operating practice and systems has resulted in

enhancements to mining, geological modelling and processing productivity and efficiency. The improvements in mining

productivity together with a review of the mining plan have led to a planned rationalisation and reduction in the fleet which will

be implemented throughout 2010.

Capital expenditure for 2009 totalled \$19m and was spent on plant improvements, a tailings facility raise, resource-definition

drilling as well as other stay-in-business projects.

#### Growth prospects

Exploration drilling activities during 2009 focused on increasing confidence in the resource of the current operating pits. Infill

drilling occurred at Star and Comet (Cut 2), Nyankanga (Cuts 5, 6, and 7), and Geita Hill. The Star and Comet resource model

was updated in June 2009 with the new information adding approximately 70,000oz. The Nyankanga resource model was

updated in September 2009 and confirmed the current resource. Another update of the Nyankanga resource model is

scheduled for the first quarter of 2010 and will incorporate the remaining Cut 7 infill information and an update of the Geita

Hill resource model.

In addition to the above, an airborne geophysics survey was undertaken in the existing areas covered by Geita's licences and

adjacent prospecting rights. A total of 41 targets were delineated. The top 10 priority aero-TEM targets were surveyed using

the ground EM (Max-Min) method. The results of this initiative are pending.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**89**

**Outlook**

Gold production for 2010 is forecast to increase to between 339,000oz and 354,000oz at a total cash cost ranging between

\$849/oz and \$889/oz.

Capital expenditure of \$36m is planned to be spent on ensuring the integrity of the process plant and on further rationalisation

of the mining fleet. Exploration expenditure of \$3m is planned.

**Community and environment**

No major environmental incidents occurred and Geita maintained its ISO 14001 certification.

Geita was temporarily withdrawn from the Cyanide Code owing to infrastructure modifications needed to meet Code requirements. Geita will rejoin the Code as soon as possible.

Close dialogue was maintained with the local Geita community and areas of concern were addressed. The resolution of land

compensation matters is progressing well.

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**90**

Australasia

Darwin

Adelaide

Perth

Canberra

Sydney

Brisbane

Laverton

Kalgoorlie

**Australia**

Sunrise Dam 401,000 oz

**N**

Melbourne

Operations

Exploration

Tropicana

Australasia

9%

Rest of AngloGold Ashanti

91%

Contribution to group production

*Locations on maps are for indication purposes only.*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Mike Erickson, Senior Vice President – Australasia, discusses**

**AngloGold Ashanti's Australasian operations and exploration programme**



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**91**

AngloGold Ashanti's sole operating asset in Australasia is Sunrise Dam. The group also has an extensive exploration programme under way in Australasia, the most advanced of which is Tropicana, a joint venture in which AngloGold Ashanti holds 70% and the Independence Group NL has 30%. Tropicana is managed by

AngloGold Ashanti and covers 13,500km

2

of tenements. This project is the focus of the group's exploration activities in Australasia.

Exploration in the Australasia region is also currently being conducted in the Philippines and the Solomon Islands.

Further

information on the progress being made here is presented in the Exploration review on page 114 of this report.

In January 2009, AngloGold Ashanti agreed to sell its 33.33% interest in the Boddington project in Australia to joint venture

partner, Newmont Mining Corporation. This project is therefore not covered in this report.

The Australasian operation produced 401,000oz of gold in 2009, equivalent to 9% of total group production.

**Australia**

For information on the regulatory environment and licence to operate in Australia, refer to the section entitled

*Regulatory*

*environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Sunrise Dam**

**Description**

The Sunrise Dam gold mine is located in the northern goldfields of Western Australia, 220km northeast of Kalgoorlie and

55km south of Laverton.

The mine consists of a large open pit which is now in its thirteenth year of operation, and an underground mine which began

operations in 2004. Mining at both operations is conducted by contractors and the ore mined is treated in a conventional

gravity and carbon-in-leach (CIL) processing plant which is owner-managed.

**Key statistics**

**Sunrise Dam**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.08

0.09

0.06

(g/t)

2.45

2.79

1.76

Recovered grade\*

(oz/t)

0.084

0.101

0.142

(g/t)

2.87

3.46

4.86

Gold production

(000oz)

401

433

600

Total cash costs

(\$/oz)

646

531

306

Total production costs

(\$/oz)

751

635

385

Capital expenditure

(\$m)

31

19

30

Total number of employees

455

410

357

Employees

99

77

102

Contractors

356

333

255

\* Open-pit operation

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**92**

**Safety**

Safety performance at Sunrise Dam continued to improve during 2009 with an LTIFR for 2009 of 1.19 per million hours worked (2008: 1.83).

Safety leadership training has been the main strategy for both the exploration group and Sunrise Dam over the course of 2009.

In addition other strategies being developed are: risk management; values-based safety leadership; role clarity and personal accountability; open, transparent and learning safety culture and safety systems.

Sunrise Dam is compliant with OHSAS 18001. The mine won the 2009 Chamber of Minerals and Energy Surface Emergency

Response competition as well as receiving a number of awards in the Underground Emergency Response competition later in the year.

**Operational review**

Production for 2009 decreased by 7%, or 32,000oz, to 401,000oz, equivalent to 9% of group gold production. The decline

reflects the lower average annual grade of ore processed given that the high-grade Mega pit was completed in 2008. Following the cessation of operations at the Mega Pit, open pit mining continued in the North Wall Cutback as planned. The

ore was sourced from a combination of underground and open pit operations with the use of lower grade stockpiles to supplement the ore feed to the plant. Plant productivity initiatives, which resulted in an increase in processing throughput from

3.8Mt to 3.9Mt, helped partially offset the decline in grades.

Underground tonnage expanded at a greater than anticipated rate, increasing by 15%, or 103,000t, to 781,000t. Mill feed

from underground ore yielded approximately 111,000oz, contributing 28% to total mine production compared with 17%, or

73,000oz, the previous year.

The conversion of the mine's diesel power station to liquified natural gas (LNG) was completed in the first quarter of 2009,

enabling Sunrise Dam to benefit for a large part of the year from reduced power costs.

Total cash costs increased to \$646/oz from \$531/oz. In local currency (A\$) terms, costs rose by 30% to A\$808/oz.

This rise

was broadly in line with expectations and primarily as a result of the lower production base and the cash costs associated

with inventory draw down and non-cash deferred stripping costs.

Capital expenditure for the year amounted to A\$39m, an increase of 70% on the previous year. Stay-in-business expenditure

declined by 53% to \$7m (A\$9m), due to tailings storage facility efficiency initiatives which enabled capital works on the facility

to be delayed.

306

07

08

09

Total cash costs (\$/oz)

531  
646  
357  
07  
08  
09  
Total number of employees\*  
410  
455  
\* Including contractors  
30  
07  
08  
09  
Capital expenditure (\$m)  
19  
31  
600  
07  
08  
09  
Gold production (000oz)  
433  
401

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**93**

The bulk of the increased capital expenditure was associated with expansion of underground operations with \$16m (A\$20m)

spent on Ore Reserve development to access new mining areas. Expenditure on infrastructure increased from \$1m (A\$2m)

to \$8m (A\$10m) with the construction of a paste fill plant that will allow maximum ore extraction and enable greater productivity from the underground mine.

**Growth prospects**

The North Wall Cutback will continue to supply ore to the plant until mid-2011. Ore from the cutback will be blended with

stockpiled ore and ore from the underground mine.

Production from the underground mine is expected to continue to increase and as a result a paste fill plant has been constructed to enable larger stopes to be extracted. In addition, continued exploration and advances in geological understanding have resulted in further growth in underground reserves which increased to 1.2Moz (after depletion).

Underground resources at year-end were 2.53Moz (indicated 1.63Moz). The mine's total Ore Reserve at year-end was 1.73Moz and the total Mineral Resource, 3.62Moz. Both figures account for depletion.

**Outlook**

Gold production for 2010 is projected to range between 381,000oz and 398,000oz, with more than 157,000oz sourced from

the underground mine. Underground production will continue to ramp up for the next few years, with a peak annual capacity

target in excess of 200,000oz per year planned for 2013.

Total cash costs are estimated to be between \$875/oz (A\$941/oz) and \$916/oz (A\$951/oz), including \$207/oz on non-cash

deferred stripping costs. Capital expenditure is scheduled to be \$28m (A\$30m), with Ore Reserve development being the

main focus.

## AngloGold Ashanti Annual Financial Statements 2009

### Review of operations

P

94

#### Community and environment

Sunrise Dam continues to support the Laverton community through its involvement with the Laverton Mining Liaison Committee and Shire Council, representation on the Laverton Leonora Cross Cultural Association (LLCCA) and the Mt Margaret Mission and Laverton School lunch programmes. In support of the development of local indigenous business,

Sunrise Dam committed to a new contract during the year with Carey Mining, an indigenous-owned mining contractor.

Sunrise Dam continues to maintain its certification to ISO 14001 and the International Cyanide Code. A mine closure plan is

currently in place and waste dumps and paddock tailings dams are progressively rehabilitated in line with this plan.

#### Tropicana

##### Description

The Tropicana joint venture comprises more than 13,500km

2

of tenements along more than 300km of the ancient collision

zone between the Yilgarn Craton and the Albany Fraser Province in Western Australia. The Tropicana Gold Project is located

330km east-northeast of Kalgoorlie within the northern part of the joint venture area. AngloGold Ashanti holds a 70% interest

in the Tropicana joint venture with Independence Group NL 30%.

##### Operating review, growth prospects and outlook

The pre-feasibility study for the Tropicana Gold Project was completed in July 2009 with the joint venture partners approving

the start of a feasibility study which is scheduled for completion by September 2010.

The pre-feasibility study was based on a Measured, Indicated and Inferred Mineral Resource of 75.3Mt, grading 2.07g/t for

5.01Moz, on a 100% basis. This study considered a wide range of project options and defined a preferred project with the

following specifications:

- 

Open pit mining of the Tropicana and Havana deposits via a conventional drill-and-blast, truck-and-excavator operation;

- 

Ore processing at a rate of 5.5Mt to 6Mt a year, based on a comminution circuit comprising two-stage crushing, high-pressure grinding rolls and ball milling, along with a conventional CIL circuit;

- 

Development of considerable supporting infrastructure, including construction of 220km of new roads as well as power

infrastructure and communications capacity; and

- 

A proven and probable reserve on a 100% basis totals 45Mt, grading 2.3g/t for 3.3Moz.

The key development issues to be addressed in the feasibility study are owner versus contract mining, and diesel versus gas

power, using a third party power purchase agreement. The feasibility study will also focus on mine and resource development

options to optimise project economics. The project is expected to produce between 330,000oz and 410,000oz annually (100%) over its life.

Cash costs, which will depend on the mining and treatment options chosen, and gold and oil prices, are expected to be between A\$590/oz and A\$710/oz.

The capital cost of plant and infrastructure, excluding mining fleet capital, is estimated to be approximately A\$520m.

The Environmental Impact Assessment was issued for an eight-week Public Environmental Review in September 2009. Issues

raised through submissions received from government agencies and interested stakeholders were being addressed by the

Tropicana joint venture late in 2009. It is anticipated that the Public Environmental Review will be completed by mid-2010 and

this, in addition to other approvals required, will enable the commencement of project development in the second half of 2010.

If approved, development would take about two years and commissioning would begin in 2013.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**95**

There is potential to increase resource and mine life through additional drilling in the resource area and other nearby prospects.

Drilling down-dip indicates that mineralisation extends deeper than 800m below the open pit. Further drilling and conceptual

level studies are required to evaluate the deeper underground mine development potential.

For additional information on continuing regional exploration of the greater tenement package, see the *Global exploration*

section on page 114 of this report.



**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**96**

North America

**AngloGold Ashanti has one mining operation in North America, Cripple Creek & Victor (CC&V) in the state of Colorado in the United States. In 2009, CC&V produced 218,000oz of gold, equivalent to 5% of group production.**

**N**

Philadelphia

Chicago

Los Angeles

San Francisco

Washington DC

**United States**

CC&V

218,000 oz

New York

Operation

Denver

CC&V

5%

Rest of AngloGold Ashanti

95%

Contribution to group production

*Locations on maps are for indication purposes only.*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Ron Largent, Executive Vice President – Americas,  
discusses AngloGold Ashanti's operations in the Americas**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**97**

**United States**

For information on the regulatory environment and licence to operate in United States, refer to the section entitled *Regulatory*

*environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Cripple Creek & Victor**

**Description**

Located in the State of Colorado in the United States, CC&V's Cresson mine is an open-pit operation which treats extracted

ore on one of the largest heap-leach pads in the world. Production at this operation began in 1994.

AngloGold Ashanti holds a 100% interest in CC&V, following the successful acquisition, effective 1 July 2008, of a 33% stake

from Golden Cycle Gold Corporation.

In 2009, construction began on the mine-life extension (MLE) project that will provide four additional years of mine production

to the heap-leach pad. Total expenditure associated with this project is expected to be \$204m.

**Key statistics**

**Cripple Creek & Victor**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.005

0.01

0.01

(g/t)

0.17

0.34

0.34

Recovered grade

(oz/t)

0.013

0.014

0.016

(g/t)

0.46

0.49

0.53

Gold production

(000oz)

218

258

282

Total cash costs

(\$/oz)

376

309

269

Total production costs

(\$/oz)

475

413

372

Capital expenditure

(\$m)

87

27

23

Total number of employees

562

421

405

Employees

367

350

338

Contractors

195

71

67

269

07

08

09

Total cash costs (\$/oz)

309

376

405

07

08

09

Total number of employees\*

421

562

\* Including contractors

23

07

08

09

Capital expenditure (\$m)

27

87

282

07

08

09

Gold production (000oz)

258

218

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**98**

**Safety**

CC&V continued to report an excellent safety performance. The LTIFR for 2009 declined to 4.39 per million hours worked

(2008: 4.83). CC&V has maintained a fatality-free record since it was acquired by AngloGold Ashanti in 1998.

Various safety programmes have been implemented on the mine, such as: The DuPont Safety Training (STOP) programme

instituted in 2003; the risk-based safety management system in 2005; an extension of the STOP programme; Train the Trainers in 2007; the SAFEmap International competency-based safety training (CBS) programme in 2008-2009; and the

Safety Transformation Programme in 2009. The programmes have been implemented to ensure continued improvement in

safety performance at CC&V. Project ONE was rolled out in 2009. More positive results are expected over the two-year

implementation process.

**Operating performance**

In 2009, gold production at CC&V fell by 16% to 218,000oz, equivalent to 5% of group production. A total of 18.7Mt (2008: 22.1Mt) of ore was placed on the heap-leach pad.

Total cash costs increased to \$376/oz, driven mainly by lower gold production, additional fuel, lime, cyanide, blasting agents and power consumption, more maintenance and certified rebuilds, as well as the adjustment for the lower recoverable

heap leach inventory ounces.

**AngloGold Ashanti Annual Financial Statements 2009**

**P  
99**

The anticipated decline in production was a result of lower ore tonnes and grades mined and the slower percolation of gold-bearing solution through the leach pad. This was partially due to the greater distance over which the solution had to flow from the higher stacked ore to the leach-pad lining and was compounded by a lack of higher alkalinity in deeper parts of the pad. The latter issue, identified during the 2008 pad drilling programme, results in dissolved gold precipitating from the pregnant solution at depth. An initiative to raise alkalinity by adding additional lime to the pad began in the second half of 2008 and continued through 2009. The recovery of the precipitated gold is expected to continue for several years, given the size of the pad. After reviewing the leach pad inventory, the estimate of ounces placed on the pad and the effect of the lower alkalinity at depth, the recoverable inventory was reduced by 148,000oz during November 2009. This adjustment increased total cash costs in 2009 by \$6/oz and will increase total cash costs for 2010 by approximately \$70/oz. Capital expenditure for the year was \$87m (2008: \$27m), mainly for the MLE project and related extensions to the heap-leach facility, mining fleet and exploration.

**Growth prospects**

In 2008, CC&V was granted permits from the State of Colorado and Teller County for a mine-life extension that includes the development of new sources of ore and an extension to the heap-leach facility. The permits extend the operation of the expanded valley leach facility and the rinsing of the pad to ensure water quality is compliant with all applicable standards. Development drilling continues to define areas of interest for which engineering analysis and permitting requirements are being evaluated in a pre-feasibility study for a second mine-life extension project (MLE 2).

**Outlook**

Gold production for 2010 is expected to be maintained at between 214,000oz and 223,000oz, at a total cash cost of between \$480/oz to \$503/oz. Capital expenditure of \$78m is scheduled for the year, to be spent mostly on major mine equipment purchases and the MLE project.

**Community and environment**

CC&V was recognised by the Center for Non-Profit Excellence at the 10th annual Partners in Philanthropy Awards as the Outstanding Corporate Philanthropic Program. The awards are given to honour local organisations and individuals for their extraordinary philanthropic contributions. The Court Appointed Special Advocates honoured CC&V with their Corporate Partner Award, recognising CC&V's volunteer programme and community contributions programmes. CC&V continued to be recognised as a Gold Leader in the State of Colorado's Environmental Leadership Program, the first mine in Colorado to attain that level of recognition. In addition, CC&V's Environmental Management System was recommended for re-certification under the ISO 14001 standard and the operation continued under its Cyanide Code certification.

**Colombia**

La Colosa  
Quebradona  
Gramalote  
Operations  
Exploration  
New exploration

**Brazil**

Serra Grande  
77,000oz (50%)  
Brasil Mineração  
329,000oz

**Argentina**

Cerro Vanguardia 192,000oz (92.5%)

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**100**

South America  
Cerro Vanguardia  
4%  
Brasil Mineração  
7%  
Serra Grande  
2%  
Rest of AngloGold Ashanti  
87%

Contribution to group production

~

*Locations on maps are for indication purposes only.*

*Podcast available at [www.aga-reports.com/09/podcasts.htm](http://www.aga-reports.com/09/podcasts.htm)*

**Ron Largent, Executive Vice President – Americas,  
discusses AngloGold Ashanti's operations in the Americas**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**101**

AngloGold Ashanti has three operations in South America - Cerro Vanguardia in Argentina, and AngloGold Ashanti Brasil

Mineração (Brasil Mineração) and Serra Grande in Brazil. Combined, these operations produced 598,000oz of gold in 2009,

equivalent to 13% of group production and 6% more than in 2008. They employed 5,322 people, including contractors, which

was 155 more than in 2008. Total attributable capital expenditure for the region was \$134m, an increase of 29% on the \$104m

spent in 2008. The bulk of this was at Brasil Mineração.

Mineral Resource in South America attributable to AngloGold Ashanti, including Colombia greenfields Mineral Resource,

totalled 29Moz at year-end, and attributable Ore Reserve, 4.4Moz.

In addition, AngloGold Ashanti has had an active exploration programme in Colombia for some years, with the most favourable

of the prospects being in the La Colosa district. The exploration programmes in Argentina and Brazil were recently expanded.

For further details on this, see the Exploration section on page 114 of this report.

262

07

08

09

Total cash cost (\$/oz)

402

353

\$353

/oz

147

07

08

09

Attributable capital expenditure

(\$m)

104

134

\$134

m

5,369

07

08

09

Total number of employees\*

5,167

5,322

\* Including contractors

5,322

612

07

08

09

Attributable gold production (000oz)

562

598

598

,000oz

**South America – key data**



**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**102**

**Argentina**

For information on the regulatory environment and licence to operate in Argentina, refer to the section entitled *Regulatory*

*environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Cerro Vanguardia**

**Description**

AngloGold Ashanti has a 92.5% interest in Cerro Vanguardia and Fomicruz (the province of Santa Cruz), owns the remaining

7.5%. Located to the northwest of Puerto San Julian in the province of Santa Cruz, Cerro Vanguardia currently consists of

multiple, small, open pits with high stripping ratios. The orebodies comprise a series of hydrothermal-vein deposits containing

gold and large quantities of silver, which is produced as a by-product.

Ore is processed at the metallurgical plant which has a daily capacity of 2,800t and includes a cyanide recovery plant.

**Technology**

at the plant is based on a conventional leaching process in tanks and carbon-in-leach (CIL) with a tailings dam incorporated in a

closed circuit. The final recovery of gold and silver is achieved using the Merrill-Crowe method with metallic zinc.

**Key statistics**

**Cerro Vanguardia**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.12

0.19

0.18

(g/t)

4.17

6.39

3.48

Recovered grade

(oz/t)

0.190

0.159

0.201

(g/t)

6.51

5.44

6.88

Gold production

– 100%

(000oz)

208

166

220

- 92.5%

192

154

204

Silver production

- 100%

Moz

2.2

1.7

2.6

- 92.5%

2.0

1.6

2.4

Total cash costs

(\$/oz)

355

608

261

Total production costs

(\$/oz)

487

757

394

Capital expenditure

- 100%

(\$m)

18

16

20

- 92.5%

17

15

18

Total number of employees

1,069

1,072

1,017

Employees

753

756

708

Contractors

316

316

309

204

07

08

09

Attributable gold production (000oz)

154

192

261

07

08

09

Total cash cost (\$/oz)

608

355

18

07

08

09

Attributable capital expenditure (\$m)

15

17

1,017

07

08

09

Total number of employees\*

1,072

1,069

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**103**

**Safety**

Cerro Vanguardia's safety performance improved markedly during the year under review, with the LTIFR reducing to 2.46 per million hours worked (2008: 3.98). No fatalities were recorded for the seventh consecutive year.

The results of the root cause analysis of 2008 indicated that most safety-related incidents were caused by unsafe behaviour

as opposed to unsafe conditions. Safety campaigns during the year, therefore, focused on improving safety awareness and

instilling safe behaviour practices.

Other campaigns comprised workshops around "*Safety is our First Value*", and on a programme called "*Safety Reflections*"

which focused on presenting strong safety and accident prevention thoughts at the beginning of each working day. At the

same time a safety mascot, named Prudencio, was introduced during the year.

**Operating performance**

Attributable gold production increased by 25%, or 38,000oz from a year earlier, to 192,000oz. This was equivalent to 4% of

group production. This followed the resolution of technical difficulties associated with reduced tonnages, poor grades and the

sedimentation problems experienced in 2008. Consequences of the corrective action were reduced ore dilution at the mine

and higher tonnages through the mill. Dilution control reduced the clay content in the ore material and contributed to better

plant availability and a 20% improvement in recovered grades.

Efficiencies and improvements in several areas including maintenance, fuel consumption and technical consulting led to a 42%

decrease in total cash costs to \$355/oz. Increased silver production, together with higher prices for the metal, resulted in a

significantly greater by-product credit. The decline in costs was also helped by the devaluation of the Argentine peso from

3.4 to 3.8 per dollar, though the benefits of this were partially offset by a higher rate of inflation and increased royalties paid.

The latter was a function of the increase in production and prices received.

Attributable capital expenditure of \$17m comprised stay-in-business expenditure of \$11m and \$6m spent on expansion

projects. In the first half of the year, investment focused primarily on maintenance and plant improvements as well as repairs

and replacement of major mining equipment. In the second half of the year, capital was allocated mainly to exploration and to

studies and the initial development of the underground mine and heap-leach projects. All of these activities will have a positive

impact on Cerro Vanguardia, extending its life and adding ounces to its production profile.

**Growth projects**

The completion of a four-year brownfields exploration programme resulted in the total addition of 1.3Moz of gold and 27.5Moz

of silver to Mineral Resource over this period, with 254,000oz of gold and 6.9Moz of silver being added in 2009.

Two expansion projects are currently under way to enhance the mine's production profile:

•

The Underground Mining Project will mine the bottom portions of some of the high-grade, deeper pits to reduce the

open-pit stripping ratio from around 25:1 to around 15:1, with a commensurate reduction in operating costs. Project development started in December 2009 and production is scheduled to begin in mid-2010. The project has the potential to convert resources and increase production from open-pit activities to 613,000oz of gold and 6.1Moz of silver. Similar mining changes will be considered at other pits in the future.

•

The feasibility study for a Heap Leach Project, based on the treatment of low-grade ore through a small heap-leaching operation, was completed and capital expenditure of \$31m has been approved for the development of the project.

Basic

and detailed engineering is being developed and plans are in place to begin stacking ore in the last quarter of 2010.

The

feasibility study indicated that the heap leach could increase annual gold production by 20,000oz, with approximately 3,000oz expected in late 2010. Cerro Vanguardia's marginal-grade ores, below the cut-off grade of the current plant process, range from 0.35g/t to 1.5g/t.

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**104**

Cerro Vanguardia will begin another brownfield exploration programme in 2010 to develop the remaining under-explored quartz vein. This has the potential to define high-grade resources south of the Luciana-Natalia-Vibora trend as well as other

targets like Aguila and the El Trío vein.

Potential underground resources at the Luciana, Mangas and Osvaldo Diez veins will also be investigated and a drilling programme

will be conducted to a depth of 650m below surface. The resources in the shallow, low-grade quartz veins will be bulk mineable

and heap-leachable material. A regional prospecting programme is also being developed to identify additional resources.

**Outlook**

Attributable gold production for 2010 is projected to be between 176,000oz and 184,000oz, which excludes initial ounces

from the underground project. Total cash costs of between \$411/oz and \$430/oz are anticipated, while attributable capital expenditure of \$45m is scheduled for 2010, to be spent mostly on the development, construction and start up of the underground and the heap leaching projects, as well as the improvement of process plant infrastructure and the exploration campaign.

**Community and environment**

Cerro Vanguardia actively engages with the local community and NGOs on several areas of mutual interest and no significant

issues of concern were raised during the year. Cerro Vanguardia's environmental management system is certified to ISO 14001.

Cerro Vanguardia temporarily withdrew from the Cyanide Code owing to infrastructure modifications needed to meet Code

requirements. During 2009, the first pre-verification compliance audit (gap analysis) was conducted at Cerro Vanguardia for

the Code. This was the first step towards its obtaining its Cyanide Code certification. A second pre-verification compliance

audit is expected to be conducted in late 2010 with the final audit to follow in early 2011.

**AngloGold Ashanti Annual Financial Statements 2009****P****105**

For information on the regulatory environment and licence to operate in Brazil, refer to the section entitled *Regulatory environment enabling AngloGold Ashanti to mine* on page 142 of this report.

**Brasil Mineração****Description**

The wholly owned Brasil Mineração mining complex is located in southeastern 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 and Lamego underground mines and then processed at the Cuiabá and Queiroz plants, and

from the Córrego do Sítio heap-leach operation.

**Key statistics****Brasil Mineração****2009****2008****2007**

Pay limit

(oz/t)

0.08

0.15

0.13

(g/t)

2.69

5.16

3.50

Recovered grade\*

(oz/t)

0.205

0.222

0.218

(g/t)

7.02

7.62

7.48

Gold production

(000oz)

329

320

317

Total cash costs

(\$/oz)

339

300

233

Total production costs

(\$/oz)

486

432

344

Capital expenditure

(\$m)

84

69

117

Total number of employees

2,964

2,987

3,434

Employees

2,249

1,954

1,814

Contractors

715

1,033

1,620

\* Underground operation

**Brazil**

317

07

08

09

Gold production (000oz)

320

329

233

07

08

09

Total cash cost (\$/oz)

300

339

117

07

08

09

Capital expenditure (\$m)

69

84

3,434

07

08

09

Total number of employees\*

2,987

2,964

\* Including contractors



**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**106**

**Safety**

A vastly improved safety performance resulted in an LTIFR of 1.64 per million hours worked for the year (2008: 3.06). There were no fatalities at Brasil Mineração in 2009. This result followed a number of safety initiatives including the “*Do it only if it is safe to do*” campaign, which aims to prevent injuries and fatalities by encouraging employees to actively identify and manage workplace risks. Other workplace initiatives implemented included a traffic control workshop; a rock mechanics refresher course; and the formation of an ergonomic committee and training programme. In line with the AngloGold Ashanti’s corporate directives, the safety team’s integrated strategic plan is based on optimising technology to reduce workers’ exposure to risks in the production process and on introducing controls that account for human fallibility in overall safety performance.

**Operating performance**

Gold production increased by 3% to 329,000oz, compared to 320,000oz in 2008. Daily tonnages mined at Cuiabá improved to more than 300t in the second half of the year as planned, while higher development rates contributed to greater mining flexibility.

As part of the pre-feasibility study for the Cuiabá Future Project, which is investigating ways of sustaining performance in the longer term, further strategic action was taken to enhance production from the area’s narrow veins and to study alternative mining methods. To support this strategy, the geotechnical parameters of the massive orebodies were reviewed and revised and construction of a refrigeration plant began. Completion is scheduled for the end of 2010.

## AngloGold Ashanti Annual Financial Statements 2009

P

107

The maintenance management programme, which was restructured in 2008, continued its focus on optimising costs and fleet

availability. Further productivity improvements are expected from Project ONE.

Total cash costs increased by 13% to \$339/oz, driven largely by the appreciation of the Brazilian real against the US dollar

and lower revenue from the sale of sulphuric acid, which is a by-product of the Cuiabá operation. The onset of the global

economic crisis in late 2008 caused a sharp decline in sulphuric acid prices in 2009.

Capital expenditure was \$84m, of which \$47m related to expansion projects, \$17m to Ore Reserve development and \$20m

to stay-in-business activities.

### Growth projects

An exploration programme is currently under way on the former São Bento property, which was acquired in December 2008

from Eldorado Gold. The property adjoins AngloGold Ashanti's existing Córrego do Sítio mine which, together with São Bento,

has since been renamed Córrego do Sítio Mineração. Operational parameters for the feasibility study for Phase 1 of the

Córrego do Sítio project have been confirmed and cover the Cachorro Bravo, Laranjeiras and Carvoaria Velha orebodies, with

trial mining of Cachorro Bravo already completed. The feasibility study for this first phase was finalised and will be tabled for

approval by the board early in 2010. Estimates for this first phase are for the production of 5.4Mt of milled ore to produce

90,000oz of gold annually. The second phase of this project has the potential to effectively double the size of the operation

by adding mineral potential and world-class infrastructure.

The Lamego project feasibility study was approved in September 2008 and is currently being implemented.

Production from

the mine was 18,000oz in 2009 and forecast 33,000oz in 2010 with full production of 47,000oz in 2011. Lamego is expected

to produce approximately 469,000oz of gold over nine years from 3.22Mt of milled ore.

A feasibility study on the Nova Lima Sul Project is being prepared for submission to the board at the beginning of 2011. If

approved, development will take place in 2011 and 2012 with production scheduled to begin in 2012/13.

### Outlook

Brasil Mineração's planned production for 2010 is between 334,000oz and 349,000oz. This increase in output from 2009

includes 33,000oz from the Lamego project. Total cash costs are expected to rise to between \$410/oz and \$429/oz, reflecting

the sustained appreciation of the local currency against the US dollar and the additional ounces coming from the projects at a

higher unit cost. The expansion projects are likely to add to capital expenditure which is expected to reach \$197m in 2010.

### Community and environment

Sustainable development of host communities in Brazil remains an overriding priority for Brasil Mineração as illustrated by the

ongoing engagement with community representatives and non-governmental organisations (NGOs). Brasil Mineração

continued its constructive interaction with environmental NGOs, which have increased their vigilance in the Atlantic Forest and Cerrado ecosystems. This includes the areas of Serra da Piedade around the Cuiabá mine; Serra do Caraça, near Córrego do Sítio; and Serra da Calçada, where AngloGold Ashanti has mineral rights. Stricter legislation aimed at enhancing the preservation of biodiversity, especially in the Atlantic forest biome, may affect the clearance process for exploration licences. Brasil Mineração retained its ISO 14001 certification. Cyanide is used at the Córrego do Sítio mine and the Queiroz gold plant, which both received certification for full compliance with the Cyanide Code in 2009.

**Serra Grande**

**Description**

Serra Grande is located in central Brazil, in the state of Goiás, 5km from the city of Crixás. AngloGold Ashanti and Kinross Gold Corporation are equal 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 currently comprises three underground mines, Mina III, Mina Nova and Palmeiras, and an open pit above Mina III. The Palmeiras mine, where the main development began in May 2008, started production in 2009 from the primary development works. Annual capacity of the processing circuit, which has grinding, leaching, filtration, precipitation and smelting facilities, was expanded from about 0.8Mt to 1.15Mt. This expansion was completed in February 2009.

**Key statistics**

**Serra Grande**

**2009**

**2008**

**2007**

Pay limit

(oz/t)

0.07

0.16

0.14

(g/t)

2.40

5.61

3.90

Recovered grade\*

(oz/t)

0.138

0.221

0.210

(g/t)

4.72

7.58

7.21

Gold production

– 100%

(000oz)

154

174

182

– 50%

77

87

91

Total cash costs

(\$/oz)

406

294

263	
Total production costs	
(\$/oz)	
542	
394	
351	
Capital expenditure	
– 100%	
(\$m)	
67	
41	
24	
– 50%	
33	
20	
12	
Total number of employees	
1,289	
1,108	
918	
Employees	
864	
725	
654	
Contractors	
425	
383	
264	
* Underground operation	

**Safety**

Safety performance at Serra Grande improved in 2009 with an LTIFR for the year of 1.08 per million hours worked (2008: 1.29)

recorded for the year and no fatalities (2008:1).

Safety remained the highest priority during the year, with a multi-faceted strategy applied to ensure continuous improvement.

A safety survey was conducted during the year to assess attitudes toward safety, identify areas for improvement and inform

the design of an integrated strategic safety programme aimed at further improving performance and reinforcing awareness of

**AngloGold Ashanti Annual Financial Statements 2009**

**Review of operations**

**P**

**108**

91

07

08

09

Attributable gold production (000oz)

87

77

Total cash cost (\$/oz)

263

07

08

09

294

406

12

07

08

09

Attributable capital expenditure (\$m)

20

33

918

07

08

09

Total number of employees\*

1,108

1,289

\* Including contractors

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**109**

the importance of working safely. The safety programme calls for technological improvements and the increased use of appropriate technology to reduce employees' exposure to risks in the production process. This plan introduced controls that take into account human factors in safety performance.

These efforts were complemented by the "*Do it only if it is safe to do*" campaign which encourages employees to increase

their individual safety efforts by identifying and managing workplace risks. All employees were encouraged to use the booklet

on Preliminary Hazard Analysis to improve risk assessment standards.

The introduction of the basic principles of Failure Mode and Effect Analysis into the maintenance area proved beneficial, giving

greater emphasis to measuring and mitigating occupational health and safety risks.

**Operating performance**

Attributable production in 2009 declined by 11% from a year earlier to 77,000oz. This was largely due to the mining of quartz veins

as well as rock mechanic problems at Mina III. The net result of these factors was lower overall grades. The operation also faced

a decline in recoveries, caused by the reduced residence time at the leaching tanks. To manage the operating challenges while

improving productivity and countering the reduction in gold grade, several initiatives were implemented, including:

- long-hole drilling and remote control blasting in the quartz veins;

- use of sub-level methods in the mines;

- implementation of the dispatch system at Mina III;

- completion of the metallurgical plant expansion;

- start of development of the Pequizão orebody at Mina Nova; and

- addition of leach tanks to increase residence time.

Total cash costs increased by 38% to \$406/oz due largely to inflation, the exchange rate and lower production. The appreciation in the value of the local currency versus the US dollar affected 80% of the total cost base, including power, labour,

fuel, taxes and maintenance services.

Capital expenditure amounted to \$67m, of which half was attributable. This was spent mostly on mine development (\$25m), mine

equipment (\$21m), the plant expansion project (\$14m), development of the Pequizão orebody (\$5m) and resource definition (\$2m).

**Growth prospects**

A total of 20,500m was drilled in the 2009 exploration programme, which focused on the Pequizão, Palmeiras and Cajueiro

targets and a review of the exploration database to generate new targets. Pequizão is being drilled both down-plunge and

down-strike, and results continue to indicate the potential for an increased resource. The potential of the Palmeiras target was

confirmed after work on the underground mine had started and the drilling campaign continued to confirm down-plunge continuity. Following the encouraging results of the 2008 drilling campaign at Cajueiro, the 2009 programme aimed to define the geological control. The evaluation of the Orebody V open pit added 18,000oz. The Votorantim Metais Limitada joint venture agreement was signed during the year, contributing an additional 46,000ha in exploration tenements. Work is progressing on a number of targets, including the Mina Nova Extension and Structure IV, to define additional resource potential.

#### **Outlook**

In 2010, attributable gold production at Serra Grande is forecast at between 85,000oz, and 89,000oz. Mina Palmeiras and Pequizeiro will be operating at full production and achieving slightly higher grades, contributing to the higher output. Total cash costs are expected to be between \$473/oz and \$495/oz. Total capital expenditure is anticipated to be \$54m (\$27m attributable) and is earmarked predominantly for: mine equipment and development; raising the walls of the tailings dam; resource definition; and various operational improvements.

#### **Community and environment**

Environmental management remains an overriding priority at Serra Grande and work progressed on securing the permits needed to raise the tailings dam walls. Work was planned and implemented on the Chamada Pública de Projetos, a social development programme in the Crixas area which promotes community projects related to health, education, employment and income generation. Serra Grande continued to work with local institutions in support of cultural, educational and social events. Serra Grande retained its ISO 14001 certification and received certification for full compliance with the Cyanide Code during 2009.



**AngloGold Ashanti Annual Financial Statements 2009**

**Gold, uranium and silver markets**

**P**

**110**

Gold, uranium and silver  
markets

**The gold market in 2009**

Gold accounts for 96% of AngloGold Ashanti's revenue from product sales. The balance of product sales is derived from sales of silver, uranium oxide and sulphuric acid. AngloGold Ashanti sells its products on international markets. Gold produced by AngloGold Ashanti's mining operations is processed to a saleable form at various precious metals refineries. Once refined to a saleable product – generally large bars weighing approximately 12.5kg and containing 99.5%

gold, or smaller bars weighing 1kg or less, with a gold content of 99.5% and more – the metal is sold either through the refineries' marketing and distribution channels or directly to bullion banks and the proceeds paid to the company.

Bullion banks are registered commercial banks that deal in gold. They participate in the gold market by buying and selling gold and distribute physical gold bullion bought from mining companies and refineries to markets worldwide.

Bullion banks hold consignment stocks in all major physical markets and finance these consignment stocks from the margins charged by them to physical buyers, over and above the amounts paid by such banks to mining companies for the gold.

Where forward sales contracts exist against which AngloGold Ashanti delivers physical products, the same distribution

channels at the refinery are 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 fulfils AngloGold Ashanti's obligations under the forward contract, and AngloGold Ashanti is paid for this gold by the relevant bullion bank, at the price fixed under the forward contract, rather than at the spot price of the day.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**111**

**Gold market characteristics**

Gold price movements are largely driven by macroeconomic factors such as expectations of inflation, currency fluctuations, interest rate changes or global or regional political events that are anticipated to impact on the world economy. Gold has historically played a role as a store of value in times of price inflation and economic uncertainty.

This factor, together with the presence of significant gold holdings above ground, tends to dampen the impact of supply and demand fundamentals on the market. Trade in physical gold is, however, still important in determining a floor price and physical gold, either in the form of bars or high-caratage jewellery, is still a major investment vehicle in the emerging markets of India, China and the Middle East.

Gold is relatively liquid compared to other commodity markets and significant depth exists in futures and forward gold sales on various exchanges, as well as in the over-the-counter market.

**Physical gold demand**

Physical gold demand is dominated by the jewellery industry and the investment sector, which together account for some

90% of total demand. The balance of gold supply is used in dentistry and electronics.

While the quantity of gold used in jewellery consumption has decreased over the last decade, the investment market has

largely taken up available supply. However, in value terms gold jewellery consumption has increased. Investment in physical

gold includes bar hoarding, coins, medals and other retail investment instruments as well as exchange traded funds (ETFs),

which have since their inception in 2002 become well established as a vehicle for both retail and institutional investors. In

2009, ETF investment activity was once again very notable with holdings growing by almost 600t.

Newly mined gold is not the only source of physical gold to the market and accounts for just over 60% of supply. Due to its

high value, gold is rarely destroyed and some 161,000t of gold (approximately 65 years of new mine supply at current levels) is

estimated to exist in the form of jewellery, official sector gold holdings (central bank reserves) and private investment.

In 2009, gold was supplied to the market from newly-mined production (2,553t), sales of gold by central banks (24t) and from sales of scrap gold (1,541t), largely from the jewellery trade

(1)

. The 2009 gold market was greatly affected by

the global financial crisis. Due to the high price of gold and the global liquidity crisis, scrap levels of gold rose by around 27%

to an all time high. However, the official sector, which includes central banks, sold 90% less gold. The greatest market shift

to have occurred in 2009 was the shift away from jewellery demand to investment demand. In the United States, total gold

investment demand exceeded jewellery demand for the first time since gold reached then-record highs of \$850/oz in 1980.

(1)

Source: GFMS

**Gold demand by sector**

**Jewellery demand**

2009 was not a good year for jewellery as a combination of the global economic recession and high gold prices led to a 23%

decline in jewellery manufacture. The negative trends were evident in all major gold jewellery markets except for China, which

bucked the global trend and showed modest growth in 2009.

In terms of global jewellery markets, China is unique in that its traditional gold jewellery is pure 24 carat and therefore serves

a strong investment purpose in addition to adornment. This is also true for the markets of India and the Middle East but in

2009 the investment appeal of gold jewellery was strongest in China. The high price of gold in absolute terms deterred consumers in India and the Middle East. In many markets last year the high price of gold was magnified by the dollar weakening against local currencies, which led to a decline in both sales and in manufacturing.

The Indian market, traditionally the world's largest, contracted significantly in 2009, with bullion imports falling by over 40%

and jewellery demand declining by 38%. The rupee price of gold rose by 14% year-on-year and this price dampened the

investment appeal of jewellery, with consumers generally limiting themselves to essential wedding and gifting occasions. Due

to the high price of gold, consumers with unchanged budgets were forced to buy less gold on auspicious, "compulsory" buying occasions as their rupee simply did not go as far as it did before. While it was not the case that people stopped buying

gold in India, as has been the case in some first world markets, they did buy less.

**AngloGold Ashanti Annual Financial Statements 2009**

**Gold, uranium and silver markets**

**P**

**112**

Chinese jewellery fabrication grew by 4% last year to set a new record of 316t. China was the only market in the world to show an increase in both jewellery and investment demand in 2009. The investment case for traditional 24 carat jewellery bolstered demand for that product, while 18 carat jewellery suffered a decline in sales of approximately 10%. China's jewellery offtake exceeded investment demand by four to one. The characteristics of the gold market in the Middle East are similar to those of India and China, although an important difference is the exceptionally high per capita ownership of gold in some of the countries of that region. In the United Arab Emirates, for example, consumption per capita is traditionally 30 times that in the US or the UK and 50 times higher than in India. However, 2009 was also a trying year for the Middle Eastern jewellery market with jewellery manufacturing falling by a third. In Turkey, local currency appreciation against the dollar, the high price of gold and the ongoing recession dampened jewellery consumption. The markets of Egypt, United Arab Emirates and the Kingdom of Saudi Arabia, were all faced with similar challenges. The United States gold jewellery market was the world's second largest until 2007, but since then has fallen to fourth place as the global financial crisis intensified. That said, US investment demand grew rapidly in 2009 and more than offset the loss in jewellery demand. The high price of gold once again had a negative impact on jewellery sales and many manufacturers reduced the weight of gold jewellery in an attempt to maintain more reasonable price points. Since the cost of inventories was high, many retailers held less gold jewellery.

**Investment demand**

While 2009 was not a good year for jewellery consumption, investment demand was distinctly better with total world investment exceeding 1,800t, representing more than double 2008 demand. The increased demand was prompted by a combination of investors seeking a safe haven and speculation on expectation of continued price increases. This investment demand took different forms in different markets. In the US the majority of purchases took the form of ETFs, while in the Eastern markets of India, China and the Middle East, retail investment was primarily realised through coins and bars. The first quarter of 2009 saw the most pronounced upward movement in ETF investment demand with holdings ballooning by a remarkable 465t on fears of a global financial meltdown. As the global economy stabilised from the second quarter onwards, the primary reason for investment shifted toward price speculation as the gold price rose to successive record highs to peak at \$1,218.25/oz on 3 December 2009. The good news for gold in 2009 was undoubtedly the fact that the weak jewellery demand was compensated for by the vigorous gold investment sector.

**Central bank holdings, sales and purchases**

Central banks buy periodically and sell gold to adjust their portfolios. Most central bank sales take place under the Central Bank

Gold Agreements (CBGA), which compel signatories to sell their gold in a stable and responsible fashion ensuring minimal price

impact. The third of these agreements came into effect on 27 September 2009 and limits signatories to annual sales of 20%

less than the second agreement. Central bank sales in the final year of the second agreement reached only 157t, far less than

the quota of 500t available under the agreement. This illustrates that central bank dishoarding is slowing and at times has even

reversed, with a number of central banks becoming net buyers of gold.

In 2009, the long-awaited sale of 403t of gold by the International Monetary Fund began. To the surprise of global commentators, the Indian Central Bank bought 200t of the IMF supply. This is perhaps the most significant single official gold

market transaction of the last decade. The Indian Central Bank paid an average price of \$1,042/oz for their gold and news of

the purchase may well have assisted in providing a new floor for the advancing gold price.

Breakdown of gold consumption in 2009

%

Jewellery consumption

51

Investment

38

Industrial / electronics / dentistry

11

Data source: World Gold Council

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**113**

**AngloGold Ashanti's marketing investment**

AngloGold Ashanti remains committed to developing the market for its product. The company's marketing programmes aim

to increase the desirability of gold and to sustain and grow demand.

AngloGold Ashanti's subscription fees to the World Gold Council account for the bulk of its marketing expenditure.

The company remains involved in independent projects to grow jewellery demand in partnership with companies such as Tanishq

(a subsidiary of the Tata Group) in India. AuDITIONS, the company's own global gold jewellery design competition, promotes

improved gold jewellery design and has become a well-recognised corporate marketing tool. See the competition website at

*www.goldditions.com*.

**The uranium market in 2009**

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

The spot price for uranium oxide (U

3

O

8

) was more stable during 2009 than in 2008. The year opened with a spot price of

\$53/lb, then trended down during the beginning of the year to a low of \$41.50/lb early in April, before rebounding to a range

of \$42/lb to \$50/lb in the second half of the year. By the end of 2009, U

3

O

8

was at \$44.50/lb.

The long-term U

3

O

8

price began 2009 at \$70/lb and ended the year at \$62/lb. Long-term prices did not show the same fluctuations as spot prices but the decline reflects the spot prices decline over 2008 and some of 2009.

A variety of factors drove the fluctuations in the spot price over the year. Discretionary demand and inventory building stabilised

at around \$42/lb, with significant volumes bought by Chinese and Indian utilities. Although longer term forward prices have

softened, spot-price support has been partly driven by utilities purchasing now for deferred use.

Record volumes of material were traded on the spot market in periods during the year, reflecting a slight shift away from longer

term contracting by some utilities.

In 2009, increased production from several major producers, as well as additional sales of US Department of Energy inventory,

were absorbed at the lower end of the price band. That said, the price recovery experienced in October appears to have been

driven by unplanned production outages at a large facility, which had still to regain full operation by the end of 2009 and which

may result in a small tightening of supply in the short to medium term.

However, in the medium to long term there is significant potential for increases in supply through enhanced production at existing facilities, especially with Kazakhstan aiming to continue its production expansion. Further supply increases are likely to come from new discoveries and the development of several significant new concessions. The increase in demand necessary to absorb higher production over the medium to long term is dominated by the end of the highly enriched uranium deal, together with Chinese and Indian nuclear expansion. Chinese utilities were the largest buyer of material in 2009, and this trend can be expected to continue in 2010 given the country commenced construction of nine reactors in 2009, taking the total under construction to 20.

**The silver market in 2009**

The silver price appreciated steadily throughout 2009, often in lockstep with the gold price, though it was sometimes more volatile. The silver price achieved a 48% return over 2009 compared with gold's 24% return. The silver market has also benefitted from increasing investor interest. During the course of 2009, the silver ETF grew 4,112t or 50%, to end the year at 12,365t.

**AngloGold Ashanti Annual Financial Statements 2009**

**Global exploration**

**P**

**114**

Global exploration

**New Zealand**

Sea Field Resources

Countries with exploration

100% AngloGold Ashanti

Strategic alliances

**Philippines**

Mapawa Area

**Solomon Islands**

Kele and Mase JV

**Saudi Arabia**

**Gabon**

Dome JV

Ogooue

Amiga

**Eritrea**

**DRC**

Mongbwalu

Kibali

**Egypt**

**Colombia**

Gramalote

La Colosa

Pre 2009 joint ventures

New 2009 joint ventures

**Russia**

Veduga

**China**

Jinchanggou

**Canada**

Kinskuch Option

Superior JV

Baffin Island JV

**Brazil**

Santana JV

(South Carajas block)

Santana JV

(Campestre block)

**Australia**

Saxby JV

Tropicana

Viking

Options

**Dubai**

**Mali**

**Ghana**

**Guinea**



**Tanzania**

**Total exploration expenditure in 2009 amounted to \$199.9m, of which \$91.6m was spent on greenfield exploration, \$80.8m on brownfield exploration and the balance of \$27.5m on pre-feasibility and feasibility studies. The main aim of both AngloGold Ashanti's greenfield and brownfield exploration programmes is to identify new attributable resource ounces of gold.**

*Locations on maps are for indication purposes only.*

**AngloGold Ashanti Annual Financial Statements 2009****P****115****Greenfield exploration**

Greenfield exploration activities were undertaken in Australia, China, North and South America, Democratic Republic of the

Congo (DRC), Middle East and North Africa (MENA), Russia, Sub-Saharan Africa and South East Asia during 2009.

A total of

183,481m of diamond, reverse circulation, and aircore drilling was completed in testing existing priority targets and in the

delineation of new targets in Australia, Colombia, the DRC and Canada.

Greenfield activities in Russia, China, Sub-Saharan Africa, MENA and South East Asia were undertaken

predominantly through

joint ventures and strategic alliances. The principal objective of the greenfields exploration team is value creation, including the

discovery of new long-life, low-cost mines that maximise shareholder value. Discoveries and ground positions that do not

meet certain investment criteria will be joint-ventured or divested to maximise the return on investment in exploration.

**Country****Greenfields exploration****Metres drilled****expenditure 2009 (%)****2009 (m)**

Colombia

34

8,476

Australia

24

171,670

Canada

8

2,227

DRC

11

1,108

China

6

-

Sub-Saharan Africa

3

-

Russia

2

-

Other

7

-

Global support

5

-

Total

100

183,481

In 2010, total exploration expenditure of some \$270m is planned, with \$86m to be spent on greenfield exploration and \$78m

allocated to a pre-feasibility studies at La Colosa in Colombia, and feasibility studies at Tropicana in Australia and the Central

Mongbwalu deposit in the DRC and associated expenditures. Of the remaining balance, \$91m is planned to be spent on

brownfield exploration and \$15m in terms of the De Beers joint venture focusing on exploration on the continental shelf.

**Strategic context**

AngloGold Ashanti's greenfield exploration strategy is based around building, growing and maintaining a pipeline of projects

that are progressed through the stages of exploration, from initial ground selection to discovery, resource definition and

drill-out. Exploration is conducted by AngloGold Ashanti in its own right (100%), through joint ventures and strategic alliances.

Important components for new discoveries and effective resource targeting include securing new search spaces, strategic

landholdings and a balanced project portfolio.

The current portfolio lies within the target range of 10-20% of the exploration investment in frontier terranes, 60-70% in

emerging terranes, with the remainder invested into terranes of known gold endowment. The estimated breakdown for 2009

is illustrated on the next page.

## AngloGold Ashanti Annual Financial Statements 2009

### Global exploration

#### P

#### 116

##### *Achievements*

Significant achievements for 2009 include the successful completion of the pre-feasibility study of the Tropicana-Havana deposit and board approval for a full feasibility study. Regional exploration was advanced over the large Tropicana joint venture and wholly owned AngloGold Ashanti project in the Tropicana Fold Belt. Significant advances were made in diversifying the geopolitical and terrane risk of AngloGold Ashanti's greenfield exploration portfolio in 2009. Entry into new jurisdictions was achieved during the course of the year with rapid progress made in the delineation of exploration targets and their advancement to the licence application or drill target definition stage in several countries.

##### *Expansion*

The global footprint of greenfield exploration activity underwent significant change in 2009. During the course of the year, AngloGold Ashanti entered into a number of new joint ventures and strategic alliances in Canada, Brazil, Gabon, the Middle East and North Africa, while downsizing in China and Russia. These new ventures include the Superior joint venture with Laurentian Goldfields and the Baffin Island joint venture with Commander Resources in Canada; the Thani Ashanti strategic alliance in the Middle East and North Africa with Thani Investments; and the Sub-Saharan Africa Kele & Mase joint ventures with XDM Resources in the Solomon Islands. AngloGold Ashanti has also re-entered the Sub-Saharan Africa region via a joint venture with Dome Ventures in Gabon. An exploration alliance was signed in Brazil with Horizonte Minerals to explore the Santana and Campestre projects.

##### *Impediments*

A number of targets for greenfield exploration were missed in 2009, especially those relating to resource drilling and pre-feasibility studies at La Colosa and Gramalote in Colombia and at Central Mongbwalu in the DRC. The total number of metres drilled in 2009 was significantly lower than in 2008, a result of delays in the approval of the necessary environmental permits in Colombia, the requirement to renegotiate the joint venture terms for the mineral licence in the DRC, the withdrawal from projects in Russia and the rejection of mineral applications in China.

##### **2009 initiatives**

Initiatives to enhance the success of the greenfields exploration team included a rigorous assessment of the existing exploration portfolio. The work focussed on establishing what AngloGold Ashanti consider the right percentage balance between frontier, emerging and known geologic terranes. As a consequence the team is well positioned to increase metres drilled on both existing and new projects that are close to and at drill ready stage in 2010. To further improve the decision making processes in project and portfolio management, the company is moving to a uniform global portfolio management process that will encompass both technical and commercial gating elements.

Emerging

68%

Frontier

20%

Known

12%

Exploration terrane balance

(by % budget allocation)

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**117**

**Colombia**

Greenfield exploration was completed by AngloGold Ashanti and its joint venture partners B2Gold, Glencore International and Mineros S.A. During 2009 systematic regional exploration for precious and base metals was undertaken over an area of 10,211km

2

. During the year, 110 new targets were field generated with two drilled. Since 2004, the investment in exploration has generated 714 new exploration targets, of which 39 were brought to drill stage and 24 drill tested. Two of these targets are now projects at advanced study stages and contain initial JORC compliant resources of 14.4Moz of gold.

At Gramalote (51% B2Gold, 49% AngloGold Ashanti), the joint venture partners are presently in discussions to define the future of the project.

**AngloGold Ashanti Annual Financial Statements 2009**

**Global exploration**

**P**

**118**

At the wholly owned La Colosa project; AngloGold Ashanti received a resolution on 20 October 2009 from the Ministry of Environment and Territorial Development, which allowed initiation of exploration permitting procedures before the regional environmental authority Cortolima. Once permits are in place, drilling and pre-feasibility development will be undertaken. Drill preparation work is in progress and further resource and step-out drilling as part of ongoing pre-feasibility studies is scheduled to begin in 2010.

In all, 119 targets were generated by systematic exploration in an area covering 12,110km

2

, on 19,366 km

2

of mineral tenement

contracts and applications in 2009. Three targets were drilled and 21 remain to be drill tested in Colombia.

**Canada**

AngloGold Ashanti initiated greenfield exploration in several areas of Canada in 2009, both on its own and in joint venture with

two Canadian mineral exploration companies, Laurentian Goldfields and Commander Resources. Brief details of each project

and its targets are given below.

*Superior joint venture* (AngloGold Ashanti/Laurentian Goldfields) – the Laurentian Goldfields Superior Province alliance is active

in several areas of eastern Canada. Early stage fieldwork is being undertaken by Laurentian on regions considered prospective

for gold mineralisation with drilling expected on new targets in 2010 or 2011.

*Baffin Island joint venture* (AngloGold Ashanti/Commander Resources) – AngloGold Ashanti is earning into a joint venture on

Commander's Baffin Island properties. Field work completed during 2009 returned encouraging results, on which drilling

programmes will be planned for 2010.

**Brazil**

AngloGold Ashanti initiated new greenfield exploration programmes in Brazil in 2009 and signed a joint venture agreement

with a junior mineral exploration company, Horizonte Minerals, to explore two specific areas of the country.

0

500km

N

**Colombia**

Gramalote

Quebradona

Rio Dulce

La Colosa

Cartagena

**Bogotá**

Prospect

Town

**JV areas**

B2Gold

Glencore

Mineros SA

AngloGold Ashanti

**Tenure**

Application area

Area granted



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**119**

**Democratic Republic of the Congo**

Exploration activities were undertaken on the 7,443km

2

Concession 40 (AngloGold Ashanti 86.22%/OKIMO 13.78%) mineral

claim that covers a significant portion of the Kilo greenstone belt, which remains largely unexplored by modern methods. This

work comprised mainly regional mapping, soil sampling and data compilation while renegotiation of the joint venture agreement with the government of the DRC and OKIMO continued. It is anticipated that the revised joint venture agreement

will be executed in early 2010, following which transfer of titles to the exploration licences to the joint venture company, Ashanti

Goldfields Kilo, will be completed.

All drill holes from the Mongbwalu resource were re-logged and the resource remodelled in preparation for a pre-feasibility

study based on an underground mining scenario. A detailed review of the historical data in the general Mongbwalu area was

undertaken to assist with future exploration targeting.

In early 2009 assay results were received from all drilling completed at Mongbwalu Central and Adidi South in late 2008. The

best intersections received are tabled below.

**Interval (m)**

**Grade (g/t Au)**

**From (m)**

11.6

16.3

80.9

6.9

24.5

69.0

4.3

10.5

118.5

6.0

4.8

151.0

8.9

7.6

88.2

Drilling recommenced in November and a total of 1,108m in 10 diamond holes was completed for metallurgical test work at

the Mongbwalu Resource area. Field mapping continued along strike from the Mongbwalu Resource. Field work for the

regional greenfields projects recommenced in November 2009 and consisted predominantly of soil sampling and trenching.

N

Lodjo

Nzebi

Mongbwalu

Pluto North

Petsi

Mount Tsi

Bunia West

Bunia

*Lake Albert*

**DRC**

0

60km

Prospect

Town

Tenement area

**AngloGold Ashanti Annual Financial Statements 2009**

**Global exploration**

**P**

**120**

Field work was carried out at Lodjo, Camp 3, Petsi and Pluto North. A total of 1,878 soil samples, 195 rock chip and 452 trench and pit samples were collected for the year.

**Russia**

The dissolution of the joint venture (Zoloto Taigi joint venture) with Polymetal is in progress with divestment of the two exploration and four mining licences under way. This includes completion of the sale of Veduga, subject to conditions precedent.

AngloGold Ashanti expects that the Asacha Mine in Kamchatka, held by AIM listed Trans Siberian Gold in which AngloGold

Ashanti has a 29.74% stake, will start production in the first quarter of 2011. A final round of financing for the last phase of construction (tailings facility, plant assembly, ore development) had almost been completed by the owners at the time of publication.

**Gabon**

In Gabon, AngloGold Ashanti and its joint venture partners have collectively secured approximately 16,501km<sup>2</sup>

of tenements

in an under-explored region considered prospective for gold mineralisation. During 2009, a joint venture was entered into with

Dome ventures over its Mevang and Ndjole licences, representing a combined area of some 4,000km<sup>2</sup>

. AngloGold Ashanti holds the Ogooue prospection permit covering an area of 8,295km<sup>2</sup>

. The Mimongo and Koumaneyoung licences were acquired through acquisition of Amiga SARL from Swala Resources.

0  
200km

N  
Mitzi  
Booue  
Lastoursville  
Ndjole  
Libreville  
Lanbarene  
Fougamou  
Mouila

**Gabon**

Koumaneyoung licence  
Town  
Mevang licence  
Ndjole licence  
Ogooue licence  
Mimongo licence

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**121**

**Middle East and North Africa (MENA)**

In June 2009, AngloGold Ashanti and Thani Investments, a privately held UAE-based company, entered into a strategic alliance

to explore for and develop precious and base metal deposits in the Arabian Nubian Shield and other parts of the Middle East

and North Africa.

The business development and project generation activities of the Thani Ashanti strategic alliance are conducted from Dubai.

During 2009, work has focused on project generation and exploration over specific regions of the highly prospective Arabian Nubian Shield within Egypt, Eritrea and Saudi Arabia. Exploration conducted by the alliance has commenced on two

exploration licences in Egypt.

**South East Asia**

In the Solomon Islands, AngloGold Ashanti has entered into two joint venture agreements with XDM Resources.

The Kele and Mase joint venture agreements cover an area of 738km

2

and to date in excess of 18 mineralised prospect areas

have been identified. Five of these have returned significant widths of ore-grade mineralisation from trenches and drill holes.

Exploration activities including field mapping, auger soil and rock chip sampling, spectral and petrological studies, have

commenced in preparation for drilling in the first quarter of 2010.

**China**

In China, AngloGold Ashanti's exploration activities are now limited to the cooperative joint venture over the Jinchanggou

group of properties in the province of Gansu, located in western China. Limited trenching over a specific target and detailed

infill soil sampling of the tenements was completed in late 2009. The results are currently under review. Elsewhere in China,

AngloGold Ashanti continues to evaluate exploration opportunities.

N

Cairo

Quseir

Luxor

Aswan

**Egypt**

Exploration licence

Town

0

500km

**AngloGold Ashanti Annual Financial Statements 2009**

**Global exploration**

**P**

**122**

**Australia**

At the Tropicana joint venture (AngloGold Ashanti 70%, Independence Group NL 30%), the start of the Tropicana feasibility study was approved by the joint venture partners in July 2009. Details on the study's progress can be found in the following section.

The joint venture focused on exploration targets near the Tropicana-Havana deposits. During the year a total of 3,171 aircore

holes were drilled for 127,562m, 281 reverse circulation holes for 36,888m and 46 diamond holes for 7,220m.

Systematic

surface auger sampling of 30,276 samples were collected and nearly 7,928 line kilometres of aeromagnetic and radiometric

surveying, 256 line kilometres of IP surveying and 71 line kilometres of down-hole IP surveying was undertaken.

The best results for the year came from diamond drilling intercepts approximately 550m northeast of the proposed Tropicana

pit, including 7m @ 2.1g/t Au from 141m and 14m @ 3.49g/t Au from 176m. Significantly, these intersections from the same

hole may represent the faulted northern continuation of the Tropicana orebody. Encouraging results were also obtained to the

south of the proposed Havana pit at the Havana South zone and Crouching Tiger prospects. In Havana South, significant

intersections included 13m @ 2.37g/t gold from 317m and 21m @ 2.50g/t gold from 202m. Reverse circulation drilling at

Crouching Tiger intersected 8m @ 2.83g/t gold from 134m.

In more regional exploration, significant aircore results were returned from Black Dragon, 30km northeast of the Tropicana-Havana resource, including 4m @ 0.6g/t gold from 40m. At Tumbleweed, 10km north of Tropicana, aircore drilling

returned 8m @ 0.81g/t gold from 56m. These results confirm the anomalous zones identified by previous significant aircore

intersections and extend the size potential of the targets. At Voodoo Child, 50km north of Tropicana, aircore drilling intersected

17m @ 2.25g/t gold from 3m. Infill aircore drilling and follow-up reverse circulation drilling are planned for these prospects in 2010.

In addition to the Tropicana joint venture area, which totals approximately 13,788km

2

, AngloGold Ashanti holds 100% of a substantial land package (11,040km

2

in the Viking area, including 6,200km

2

of granted exploration licences). Viking is

N

**Queensland**

0

50km

**Saxby JV**

Application tenure

Granted tenure

0

400km

**Western**

**Australia**

Town

Prospect

**Tropicana JV**

Application tenure

Granted tenure

**Viking**

Application tenure

Granted tenure

Laverton

Kalgoorlie

Esperance

Viking

Tropicana JV

Voodoo Child

Black Dragon

Tumbleweed

Tropicana

Havana

Screaming Lizard

Kamikazi

Rusty Nail

Beachcomber

**Australia**

Laverton

Normanton

Queensland

Western

Australia

Tropicana

Saxby

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**123**

southwest of the Tropicana joint venture within the Albany-Fraser foreland tectonic setting that hosts the Tropicana deposit.

Surface geochemical sampling continued throughout the year for a total of 10,390 samples and an airborne magnetic-radiometric survey was completed for 38,909 line kilometres.

The Tropicana joint venture and the Viking project extend over 600km of strike parallel to the Albany Fraser orogen, located

at the boundary of the Yilgarn and Mawson Cratons. The 5Moz Tropicana discovery, as well as numerous prospects identified

by AngloGold Ashanti suggest that the Tropicana belt is emerging as a significant new gold province.

AngloGold Ashanti completed the purchase of the interests and rights of Anglo American Exploration Australia in the 830km

**2**

Saxby joint venture with Falcon Minerals Limited in northwest Queensland. Gravity (105 line kilometres), airborne magnetic-radiometric (7,436 line kilometres) and infill SQUID electromagnetic (37 line kilometres) surveying was completed to

assist drill target definition.

**AngloGold Ashanti-De Beers joint venture**

AngloGold Ashanti Limited and the De Beers Group of Companies announced the formation of a joint venture to undertake

initial exploration and to ultimately mine for gold and other minerals and metals from the ocean floor. This excludes diamonds,

unless these occur together with other target minerals and metals. The joint venture's activities will focus on marine deposits

located in, or adjacent to, the area between the high water mark and the edge of the continental shelf on a worldwide basis.

The establishment of this joint venture will allow AngloGold Ashanti to take advantage of the opportunity of partnering with a

world leader in the field of marine exploration and mining with a view to exploring and mining of the target minerals from

deposits located on the continental shelf.

The joint venture has established a technical services company (AuruMar) to be jointly owned by AngloGold Ashanti and

De Beers Marine. AngloGold Ashanti's commitment under the agreement is to sole fund the joint venture and AuruMar until

the completion of an initial exploration period of at least three consecutive sampling seasons as approved and budgeted for

prior to 31 December 2012, or the date upon which AngloGold Ashanti has funded a total amount of

\$40m, whichever is achieved first. Upon conclusion of this period, AngloGold Ashanti will have earned equivalent interests to

De Beers in all the sub-joint venture opportunities pursued under the joint venture. AngloGold Ashanti and De Beers will seek

to secure majority interests for the joint venture in any sub-joint venture that involves a third party.

Initial work continues in New Zealand to complete the sonic drill rig and the launch and recovery system (LARS) as assets of

AuruMar. Drilling scheduled to start in the first quarter of 2010. Initial drilling will target potential gold deposits off the west coast

of the South Island, New Zealand.

**AngloGold Ashanti Annual Financial Statements 2009**

**Global exploration**

**P**

**124**

**Pre-feasibility and feasibility studies**

**Australia**

The pre-feasibility study on the Tropicana Gold Project in Australia was completed during June 2009 and a decision was taken

by AngloGold Ashanti and its joint venture partner to proceed with a full bankable study. AngloGold Ashanti is currently

undertaking this study and seeking environmental approvals for open pit mining on behalf of the joint venture partner.

Tropicana, with a potentially greater than 5Moz gold Mineral Resource, represents a significant new discovery in a new gold

district, about 300km east of Kalgoorlie. Should development of the project proceed, the mine is expected to produce an

average of between 330,000oz and 410,000oz a year, at a total cash cost of between A\$590/oz Au and A\$710/oz Au, over

a 10-year initial life. There is potential to increase the Mineral Resource and mine life through additional drilling at the nearby

Havana South and other prospects.

The joint venture partners have agreed to report the Tropicana Gold Study's Ore Reserve based on the outcomes of the pre-feasibility study. The Ore Reserve is based on the pre-feasibility study Measured, Indicated and Inferred Mineral

Resource estimate of 75.3Mt grading 2.07g/t gold for 5.01Moz. The Ore Reserve is based on pit optimisation at an assumed \$900/oz gold price and 0.85 A\$/US\$ exchange rate. The proved and probable Ore Reserve above the

estimated break-even cut-off grade of 0.7g/t gold for oxide and transitional materials and 0.8g/t gold for fresh material on a 100% basis as at the 31 December 2009 is:

**Classification**

**Tonnes**

**Grade**

**Contained gold**

**Contained gold**

**(Mt)**

**(g/t)**

**(t)**

**(Moz)**

Proved

22

2.4

53

1.7

Probable

23

2.1

50

1.6

Total

45

2.3

103

3.3



On a 70% attributable basis, the Ore Reserve totals 32Mt grading 2.3g/t gold for 2.3Moz. The mining inventory utilised for assessment in the pre-feasibility study includes additional Inferred Mineral Resource within the open pit design for Tropicana and Havana. Consistent with internationally recognised codes for the reporting of the Mineral Resource and Ore Reserve, the Inferred Mineral Resource are not part of the Ore Reserve.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**125**

Drilling and an update of the Mineral Resource model as part of the feasibility study has been completed and the estimate is currently being internally and independently reviewed and audited. A close-spaced drilling programme was completed within the Havana Mineral Resource to simulate grade control drilling. Results from this drilling confirm the Mineral Resource interpretation and the continuity of mineralisation. The data will be further analysed to validate the Mineral Resource model and to optimise grade control and mining selectivity.

Work on updating the pit designs, mining schedules and reserve for the feasibility study has commenced. Tendering for contract mining is in progress, with owner mining costs to be updated.

A comprehensive metallurgical test work programme for the feasibility study has been substantially completed. Results confirm

the processing flowsheet selected from the pre-feasibility study of primary and secondary crushing, high pressure grinding rolls

followed by conventional carbon-in-leach. A number of engineering studies have been undertaken to optimise the plant, operating

and capital costs, and operating performance. The major aspects of the plant design and engineering will occur in early 2010.

Geotechnical studies for the mine access road and tailings storage facility are in progress and will be utilised as inputs for refining

designs and developing feasibility-level cost estimates.

**Feasibility**

The eight-week public review period for the Tropicana Gold Project environmental impact assessment closed in late November

2009 with a limited number of submissions received. The Tropicana joint venture is currently consulting with the organisations that

made submissions and is developing a formal response to the submissions, which will be provided to the office of the Environmental Protection Authority. The Environmental Protection Authority will provide a recommendation on the project approval

and conditions to the Western Australia Minister for the Environment. The approval and conditions are subject to public appeal.

**Brownfields exploration**

Brownfields exploration, was undertaken around the globe at most current operations, with the most success having been

achieved in South Africa, Mali, Guinea and the United States. The brownfields exploration programme for 2009 was aimed at

replacing ounces at current operations and successfully added a total of 3.5Moz to the company Mineral Resource.

**Argentina**

At Cerro Vanguardia, the exploration programme continued with Mineral Resource delineation drilling and reconnaissance

drilling. Significant drilling was completed on underground targets and a full underground study is currently under way. In the

El Volcan project area, initial exploration started with sampling, mapping and geological reconnaissance work completed. A

detailed aeromagnetic survey of the sector started in the last quarter, with some interesting structural trends identified.

The

survey was delayed by an unfortunate helicopter incident which damaged the probe.

**Australia**

At the Sunrise Dam, exploration focused on infill drilling within the existing Mega Pit and continuing to extend the underground

Mineral Resource. The in-pit drilling confirmed that mineralisation beneath the Sunrise shear and Midway shear zones continues up-dip and may provide the opportunity for an internal cutback on the eastern side of the Mega Pit. Further underground drilling has identified extensions to the high-grade Cosmo, Astro, Dolly and GQ lodes. Additional investigations

on the extensions to high-grade gold mineralisation, that lie open below 1km vertical, continues.

In addition, exploration for satellite pits in the surrounding district continued at Golden Delicious, the paleochannel, Neville and

Wilga (Chalice 100%; AngloGold Ashanti earning 75%) prospects.

**Brazil**

At the Córrego do Sítio Sulphide Project, drilling continued with 6,505m drilled from surface and 15,682m drilled from

underground. The drilling was aimed at defining and converting the three main ore zones. A total of 4,718m of underground

development was completed. For extensions of Córrego do Sítio into São Bento, a further 23,426m of surface drilling was

completed. At the Lamego project, 19,838m of surface drilling and 3,000m underground drilling was completed. A total of

4,368m of underground development was completed.

**AngloGold Ashanti Annual Financial Statements 2009**

**Global exploration**

**P**

**126**

At Serra Grande, the main targets for 2009 were Pequizão, Fiuca, Cajuerio and Palmeiras. The Devidrill system, which allows many deflections to be drilled off a single hole without the use of steel wedges, was successfully tested. The use of this system is expected to save drilling metres and reduce the environmental damage by restricting drill site clearance.

**Ghana**

At Obuasi, drilling for the Deeps project below 50 level continued with the areas below KMS and Adansi Shafts being targeted from 50 level. This drilling was stopped in the third quarter as the results of flooding. The drill sites on 50 level are still to be rehabilitated. Active exploration continued above 50 level.

At Iduapriem, drilling for the year consisted of Mineral Resource Conversion drilling at Ajopa and it was completed in the first quarter.

**Guinea**

At Siguri in Guinea, exploration focused on in-fill drilling within the area of the central pits. During the year all the central deposits were built into a combined geological and grade model and exploration was initiated to prove up potential economic

extensions. This drilling took place adjacent to and between the Bidini, Sanu-Tinti, Sorofe, Tubani, Kalamagna, Kozan and Kami pits.

Diamond drilling continued to investigate the fresh rock potential below the Kosise, Bidini, Sanu Tinti and Kami pits. Extension drilling to the Sintroko Project, based on anomalous soil sampling and previous drilling, was done to the north, east

and west of the main deposit. An additional 500m of Inferred Mineral Resource was defined.

Geochemical soil sampling continued in Block 1 to the north and north-east of current mining operations and east of the Sintroko.

The Komatigiuya target, a 1,000m soil anomaly, was discovered by the sampling and represents a significant new discovery.

IP Geophysical equipment arrived on site and a test self-potential survey over Sintroko South was completed. Results are

promising with IP anomalies co-incident with known mineralisation. Future surveys will include Toubani and the rest of the

Sintroko area.

**Mali**

At Morila, exploration stopped in the second quarter after follow-up drilling based on the revised geological model proved unsuccessful.

At Sadiola, exploration activity focused on drilling the area around the FE4 pit where mineralisation was extended along strike

and into the gap between FE3 and FE4. The Sadiola Deeps infill drilling recommenced in December.

A high-resolution aeromagnetic and radiometric survey was completed over the Sadiola and Yatela mining lease areas.

At Yatela, an intensive programme aimed at extending the mining into 2010 continued during the year. Significant success

was achieved along the edges of the Yatela Main pit, Yatela North and Alamoutala. Drilling will continue in 2010.

**Namibia**

At Navachab, Mineral Resource conversion drilling was completed at Gecko. Further Mineral Resource conversion and extension drilling was completed around the Main pit, the hanging wall sheeted vein system and North Pit 2 footwall veins.

Regional exploration continued with drilling in the Gecko Valley, which is targeted at joining the Central and Southern areas.

Drilling was also started on the Klipspringer, Steenbok and Starling targets. A gradient IP survey was completed over the

Anomaly 16 prospect. The results indicate the potential for significant sulphide mineralisation.

**South Africa**

In South Africa, surface drilling continued in the Project Zaaipplaats area. MMB5 continued drilling for the entire year.

Deflection 7 is

now being drilled to intersect the Vaal Reef. MZA9 continued drilling and is currently drilling deflection 23. The first reef intersection

is now expected in the second quarter of 2010. The long deflection from MGR6 continued drilling and the hole is currently at a

depth of 2,397m. The Vaal Reef is expected to be intersected in the third quarter of 2010. Progress on MGR8 was slowed by poor

ground conditions. The hole is currently at 3,020m and a reef intersection is anticipated in the first quarter of 2010.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**127**

In the Western Ultra Deep Levels area, UD51 started drilling in the first quarter and intersected a partly artesian fracture system which has significantly reduced the advance. The hole is currently at a depth of 2,796m and a Ventersdorp Contact Reef intersection is expected in the second quarter of 2010.

**Tanzania**

At Geita, for the first two quarters extension and infill drilling continued at Star and Comet, Chipaka and Kalondwa Hill. Initial

aircore drilling was conducted over Matandani NW and Nyamalembo. Regional target generation work was completed and

41 targets identified for follow up.

In the third quarter, the focus of the exploration activities was revised and concentrated on three activities: ground geophysical

surveys, a core re-logging programme of the Central Thrust Ramp ore zones and the infill drilling programme for Nyankanga

Cut 7 and Geita Hill. The latter programme was brought forward from 2010, in order to bring the corresponding Mineral

Resource to Indicated and to reduce risk in the plan. The infill drilling programme at Nyankanga Cut 7 was completed in

December. A total of 16,727m was drilled. Logging and sampling will be completed in first quarter of 2010.

**United States**

At Cripple Creek & Victor, extension drilling at Squaw Gulch and North Cresson continued during the year.

Drilling and studies continued to quantify the potential of the high grade Mineral Resource particularly in the east of the Cresson

deposit. Metallurgical testing of high grade material is underway and further metallurgical test drilling has been planned.

**AngloGold Ashanti Annual Financial Statements 2009**

**Mineral Resource and Ore Reserve – a summary**

**P**

**128**

Mineral Resource and  
Ore Reserve - a summary

**The Mineral Resource and Ore Reserve 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 Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2007 edition). The Mineral Resource is inclusive of the Ore Reserve component unless otherwise stated.**

**Mineral Resource**

When the 2008 Mineral Resource is restated to exclude the sale of Boddington (11.9Moz) and include the purchase of Kibali (10.1Moz), the Mineral Resource is reduced from 241.0Moz to 239.2Moz. The total Mineral Resource decreased from 239.2Moz in 2008 to 226.7Moz in December 2009. A year-on-year decrease of 6.3Moz occurred before the subtraction of depletion and a decrease of 12.5Moz after the subtraction of depletion.

It should be noted that changes in economic assumptions from 2008 to 2009 resulted in the Mineral Resource decreasing by 2.8Moz whilst exploration and modelling resulted in an increase of 3.5Moz. The remaining loss of 6.9Moz resulted from various other reasons. Depletions from the Mineral Resource for 2009 totalled 6.2Moz.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**129**

**Mineral Resource**

**Moz**

Mineral Resource as at 31 December 2008

241.0

Sale of Boddington

(11.9)

Acquisition of Kibali

10.1

Restated 2008 Mineral Resource

239.2

Reductions

Obuasi

Predominantly due to changes in the underground Mineral Resource models and a re-assessment of the surface Mineral Resource.

This reduction does not impact on the Ore Reserve.

(7.8)

Vaal River Surface (VRGO)

Reductions due to lower uranium price

(3.2)

Geita

Predominantly due to depletion, model updates and increase in costs

(1.4)

Kibali

Conversions of Inferred to an Indicated Mineral Resource resulted in losses

(1.2)

West Wits Surface

Reductions due to lower uranium price

(1.2)

Other

Total of non-significant changes

(4.0)

Additions

Moab Khotsong

Gains due to exploration resulting in increase in confidence and grades

2.2

Other

Total of non-significant changes

4.1

Mineral Resource as at 31 December 2009

226.7

Rounding of numbers may result in computational discrepancies

The price assumptions used in the Mineral Resource table has been disclosed in the Mineral Resource and Ore Reserve Report 2009

**Ore Reserve**

When the 2008 Ore Reserve is restated to exclude Boddington (6.7Moz) and include Kibali (2.5Moz), the 2008 Ore Reserve

is reduced from 74.9Moz to 70.7Moz. Using the restated figure, the AngloGold Ashanti Ore Reserve increased from 70.7Moz



in 2008 to 71.4Moz in December 2009. A year-on-year increase of 6.0Moz (8%) occurred before the subtraction of 5.2Moz for depletion, resulting in an increase of 0.8Moz (1%) after the subtraction of depletion. It should be noted that changes in the economic assumptions from 2008 to 2009 resulted in the Ore Reserve increasing by 3.2Moz while exploration and modelling resulted in a further increase of 2.7Moz.

**Ore Reserve**

**Moz**

Ore Reserve as at 31 December 2008

74.9

Sale of Boddington

(6.7)

Acquisition of Kibali

2.5

Restated 2008 Ore Reserve

70.7

Reductions

Great Noligwa

Northern portion of mine was removed from plan to ensure profitability

(1.0)

Kopanang

Reduction due to mine design changes plus slightly lower MCF, as well as changes in geological structure, facies and evaluation model

(0.7)

Cripple Creek & Victor

Adjustment due to heap leach reconciliation issues

(0.6)

Other

Total of non-significant changes

(2.3)

Additions

Tropicana

First Ore Reserve reported for Tropicana – based on enhanced pre-feasibility study and owner mining

2.3

Kibali

New acquisition (2.5Moz) and underground Ore Reserve additions (1.7Moz)

1.7

Sadiola

Deep Sulphides Ore Reserve included and ownership increased from 38% to 41%

1.0

Other

Total of non-significant changes

0.4

Ore Reserve as at 31 December 2009

71.4

Rounding of numbers may result in computational discrepancies

The price assumptions used in the Ore Reserve table has been disclosed in the Mineral Resource and Ore Reserve Report 2009

**AngloGold Ashanti Annual Financial Statements 2009**

**Mineral Resource and Ore Reserve – a summary**

**P**

**130**

**By-products**

Several by-products are recovered as a result of the processing of gold Ore Reserve. These include 17,000t of uranium oxide

from the South African operations, 409,000t of sulphur from Brazil and 34.9Moz of silver from Argentina. Details of by-product

Mineral Resource and Ore Reserve are given in the Mineral Resource and Ore Reserve Report 2009\*.

**External audit of Mineral Resource**

During the course of the year and as part of the rolling audit programme, AngloGold Ashanti's 2009 Mineral Resource at the

following operations were submitted for external audit by the Australian-based company Quantitative Group (QG):

- Carbon leader at Mponeng, TauTona and Savuka mines

- Navachab – Main Pit

- Geita – Nyankanga

- Obuasi – KMS Deep

- Siguiri – Project Area 1

- Sadiola – Deep Sulphides

- Sunrise Dam – Underground

- Brasil Mineração – Cuiabá

The company has been informed that the audit identified no material shortcomings in the process by which AngloGold Ashanti's Mineral Resource were evaluated. It is the company's intention to continue this process so that each of its operations will be audited, on average, every three years.

**Competent persons**

The information in this report relating to exploration results, Mineral Resource and Ore Reserve is based on information

compiled by the Competent Persons. These individuals are identified in the expanded Mineral Resource and Ore Reserve

Report 2009\*. The Competent Persons consent to the inclusion of Exploration Results, Mineral Resource and Ore Reserve

information in this report, in the form and context in which it appears.

During the past decade, the company has developed and implemented a rigorous system of internal and external reviews of

Exploration Results, Mineral Resource or Ore Reserve. A documented chain of responsibility exists from the Competent

Persons at the operations to the company's Mineral Resource and Ore Reserve Steering Committee. Accordingly, the chairman of the Mineral Resource and Ore Reserve Steering Committee, VA Chamberlain, MSc (Mining Engineering), BSc

(Hons) (Geology), MGSSA, MAusIMM, assumes responsibility for the Mineral Resource and Ore Reserve processes for

AngloGold Ashanti and is satisfied that the Competent Persons have fulfilled their responsibilities.

\* A detailed breakdown of Mineral Resource and Ore Reserve is provided in the Mineral Resource and Ore Reserve Report 2009, which is available on or about 26 March 2010 on the AngloGold Ashanti website ([www.anglogoldashanti.com](http://www.anglogoldashanti.com)), from where it may be downloaded as a PDF file using Adobe Acrobat Reader. The report is also available in printed format on request from the AngloGold Ashanti offices at the addresses given at the back of the Annual Financial Statements.

## AngloGold Ashanti Annual Financial Statements 2009

P

131

## Mineral Resource by country (attributable)

Contained

Contained

Tonnes

Grade

gold

gold

as at 31 December 2009

Category

Million

g/t

Tonnes

Moz

South Africa

Measured

30.37

14.18

430.77

13.85

Indicated

300.55

7.59

2,281.63

73.36

Inferred

42.24

13.51

570.45

18.34

Total

373.16

8.80

3,282.85

105.55

Namibia

Measured

17.24

0.78

13.46

0.43

Indicated

66.84

1.24

82.57

2.65

Inferred

18.53

1.07

19.92

0.64

Total

102.60

1.13

115.95

3.73

Democratic Republic

Measured

-

-		
-		
-		
of the Congo		
Indicated		
59.17		
3.29		
194.93		
6.27		
Inferred		
31.82	4.61	
146.79	4.72	
Total		90.99
3.76		
341.72		
10.99		
Ghana Measured		
80.21		
4.98		
399.77		
12.85		
Indicated		72.39
3.86		
279.66		
8.99		
Inferred		98.44
3.88		
382.02		
12.28		
Total		251.04
4.23		
1,061.45		
34.13		
Guinea		
Measured		
36.58	0.68	
24.73	0.80	
Indicated		
130.15	0.85	
110.34	3.55	
Inferred		
78.22	0.89	
69.85	2.25	
Total		
244.95	0.84	
204.92	6.59	
Mali		
Measured		
18.34	1.46	
26.86	0.86	
Indicated		

37.23	1.82	
67.80	2.18	
Inferred		
20.89	1.77	
36.94	1.19	
Total		76.46
1.72		
131.59		
4.23		
Tanzania Measured		
—		
—		
—		
—		
Indicated		
87.70	3.46	
303.46	9.76	
Inferred		
13.03	4.04	
52.63	1.69	
Total		100.73
3.54		
356.10		
11.45		
Australia		
Measured		
34.10	1.87	
63.60	2.04	
Indicated		
38.83	2.88	
111.97	3.60	
Inferred		
15.34	3.01	
46.13	1.48	
Total		
88.26	2.51	
221.69	7.13	
United		
States Measured		
280.80	0.82	
231.03	7.43	
Indicated		
194.55	0.73	
142.71	4.59	
Inferred		
73.12	0.73	
53.58	1.72	
Total		548.46
0.78		
427.31		
13.74		

Argentina		
Measured		
12.00	1.78	
21.37	0.69	
Indicated		
22.70	3.38	
76.62	2.46	
Inferred		
6.16	3.71	
22.82	0.73	
Total		
40.85	2.96	
120.81	3.88	
Brazil		
Measured		
11.24	6.49	
72.93	2.34	
Indicated		
15.16	6.02	
91.28	2.93	
Inferred		
30.53	6.76	
206.35	6.63	
Total		56.93
6.51		
370.56		
11.91		
Colombia Measured		
—		
—		
—		
—		
Indicated		
15.16	0.93	
14.18	0.46	
Inferred		402.51
1.00		
401.40		
12.91		
Total		417.67
0.99		
415.57		
13.36		
Total Measured	520.88	
2.47		
1,284.51		
41.30		
Indicated		1,040.43
3.61		
3,757.14		
120.79		

Edgar Filing: ANGLOGOLD ASHANTI LTD - Form 6-K

Inferred	830.81
2.42	
2,008.87	
64.59	
Total	2,392.12
2.95	
7,050.53	
226.68	

Rounding of numbers may result in computational discrepancies



**Exclusive Mineral Resource\* by country (attributable)**

Contained	
Contained	
Tonnes	
Grade	
gold	
gold	
as at 31 December 2009	
Category	
Million	
g/t	
Tonnes	
Moz	
South Africa	
Measured	
22.89	
14.34	
328.17	
10.55	
Indicated	
100.15	
11.48	
1,149.86	
36.97	
Inferred	21.11
15.73	
332.07	
10.68	
Total	144.15
12.56	
1,810.10	
58.20	
Namibia Measured	
7.39	
0.59	
4.34	
0.14	
Indicated	
34.43	
1.19	
40.99	
1.32	
Inferred	18.53
1.07	
19.92	
0.64	
Total	60.35
1.08	
65.24	
2.10	
Democratic Republic	

Measured

—  
—  
—  
—

of the Congo

Indicated

30.46

2.18

66.28

2.13

Inferred

31.82

4.61

146.79

4.72

Total

62.28

3.42

213.07

6.85

Ghana Measured

27.08

5.05

136.86

4.40

Indicated

34.89

3.99

139.29

4.48

Inferred

53.62

3.86

206.88

6.65

Total

115.58

4.18

483.02

15.53

Guinea Measured

3.75

0.78

2.93

0.09

Indicated

45.56

0.86

39.30

1.26

Inferred

78.22

0.89

69.85

2.25

Total	127.52
0.88	
112.07	
3.60	
Mali Measured	
4.86	
0.79	
3.85	
0.12	
Indicated	
20.27	
1.58	
32.05	
1.03	
Inferred	20.89
1.77	
36.94	
1.19	
Total	46.02
1.58	
72.84	
2.34	
Tanzania Measured	
—	
—	
—	
—	
Indicated	
43.22	
3.21	
138.72	
4.46	
Inferred	13.03
4.04	
52.63	
1.69	
Total	156.24
3.40	
191.35	
6.15	
Australia Measured	
1.70	
1.36	
2.32	
0.07	
Indicated	
13.11	
3.00	
39.34	
1.26	
Inferred	15.34

3.01	
46.13	
1.48	
Total	30.15
2.91	
87.79	
2.82	
United States	
Measured	
180.98	
0.77	
138.73	
4.46	
Indicated	
148.15	
0.69	
101.53	
3.26	
Inferred	68.65
0.74	
50.77	
1.63	
Total	397.78
0.73	
291.04	
9.36	
Argentina Measured	
2.29	
3.08	
7.06	
0.23	
Indicated	
16.04	
2.17	
34.80	
1.12	
Inferred	6.16
3.71	
22.82	
0.73	
Total	24.49
2.64	
64.68	
2.08	
Brazil Measured	
4.31	
6.41	
27.63	
0.89	
Indicated	
8.20	

5.77	
47.29	
1.52	
Inferred	29.45
6.81	
200.66	
6.45	
Total	41.96
6.57	
275.57	
8.86	
Colombia	
Measured	
—	
—	
—	
—	
Indicated	
15.16	
0.93	
14.18	
0.46	
Inferred	402.51
1.00	
401.40	
12.91	
Total	417.67
0.99	
415.57	
13.36	
Total Measured	
255.24	
2.55	
651.88	
20.96	
Indicated	
509.64	
3.62	
1,843.61	
59.27	
Inferred	759.32
2.09	
1,586.84	
51.02	
Total	1,524.20
2.68	
4,082.34	
131.25	

**AngloGold Ashanti Annual Financial Statements 2009**  
**Mineral Resource and Ore Reserve – a summary**  
**P**

**132**

\* The Exclusive Mineral Resource excludes the Ore Reserve component  
Rounding of numbers may result in computational discrepancies

## AngloGold Ashanti Annual Financial Statements 2009

P

133

## Ore Reserve by country (attributable)

Contained

Contained

Tonnes

Grade

gold

gold

as at 31 December 2009

Category

Million

g/t

Tonnes

Moz

South

Africa

Proved

8.80 8.13

71.60 2.30

Probable 213.96

4.16

890.80

28.64

Total 222.76

4.32

962.40

30.94

Namibia

Proved

9.85 0.93

9.12 0.29

Probable

32.40 1.28

41.42 1.33

Total

42.25 1.20

50.55 1.63

Democratic Republic

Proved

-

-

-

-

of the Congo

Probable

28.71

4.48

128.65

4.14

Total		
28.71	4.48	
128.65	4.14	
Ghana		
Proved		
40.29	3.36	
135.34	4.35	
Probable		
51.31	4.66	
239.31	7.69	
Total		91.60
4.09		
374.65		
12.05		
Guinea		
Proved		
30.83	0.64	
19.59	0.63	
Probable		
87.85	0.86	
75.99	2.44	
Total		
118.67	0.81	
95.58	3.07	
Mali		
Proved		
9.24	1.99	
18.35	0.59	
Probable		
18.96	2.02	
38.32	1.23	
Total		28.21
2.01		
56.67		
1.82		
Tanzania Proved		
—		
—		
—		
—		
Probable		
47.36	3.33	
157.57	5.07	
Total		47.36
3.33		
157.57		
5.07		
Australia		
Proved		
23.63	2.24	
53.00	1.70	



Probable		
25.72	2.82	
72.63	2.34	
Total		
49.35	2.55	
125.63	4.04	
United States Proved		
99.82	0.92	
92.29	2.97	
Probable		
46.40	0.89	
41.17	1.32	
Total		
146.22	0.91	
133.47	4.29	
Argentina Proved		
10.76	1.37	
14.78	0.48	
Probable		
9.64	4.53	
43.66	1.40	
Total		
20.40	2.86	
58.44	1.88	
Brazil Proved		
6.67	5.90	
39.37	1.27	
Probable		
7.30	5.37	
39.21	1.26	
Total		13.97
5.63		
78.28		
2.53		
Total Proved		239.89
1.89		
453.45		
14.58		
Probable		569.61
3.11		
1,768.73		
56.87		
Total		809.50
2.75		
2,222.19		
71.44		

Rounding of numbers may result in computational discrepancies

**AngloGold Ashanti Annual Financial Statements 2009**

**Directors and management**

**P**

**134**

Board of directors  
and executive management

**Executive directors**

**Mr M Cutifani (51) (Australian), BE (Min. Eng)**

***Chief Executive Officer***

Mark Cutifani was appointed to the board of AngloGold Ashanti on 17 September 2007 and as Chief Executive Officer

on 1 October 2007. He is chairman of the Executive Committee and a member of the Transformation and Human Resources Development, Safety, Health and Sustainable Development, and Investment committees.

Mark has considerable experience in gold mining, having been associated with the industry since 1976. Prior to joining

AngloGold Ashanti, he held the position of chief operating officer at CVRD Inco, a Toronto-based company, where he

was responsible for Inco's global nickel business.

**Mr S Venkatakrisnan (Venkat) (44) (British), BCom, ACA (ICAI)**

***Chief Financial Officer***

Venkat joined AngloGold Ashanti on 1 July 2004 from Ashanti Goldfields Company Limited (Ashanti) where he was Chief Financial Officer until that company's merger with AngloGold Limited in May 2004. He was appointed to the board on 1 August 2005, is a member of the Executive and Investment committees and is invited to attend meetings of the Audit and Corporate Governance Committee. He is a member of the Treasury Committee, a sub-committee of the Audit and Corporate Governance Committee.

Venkat has extensive financial experience, having been a director in the reorganisation services division of Deloitte & Touche in London prior to joining Ashanti in 2000.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**135**

**Non-executive directors**

**Mr RP Edey (67) (British), FCA**

***Chairman and independent non-executive***

Russell Edey was appointed to the board of AngloGold Ashanti on 1 April 1998, deputy chairman on 11 December 2000 and

chairman on 1 May 2002. Based in the United Kingdom, he is a non-executive director of Old Mutual plc, a member of the

Council de Surveillance of Paris Orleans SA and a non-executive director of a number of companies within the NM Rothschild

Group. Russell is chairman of the Investment and Nominations committees and a member of the Audit and Corporate Governance, and Remuneration committees. Russell will be retiring from the board at the conclusion of the annual general

meeting to be held in May 2010.

**Dr TJ Motlatsi (58) (South African), Hon DSoc Sc (Lesotho)**

***Deputy chairman and independent non-executive***

James Motlatsi was appointed to the board of AngloGold Ashanti on 1 April 1998 and deputy chairman on 1 May 2002. He is

chairman of the Transformation and Human Resources Development, and the Party Political Donations committees and a

member of the Safety, Health and Sustainable Development, Nominations and Remuneration committees.

James has substantial experience in and knowledge of the mining industry in general and of South Africa in particular. His

association with the industry in South Africa spans more than 30 years in various positions including that of past president of

the National Union of Mineworkers. He is the executive chairman of TEBA Limited, a service organisation primarily responsible

for the recruitment of mineworkers for the South African mining industry.

**Mr FB Arisman (65) (American), MSc (Finance)**

***Independent non-executive***

Frank Arisman joined the board of AngloGold Ashanti on 1 April 1998. He serves on four board committees:

Transformation

and Human Resources Development, Audit and Corporate Governance, Nominations and Remuneration. He is a member of

the Treasury Committee, a sub-committee of the Audit and Corporate Governance Committee. Since 2008, he has chaired

the Financial Analysis Committee, a special purpose committee of the board set up to consider the funding needs of AngloGold Ashanti.

Frank, who resides in the USA, has a rich background in management and finance through his experiences at JP Morgan where he held various positions prior to his retirement.

**Mr WA Nairn (65) (South African), BSc (Mining Engineering)**

***Independent non-executive***

Bill Nairn has been a member of the board of AngloGold Ashanti since 1 January 2000 and chairs the Safety, Health and

Sustainable Development Committee and is a member of four other committees: Transformation and Human Resources

Development, Investment, Party Political Donations and Nominations. Bill, a mining engineer, has considerable technical

experience, having been the group technical director of Anglo American plc until 2004 when he retired from the company. Having completed the three-year cooling period, Bill is now considered an independent non-executive director of AngloGold Ashanti.

**Prof LW Nkuhlu (65) (South African), BCom, CA (SA), MBA (New York University)**

***Independent non-executive***

Wiseman Nkuhlu was appointed to the board on 4 August 2006. He has been the chairman of the Audit and Corporate Governance Committee since 5 May 2007, having served as deputy chairman from 4 August 2006. He also serves as a member of the Nominations, Party Political Donations and Remuneration committees. In addition, he is the chairman of the

Treasury Committee, a sub-committee of the Audit and Corporate Governance Committee. Wiseman, a respected South

African academic, educationist, professional and business leader, served as Economic Adviser to the former President of

South Africa, Mr Thabo Mbeki, and as Chief Executive of the Secretariat of the New Partnership for Africa's Development

(NEPAD) from 2000 to 2005. From 1989 to 2000, he served as a director on a number of major South African companies,

including Standard Bank, South African Breweries, Old Mutual, Tongaat Hulett, BMW and JCI. Wiseman was President of the

South African Institute of Chartered Accountants from 1998 to 2000 and Principal and Vice Chancellor of the University of

Transkei from 1987 to 1991. He is also a member of the board of Datatec Limited. He was elected President of the Geneva-

based International Organization of Employers (IOE) in May 2008 for a period of two years. He is a member of the Financial

Crisis Advisory Group of the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board

(FASB).

**AngloGold Ashanti Annual Financial Statements 2009**

**Directors and management**

**P**

**136**

**Mr SM Pityana (50) (South African), BA (Hons) (Essex), MSc (London); Dtech (Honoris) (Vaal University of Technology)**

***Independent non-executive***

Sipho Pityana joined the board of AngloGold Ashanti on 13 February 2007 and assumed the chairmanship of the Remuneration Committee on 1 August 2008. He is a member of the Safety, Health and Sustainable Development, Party

Political Donations, Investment, Nominations and the Transformation and Human Resources Development committees. Sipho

has extensive experience in management and finance, and has occupied strategic roles in both the public and private sectors,

including that of Director General of the national departments of both labour and foreign affairs. He was formerly a senior

executive of Nedbank Limited and is currently the executive chairman of Izingwe Holdings (Proprietary) Limited, a local

empowerment group and a significant investor in mining, engineering, infrastructure and logistics, and AngloGold Ashanti's

BEE partner. He serves as a non-executive director on the boards of several other South African companies.

**Executive management**

**Dr CE Carter (47), BA (Hons), DPhil, EDP**

***Executive Vice President – Business Strategy and Human Resources***

Charles Carter has worked in the mining industry in South Africa and the United States since 1991, in a range of corporate

roles with Anglo American Corporation, RFC Corporate Finance and AngloGold Ashanti. He was appointed Executive Vice

President – Business Strategy in December 2007 and is responsible for corporate strategy and business planning, risk management and investor relations. On 17 November 2009, he assumed additional responsibility for the group's

Human

Resources function.

**Mr RN Duffy (46), BCom, MBA**

***Executive Vice President – Continental Africa***

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 – Africa in July 2008.

**Mr GJ Ehm (53), BSc Hons, MAusIMM, MAICD**

***Executive Vice President – Tanzania***

Graham Ehm has, since 1979, gained 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 Executive Vice President – Australasia in December 2007. He assumed his current role as Executive Vice President – Tanzania on 1 June 2009.

**Mr RW Largent (49), BSc (Min. Eng), MBA**

***Executive Vice President – Americas***

Ron Largent has been with AngloGold Ashanti since 1994. He has served on the Board of Directors for the Colorado Mining Association, California Mining Association and Nevada Mining Association. In 2001, he was appointed general manager of the Cripple Creek & Victor Gold Mine and took up his current role as Executive Vice President – Americas in December 2007.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**137**

**Mr RL Lazare (53), BA, HED, DPLR, SMP**

***Executive Vice President – South 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 and in July 2008, Executive Vice President – Human Resources. From 17 November 2009, Robbie

was assigned to lead a strategy review of the South African operations and is now responsible for the South Africa region.

**Mr MP Lynam (48), BEng (Mech)**

***Senior Vice President – Finance and Treasury***

Mark Lynam joined the Anglo American group in 1983 and has been involved in the hedging and treasury areas since 1990.

In 1998, he joined AngloGold as treasurer and was appointed an executive officer in May 2004. He was appointed Senior Vice

President – Finance and Treasury in July 2008.

**Mr AM O'Neill (58), BSc (Mining Engineering), MBA**

***Executive Vice President – Business and Technical Development***

Tony O'Neill joined AngloGold Ashanti in July 2008 as Executive Vice President – Business and Technical Development, having

consulted to the company prior to this on its asset portfolio strategy. His extensive career in mining since 1978 included the

roles of executive – operations at Newcrest Mining Limited and executive general manager for gold at Western Mining Corporation.

**Mr TML Setiloane (50), FAE, BSc (Mech Eng)**

***Executive Vice President – Business 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 (44), BA LLB, FILPA, MAP**

***Senior Vice President – Corporate Affairs***

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 Vice President – Government Relations in July

2008. In November 2009, she was appointed Senior Vice President – Corporate Affairs.

**Mr NW Unwin (57), BA**

***Executive Vice President – Corporate Services***

Nigel Unwin joined Anglo American as a human resources trainee in 1974 and spent 18 years in operations and corporate

roles. He then worked in the retail sector (clothing, footwear, textiles and accessories) 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, he managed

the integration of the two companies in Australia before taking over the human resources and information technology portfolios in 2001. He was appointed Executive Vice President – Corporate Services in July 2008.

**Company secretary**

**Ms L Eatwell (55), FCIS, FCIBM**

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 the stock exchanges on which AngloGold Ashanti is listed.



**AngloGold Ashanti Annual Financial Statements 2009**

**Group information**

**P**

**138**

Group information

**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 on 26 April 2004 following the business combination between AngloGold and Ashanti Goldfields Company Limited. AngloGold Ashanti is currently the third-largest gold producer in the world.**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**139**

**Current profile**

AngloGold Ashanti Limited, headquartered in Johannesburg, South Africa, is a global gold company with a portfolio of long-life, relatively low-cost assets and differing orebody types in key gold producing regions. The company's 21 operations are

located in 10 countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United

States of America), and are supported by extensive exploration activities. The combined proved and probable Ore Reserves

of the group amounted to 71.4Moz as at 31 December 2009.

The primary listing of the company's ordinary shares is on the 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 developments of the company**

Below are highlights of key corporate activities from 1998:

**1998**

•

Formation of AngloGold Limited through the consolidation of East Rand Gold and Uranium Company Limited; Eastvaal Gold

Holdings Limited; Southvaal Holdings Limited; Free State Consolidated Gold Mines Limited; Elandsrand Gold Mining

Company Limited; H.J. Joel Gold Mining Company Limited and Western Deep Levels Limited into a single, focused, independent, gold mining company. Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs), the vehicle for the

consolidation, changed its name to AngloGold Limited and increased its authorised share capital, effective 30 March 1998.

**1999**

•

Acquisition of non-controlling 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%);

•

Purchased Minorco's gold interests in North and South America; and

•

Acquisition of Acacia Resources in Australia.

**2000**

Acquired:

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

**2001**

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

**2002**

- Sold the Free State assets to ARM and Harmony; and

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

**AngloGold Ashanti Annual Financial Statements 2009**

**Group information**

**P**

**140**

**2003**

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

**2004**

- 
- Sold its Western Tanami project to Tanami Gold NL in Australia;
- 
- Concluded the business combination with Ashanti Goldfields Company Limited, at which time, the company changed its name to AngloGold Ashanti Limited;
- 
- Acquired the remaining 50% interest in Geita as a result of the business combination;
- 
- AngloGold Holdings plc, a subsidiary of AngloGold, completed an offering of \$1bn principal amount 2,375% convertible bonds, due 2009, and guaranteed by AngloGold Ashanti;
- 
- Acquired a 29.8% stake in Trans-Siberian Gold plc;
- 
- Sold its Union Reefs assets to the Burnside joint venture, comprising subsidiaries of Northern Gold NL (50%) and Harmony (50%);
- 
- Sold its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Proprietary) Limited;
- 
- Sold its 40% equity interest in Tameng Mining and Exploration (Pty) Limited of South Africa (Tameng) to Mahube Mining (Pty) Limited; and
- 
- Subscribed for a 12.3% stake in the expanded issued capital of Philippines explorer Red 5 Limited.

**2005**

- 
- Substantially restructured its hedge book in January 2005;
- 
- Signed a three-year \$700m revolving credit facility;
- 
- Disposed of exploration assets in the Laverton area in Australia;
-

Disposed of its La Rescatada project to ARUNANI SAC, a local Peruvian corporation;

•

Acquired an effective 8.7% stake in China explorer, Dynasty Gold Corporation; and

•

The Director-General of Minerals and Energy notified AngloGold Ashanti in August 2005 that its application for the new order

mining rights in terms of the South African Mineral and Petroleum Resources Development Act had been granted.

## **2006**

•

Raised \$500m through an equity offering;

•

Acquired two exploration companies, Amikan and AS APK, from TSG as part of the company's initial contribution towards

its strategic alliance with Polymetal;

•

Formed a new company with B2Gold (formerly Bema Gold) to jointly explore a select group of mineral opportunities located

in northern Colombia, South America;

•

AngloGold Ashanti (U.S.A.) Exploration Inc, International Tower Hill Mines Ltd (ITH) and Talon Gold Alaska, Inc. (Talon), a

wholly owned subsidiary of ITH, entered into an Asset Purchase and Sale and Indemnity Agreement whereby AngloGold

Ashanti sold to Talon a 100% 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;

•

Disposed of its entire business undertaking related to the Bibiani mine and Bibiani North prospecting permit to Central

African Gold plc;

•

Entered into a 50:50 strategic alliance with Russian gold and silver producer, OAO Inter-Regional Research and Production

Association Polymetal (Polymetal), in terms of which Polymetal and AngloGold Ashanti would co-operate in exploration and

the acquisition and development of gold mining opportunities within the Russian Federation; and

•

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.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**141**

**2007**

- Acquired the non-controlling interests previously held by the Government of Ghana (5%) and the International Finance Corporation (10%) in the Iduapriem and Teberebie mines;

- Anglo American plc sold 69.1 million ordinary shares of AngloGold Ashanti, thereby reducing Anglo American's shareholding in AngloGold Ashanti from 41.8% to 16.6%; and

- Announced the successful closing of a \$1.15bn syndicated revolving credit facility.

**2008**

- Issued 69,470,442 ordinary shares in a fully subscribed rights offer;

- Announced significant exploration results at the 100% owned La Colosa;

- Acquired Golden Cycle Gold Corporation through the issue of 3,181,198 ordinary shares, resulting in Cripple Creek & Victor becoming a wholly-owned subsidiary;

- Sold entire holding in Nufcor International Limited and cancelled 1 million pounds of outstanding uranium contracts;

- Acquired São Bento Gold Company Limited through the issue of 2,701,660 ordinary shares with the ultimate result of doubling production from the Córrego do Sítio project;

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

- AngloGold Ashanti implemented a hedge restructure programme.

**2009**

- Sold its 33.33% joint venture interest in the Boddington Gold Mine to Newmont Mining Corporation;

- Entered into an agreement with Simmer & Jack Mines Limited to sell the Tau Lekoa Mine and adjacent project areas;

- AngloGold Ashanti repaid its \$1bn convertible bonds;

- Anglo American plc sells its remaining shareholding to Paulson & Co. Inc.;

- Entered into a strategic alliance with Thani Dubai Mining Limited to explore, develop and operate mines across the Middle East and parts of North Africa;

- AngloGold Ashanti issues \$732.5m, 3.5% convertible bonds, due 2014;

- Issued 7,624,162 ordinary shares and raised a total of \$284m through an equity offering;

- Acquired an effective 45% interest in the Kibali gold project in the Democratic Republic of the Congo;

- Entered into a joint venture with the De Beers Group of Companies to explore for, and ultimately mine gold and other minerals and metals, excluding diamonds, on marine deposits;
- Increased the holding in the Sadiola Gold Mine from 38% to 41%; and
- AngloGold Ashanti continued to manage its hedge book in accordance with its hedge reduction programme. For full details of major corporate developments that occurred during 2009 and subsequent to year-end, refer to 'Significant events during the year under review and subsequent to year-end' in the Directors' report on page 196.

**AngloGold Ashanti Annual Financial Statements 2009**

**Regulatory environment**

**P**

**142**

The regulatory environment enabling AngloGold Ashanti to mine

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

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



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**143**

**Southern Africa**

**South Africa**

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act (MPRDA),

which had been passed by the Parliament of South Africa in June 2002 and came into effect on 1 May 2004. The objects of

the Act are, among other things, to allow for state sovereignty over all mineral and petroleum resources in the country, to

promote economic growth and the development of these resources and to expand opportunities for the historically disadvantaged. The object is also to ensure security of tenure for the respective operations concerning prospecting, exploration, mining and production. By virtue of the provisions of the MPRDA, the state ensures that holders of mining and

prospecting rights contribute to the socio-economic development of the areas in which they are operating.

The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter) developed out of the MPRDA. The Mining Charter committed all stakeholders in the mining industry to transfer ownership of

26% of their assets to black or historically disadvantaged South Africans (HDSAs) within 10 years. In addition, the government

indicated that it would issue a Mining Charter Scorecard (Scorecard) against which companies could gauge their empowerment credentials as well as engineering innovative ways of assisting business to meet the empowerment criteria. The

fact that the Mining Charter enjoyed the full support of the mining houses, South African government and the unions, gives it

great credibility and improves its chances for success in the long run.

The objectives of the Mining Charter are to:

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

The Scorecard was envisaged to function as an administrative tool only and not as a legislative one. The objective of the

Scorecard was to find a practical framework for the Minister to assess whether a company actually measured up to what was

intended by the MPRDA and the Mining Charter.

On 29 April 2009, as required by section 100(1)(b) of the MPRDA, the Minister published the Codes of Good Practice for the

South African Mineral Industry (the Code). The purpose of the Code is to set out administrative principles in order to enhance the implementation of the Mining Charter and the MPRDA. The Code is to be read in combination with the Mining Charter and other legislation relating to the measurement of the socio-economic transformation in the South African mining industry.

AngloGold Ashanti currently holds ten mining rights in South Africa, seven of which have been successfully converted, executed and registered as new order mining rights at the Mineral and Petroleum Titles Office (MPRTO). Two old order mining rights are still awaiting conversion by the Department of Mineral Resources (DMR), and one right has been executed, awaiting registration in the MPRTO. The deadline for the conversion process from old to new order rights was the end of April 2009.

AngloGold Ashanti also holds one prospecting right for which a renewal application is pending. Three pending prospecting right applications have been submitted to the DMR and one application has been successfully executed, registration of which at the MPRTO is currently awaited. AngloGold Ashanti is also in the process of preparing a mining permit application for the recovery of sand which will be submitted to the DMR.

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

**AngloGold Ashanti Annual Financial Statements 2009**

**Regulatory environment**

**P**

**144**

A mining right will be granted to a successful applicant for a period which may not exceed 30 years. Mining rights may be renewed for additional periods, each of which may not exceed 30 years at a time. The MPRDA Amendment Act has been signed by the State President, and published, but is not yet in effect. The purpose of the Act is to amend the MPRDA so as to make the Minister the responsible authority for the implementing of environmental matters in terms of the National Environmental Management Act, 1998 (NEMA) and specific environmental legislation as it relates to prospecting, mining, exploration, production and related activities incidental thereto on the prospecting, mining, exploration or production area; to align the MPRDA Act with the NEMA in order to provide for one environmental management system; to remove ambiguities in certain definitions; to add functions to the Regional Mining Development and Environmental Committee; to amend transitional arrangements so as to further afford statutory protection to certain existing old order rights; and to provide for matters connected therewith.

AngloGold Ashanti applied for and has been granted a Refining Licence at the South African Diamond and Precious Metals

Regulator.

**Namibia**

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

**Continental Africa**

**Democratic Republic of the Congo**

The mining industry in the Democratic Republic of the Congo (DRC) is regulated primarily by the Mining Code enacted in July 2002 and its ancillary regulations, the Mining Regulations promulgated in March 2003. The Mining Code, which repealed the Mining Code of April 1981, vests the Minister of Mines with the authority for the granting, refusal, suspension and termination of mineral rights. Mineral rights may be granted in the form of exploration permits which are granted for an initial period of four years and mining permits which are granted for an initial period of 30 years. An exploration permit may, at any time before expiry, be transformed partially into a mining licence or a small scale mining permit. Exploitation permits are granted following successful completion of exploration and satisfaction of the requirements necessary for the grant of such permit including

approval of an environmental impact study and an environmental management plan. The holder of a mining permit is required to commence development and mine construction within three years of the grant of a mining permit, and failure of which may lead to forfeiture or payment of penalties. A permit holder must comply with specific rules relating to, among others, protection of the environment, cultural heritage, health and safety, construction and infrastructure planning. Mining and exploration activities are required to be undertaken so as to affect, as little as possible, the interests of lawful occupants of land and surface rights holders including their customary rights. The exercise of mineral rights by title holders which effectively deprives and/or interferes with the rights of occupants and surface rights holders requires payment of fair compensation by the mineral title holder. The Mining Code provides for the taxes, charges, royalties and other fees payable to the treasury by a mining title holder in respect of its activities. The Mining Code also provides for a level of fiscal stability. Existing tax, customs, exchange and benefits applicable to mining activities are guaranteed to remain unchanged for a period of 10 years in favour of a mining title holder in the event that amendment of the Mining Code results in less favourable payment obligations. Regarding protection and enforcement of rights acquired under an exploration or mining permit, the Mining Code provides, depending on the nature of a dispute or threat, administrative, judicial and national or international arbitral recourses. AngloGold Ashanti holds the majority stake and is the operator of Ashanti Goldfields Kilo (AGK), an exploration and mining joint venture with Offices des Mines d'or de Kilo – Moto (OKIMO), a DRC governmental mining agency, AGK is engaged in exploration activities in the north eastern DRC.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**145**

Following a review undertaken by a commission appointed by the DRC government to review all mining contracts entered into by mining companies with DRC parastatal mining agencies, AngloGold Ashanti is currently engaged in finalising with OKIMO renegotiation of the mining joint venture and related agreements of AGK. AGK's existing contractual arrangements, which were concluded under the repealed 1981 legislation, will be replaced by new and restated agreements that conform or reflect the provisions of the current Mining Code of the DRC.

AngloGold Ashanti also holds an effective 45% stake in the Kibali gold project located in north eastern DRC. The Kibali gold project, located in northeastern DRC, is operated by Randgold Resources and owned by Randgold Resources (45%), AngloGold Ashanti (45%) and OKIMO (10%), which stake represents the interest of the DRC government in the Kibali gold project.

**Ghana**

The Constitution of Ghana as well as the Minerals and Mining Act, 2006 (Act 703) (the Act) provide that all minerals in Ghana in their natural state are the property of the State and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of prospecting, recovery and associated land usage being granted under licence or lease. The grant of a mining lease by the Minister of Mines is normally subject to parliamentary ratification unless the mining lease falls into a class of transactions exempted by Parliament.

**Control of mining companies**

The Minister of Mines has the power to object to a person becoming or remaining a "shareholder controller", a "majority shareholder controller" or an "indirect controller" of a company which has been granted a mining lease if he considers that the public interest would be prejudiced by the person concerned becoming or remaining such a controller. The Act provides for stability agreements as a mechanism to ensure that the incentives and protection afforded by laws in force at the time of the stability agreement are guaranteed for 15 years. A stability agreement is subject to ratification by Parliament.

Prior to the business combination between AngloGold and Ashanti in April 2004, AngloGold and the government of Ghana agreed the terms of a stability agreement to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti would operate in Ghana following the implementation of the business combination. The stability agreement necessitated the amendment of the Obuasi Mining Lease which had been ratified by Parliament.

Under the stability agreement, the government of Ghana agreed:

- to extend the term of the mining lease relating to the Obuasi mine until 2054 on terms existing prior to the business combination;
- to maintain for a period of 15 years, the royalties payable by AngloGold Ashanti with respect to its mining operations in

Ghana at a rate of 3% per annum of the total revenue from minerals obtained by AngloGold Ashanti from such mining operations;

- to ensure that the income tax rate would be 30% for a period of fifteen years. The agreement was amended in December 2006 to make the tax rate equal to the prevailing corporate rate for listed companies;

- that a sale of AngloGold Ashanti's or any of its subsidiaries' assets located in Ghana remains subject to the government's approval;

- to permit AngloGold Ashanti and any or all of its subsidiaries in Ghana to retain up to 80% of their exportation proceeds in foreign currencies offshore, or if such foreign currency is held in Ghana, to guarantee the availability of such foreign currency; and

- to retain its special rights (Golden Share) under the provisions of the Mining Act pertaining to the control of a mining company, in respect of its assets and operations in Ghana.

Further, the Government of Ghana agreed that AngloGold Ashanti's Ghanaian operations will not be adversely affected by any new enactments or orders, or by changes to the level of payments of any customs or other duties relating to mining operations, taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance for a period of 15 years after the completion of the business combination. AngloGold Ashanti submits that it is not subject to this, however, for fiscal years 2009 and 2010, the government, through the National Fiscal Stabilization Act 2009 (Act 785), has imposed a 5% levy on all profits before tax for mining companies as a temporary measure to raise additional revenue to meet critical expenditures, while maintaining government's fiscal objectives.

**AngloGold Ashanti Annual Financial Statements 2009**

**Regulatory environment**

**P**

**146**

**Retention of foreign earnings**

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

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

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

**Localisation policy**

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

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

Ghanaian products and personnel, to the maximum extent possible, consistent with safety, efficiency and economies.

Except as otherwise provided in a specific mining lease, all immovable assets of the holder under the mining lease vest in the

State on termination, as does all moveable property that is fully depreciated for tax purposes. Moveable property that is not

fully depreciated is to be offered to the State at the depreciated cost. The holder must exercise his rights subject to such

limitations relating to surface rights as the Minister of Mines may prescribe.

**Mining properties**

***Obuasi***

The current mining lease for the Obuasi area was granted by the Government of Ghana on 5 March 1994. It grants mining

rights to land with an area of approximately 334 square kilometres in the Amansie East and Adansi West districts of the Ashanti

region for a term of 30 years from the date of the agreement. In addition, the application for a mining lease over the adjacent

140 square kilometres has also been granted, resulting in the total area under mining lease conditions increasing to 474 square kilometres, (the Lease Area). The company is required to pay rent to the Government of Ghana (subject to

review every five years, when the rent may be increased by up to 20%) at a rate of approximately \$5 per square kilometre and such

royalties as are prescribed by legislation, including royalties on timber felled within the Lease Area. The Government of Ghana

agreed to extend the term of the mining lease relating to the Obuasi mine until 2054. The mining lease was formally ratified

by Parliament on 23 October 2008.

***Iduapriem and Teberebie***

Iduapriem has title to a 33 square kilometre mining lease granted on 19 April 1989 for a period of 30 years. The terms and

conditions of the lease are consistent with similar leases granted in respect of the Obuasi mining lease. Teberebie has two

leases, one granted in February 1998 for a term of 30 years, and another granted in June 1992 for a term of 26 years.

**Guinea**

In Guinea, all mineral substances are the property of the state. Mining activities are primarily regulated by the Mining Code,

1995. The right to undertake mining operations can only be acquired by virtue of one of the following mining titles: surveying

permit, small-scale mining licence, mining prospecting licence, mining licence or mining concession.

The holders of mining titles are guaranteed the right to dispose freely of their assets and to organise their enterprises as they

wish, the freedom to engage and discharge staff in accordance with the regulations in force, free movement of their staff and

their products throughout Guinea and freedom to dispose of their products in international markets.

The group's Guinea subsidiary, Société Ashanti Goldfields de Guinée SA (SAG), has title to the Siguiri mining concession area

which was granted on 11 November 1993 for a period of 25 years. The agreement provides for an eventual extension/renegotiation after 23 years for such periods as may be required to exhaust the economic Ore Reserve.

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

square kilometres.

SAG has the exclusive right to explore and mine in the remaining Siguiri concession area for an additional 22-year period from

11 November 1996 under conditions detailed in a Convention de Base which predates the new Guinea Mining Code.

Key elements of the Convention de Base are that:

- 

the Government of Guinea holds a 15% free-carried or non-contributory interest; a royalty of 3% based on a spot gold price

of less than \$475/oz, and 5% based on a spot gold price above \$475/oz, as fixed on the London Gold Bullion Market, is



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**147**

payable on the value of gold exported; a local development tax of 0.4% is payable on gross sales revenue; salaries of expatriate employees are subject to a 10% income tax; mining goods imported into Guinea are exempt from all import taxes

and duties for the first two years of commercial production; and

•

SAG is committed to adopt and progressively implement a plan for the effective rehabilitation of the mining areas disturbed

or affected by operations.

The Convention de Base is subject to early termination if both parties formally and expressly agree to do so, if all project

activities are voluntarily suspended for a continuous period of eight months or are permanently abandoned by our subsidiary

or if SAG goes into voluntary liquidation or is placed into liquidation by a court of competent jurisdiction.

In addition to the export tax payable to the Government of Guinea, a royalty on production may be payable to the International

Finance Corporation (IFC) and to Umicore SA, formerly Union Miniere (UM). Pursuant to the option agreement between UM

and Golden Shamrock Mines Limited (GSM), a royalty on production may be payable to UM by Chevaning Mining Company

Limited (CMC) or GSM, which payment obligation has been assigned to AngloGold Ashanti (Ghana) Limited, on a sliding scale

of between 2.5% and 7.5%, based on the spot gold price per ounce of between \$350 and \$475/oz, subject to indexing from

1 January 1995, to a cumulative maximum of \$60m. In addition, under the terms of the restructuring agreement with the IFC,

a sliding scale royalty on production may be payable to the IFC calculated on the same basis, but at half the rate payable to

UM, to a maximum of \$7.8m. The royalty payable to the IFC was fully discharged in January 2008.

**Mali**

Mineral rights in Mali are governed by Ordinance No. 99-32/P-RM of 19 August 1999 enacting the mining code, as amended

by 013/2000/P-RM of 10 February 2000 and ratified by Law No. 00-011 of 30 May 2000 (the Mining Code), and Decree

No. 99-255/P-RM of 15 September 1999 implementing the Mining Code.

Prospecting activities may be carried out under prospecting authorisations (autorisation de prospection) which is an exclusive

right for an individual or corporate entity to carry out prospecting activities over a given area for a period of three years

renewable without a reduction in the area of the authorisation. Research activities may be carried out under research permits

(permis de recherché). The latter are granted to corporate entities only by order of the Minister in charge of Mines.

Research

permits are granted for a period of three years, renewable twice for additional three-year periods. Each renewal of the research

permit requires a relinquishment of 50% of the area covered by such permit. The entity applying for such a permit must provide

proof of technical and financial capabilities.

An exploitation permit (permis d'exploitation) is required to mine a deposit located within the area of a prospecting

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

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

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

Applications for prospecting authorisations and research permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed works and cost programme, a map defining the area which is being requested and the geographical coordinates thereof, the exact details relating to the identity of the applicant and evidence of the authority of the signatory of the application. Such titles are granted by ministerial order. Any refusal to grant such titles shall be notified by letter from the Minister in charge of Mines to the applicant.

**AngloGold Ashanti Annual Financial Statements 2009**

**Regulatory environment**

**P**

**148**

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

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

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

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

**Tanzania**

Mineral rights in the United Republic of Tanzania are governed by the Mining Act of 1998 (the Act), and the Mining Regulations, 1999 and property and control over minerals are vested in the United Republic of Tanzania. Prospecting for the mining of minerals, except petroleum, may only be conducted under authority of a mineral right granted by the Ministry of Energy and Minerals under this Act.

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

- prospecting licences;
- retention licences; and
- mining licences.

A prospecting licence grants the holder thereof the exclusive right to prospect in the area covered by the licence for all minerals, other than building materials and gemstones, for a period of three years. Thereafter, the licence is renewable for two further periods of renewal of two years each. On each renewal of a prospecting licence, 50% of the area covered by the licence must be relinquished. Before application is made for a prospecting licence with an initial prospecting period (a prospecting licence), a prospecting licence with a reconnaissance period (a prospecting reconnaissance) may be applied for

a maximum area of 5,000 square kilometres. This is issued for a period of two years after which a three-year prospecting licence is applied for. A company applying for a prospecting licence must, inter alia, state the financial and technical resources available to it. A retention licence can also be requested from the minister, after the expiry of a prospecting licence period, for reasons ranging from funds to technical considerations.

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

A retention licence is valid for a period of five years and is thereafter renewable for a single period of five years. A mineral right may be freely assigned by the holder thereof to another person or entity by notifying the Commissioner for Minerals, except for a mining licence, which must have the approval of the Ministry to be assigned. However, this approval requirement for the assignment of a mining licence will not apply if the mining licence is assigned to an affiliate company of the holder or to a financial institution or bank as security for any loan or guarantee in respect of mining operations.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**149**

A holder of a mineral right may enter into a development agreement with the Ministry to guarantee the fiscal stability of a long-term mining project and make special provision for the payment of royalties, taxes, fees and other fiscal imposts. AngloGold Ashanti has complied with all applicable requirements and the relevant licences, which have been issued for 25 years, expiring in 2024.

**Australasia**

**Australia**

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

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

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

AngloGold Ashanti's operating properties are located in the state of Western Australia. The most common forms of tenure are exploration and prospecting licences, mining leases, miscellaneous licences and general purpose leases. In most Australian

states, if the holder of an exploration licence establishes indications of an economic mineral deposit and complies with the conditions of the grant, the holder of the exploration licence has a priority right against all others to apply for a mining lease

which gives the holder exclusive mining rights with respect to minerals on the property.

It is possible for an individual or entity to own the surface of the property and for another individual or entity to own the mineral

rights. Typically, the maximum initial term of a mining lease is 21 years, and the holder has the right to renew the lease for an

additional 21 years. Subsequent renewals are granted at the discretion of the respective state or territory's minister responsible

for mining rights. Mining leases can only be assigned with the consent of the relevant minister.

Government royalties are payable as specified in the relevant legislation in each state or territory. A general purpose lease may

also be granted for one or more of a number of permitted purposes. These purposes include erecting, placing and operating

machinery and plant in connection with mining operations, depositing or treating minerals or tailings and using the land for any

other specified purpose directly connected with mining operations.

AngloGold Ashanti owns the mineral rights and has 21-year term mining leases with rights of renewal to all of its mining areas

in Australia, including its proportionate share of joint venture operations. Both the group and its joint venture partners are fully

authorised to conduct operations in accordance with relevant laws and regulations. The mining leases and rights of renewal

cover the current life-of-mine at AngloGold Ashanti's operations in Australia.

**North America**

**United States of America**

Mineral rights, as well as surface rights, in the United States are owned by private parties, state governments and the federal

government. Most land prospective for precious metals exploration, development and mining is owned by the federal government and is obtained through a system of self-initiated mining claim location pursuant to the General Mining Law of

1872, as amended. Individual states typically follow a lease system for state-owned minerals. Private parties have the right to

sell, lease or enter into other agreements, such as joint ventures, with respect to minerals that they own or control. All mining

activities, regardless of whether they are situated on privately- or publicly-owned lands, are regulated by a myriad of federal,

state and local laws, regulations, rules and ordinances, which address various matters including environmental protection,

mitigation and rehabilitation.

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

## AngloGold Ashanti Annual Financial Statements 2009

### Regulatory environment

#### P

#### 150

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

### South America

#### Argentina

According to Argentinian mining legislation, mines are the private property of the nation or a province, depending on where they are located. Individuals are empowered to explore for and to exploit and dispose of mines as owners by means of a legal licence granted by a competent authority under the provisions of the Argentine Mining Code. The legal licences granted for the exploitation of mines are valid for an undetermined period, provided that the mining title holder complies with the obligations settled in the Argentine Mining Code. In Argentina, the usual ways of transferring a right over a mining licence are:

to sell the licence; to lease such a licence; or to assign the right under such a licence by a beneficial interest or Usufruct

Agreement. In the case of Cerro Vanguardia – AngloGold Ashanti's operation in Argentina – the mining title holder is its partner,

Fomicruz, and in terms of the Usufruct Agreement signed between them and Cerro Vanguardia SA on 27 December 1996,

the latter has the irrevocable right to the exploitation of the deposit for a period of 40 years. This agreement expires on 27 December 2036.

#### Brazil

In Brazil, there are two basic mining rights:

- a licence for the exploration stage, valid for a period of up to three years, renewable once; and
- 

a mining concession or mine manifest, valid for the life of the deposit.

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

of exploration licences that manage to prove the existence of a Mineral Resource and have been licensed by the competent

environmental authority.

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

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

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

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

for mining activities. Obligations of the titleholder include:

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

The difference between a mine manifest and a mining concession lies in the legal nature of these two mining titles, since it is much more difficult and complicated for the public administration to withdraw a mine manifest than a mining concession.

Although, in practice, it is possible for a manifest to be cancelled or to become extinct if the abandonment of the mining operation is formally proven. All of AngloGold Ashanti's operations in Brazil have indefinite mining licences.



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**151**

**Colombia**

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

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

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

the area concerned or whether an existing contract for the area is already in place. The government agency grants a “free

zone” when the proposal made has a right of preference.

The new law includes the possibility for the government to reserve some areas to offer in a beat process.

**The concession contract**

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

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

their exploitation. The total term of such a concession is 30 years. The extension of the concession contract was changed, it

is not automatic, and it is for an additional 20 years. To get the extension the concessionaire must ask for the extension 2 years before the termination of the initial 30 years, and has to present economical, environmental and technical information.

Because the extension is not automatic, the concessionaire has to re-negotiate the new conditions of the extension.

According to the new law the exploration period has been extended until 11 years, to get the extension, every two years the

concessionaire must present a technical report and explain the activities for the next two years.

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

and a study of the environmental impact must be completed in order to receive an environmental licence, without which it is

not possible to start the development programme necessary to begin mining.

The terms of the concession start from the date of registration of the contract at the National Mining Register; similarly, all

obligations begin at that date. Once a mining concession has been awarded, the operating entity must take out an insurance

policy to cover any possible environmental damage and its mining obligations.

There are some areas where mining activity is prohibited. These areas are: a) national parks; b) regional parks, c) protected forest

reserves; d) Paramus (included in the new law) and f) wetlands, according to the Ramsar Convention (included in the new laws).

For the forest reserves (that are not protective forest reserves) it is necessary to subtract this area to start any mining activity.

**Surface fee**

During exploration and construction of the infrastructure for the Mine:

The new law changes the payments of the cannon fees. Without taking into consideration the extension of the areas, as it

was before, the amount of the cannon changes according to the number of years:

•

From 1 to 5 years: approximately \$2.00 per hectare per year.

- From 50 to 70 years: approximately \$2.50 per hectare per year.

- From 80 to 110 years: approximately \$3.00 per hectare per year.

**Royalty**

The royalty paid to the Colombian government is equivalent to a percentage of the exploited primary product, the object of

the mining title, and its sub-products. For gold, the percentage of the royalty to be paid is 4%.

The system of royalty payments and adjustments to such payments apply from the date the concession contract comes into

force and for the entire period of its validity. Any official changes to the laws governing the payment of royalties will only apply

to contracts granted and completed after these laws have been promulgated.

**AngloGold Ashanti Annual Financial Statements 2009**

**Rehabilitation and closure**

**P**

**152**

Mine site rehabilitation  
and closure

**All mining operations eventually cease. For AngloGold Ashanti, an integral aspect of operating its mines is ongoing mine closure planning, together with the associated estimates of liability costs and the assurance of adequate financial provisions to cover these costs. An estimate of future liabilities is given in the provisions note to the annual financial statements, note 28 on page 283.**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**153**

The company's environmental and community policies were integrated into a single Environment and Community Policy during the year in review. The policy commits the company, amongst others, to ensuring that "financial resources are available to meet its closure obligations". One of the company's values is that "the communities and societies in which we operate will be better off for AngloGold Ashanti having been there".

In order to ensure that operating staff and the company's stakeholders understand clearly what these statements mean in practice and to set a common benchmark across the company, a closure and rehabilitation management standard was finalised during 2009. Operations have been given two years (i.e. by mid-July 2011) to achieve full compliance with the standard. The International Council on Mining and Metals (ICMM) recently published an integrated mine closure planning toolkit. This, together with other national and international references, was consulted in preparing AngloGold Ashanti's standard to ensure that it was aligned with current good practice.

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

The AngloGold Ashanti standard requires that closure plans be reviewed and updated every three years (annually in the final three years of a mine's life) or whenever significant changes are made, and take into account operational conditions, planning and legislative requirements, international protocols, technological developments and advances in good practice. A particular challenge is concurrent rehabilitation, which is carried out while a mine is still operating. This practice serves to decrease the current liability and reduces the final rehabilitation and closure work that must be undertaken, but has the potential to sterilise reserves, which the company might wish to exploit should conditions, such as the gold price, change.

An assessment of closure liabilities is undertaken annually.

**AngloGold Ashanti Annual Financial Statements 2009**

**Gold production**

**P**

**154**

Gold production

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

**The process of producing gold, which applies to both underground and surface operations, can be divided into six main activities:**

**1. Finding the orebody**

AngloGold Ashanti's greenfields exploration group identifies prospective gold deposit targets and undertakes exploration on its own or in conjunction with joint venture partners. Worthwhile discoveries undergo a well structured and intensive evaluation process before a decision is made to proceed with developing the mine.

**2. Creating access to the orebody**

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

•

**Underground mining:** a vertical or decline (inclined) shaft is sunk deep into the ground to transport people and mining materials to underground levels from which the orebody is accessed through horizontal tunnels known as haulages and cross-cuts. Further development is then undertaken to open up the orebody so that mining can take place.

•

**Open-pit mining:** in this situation the ore lies close to surface and can be exposed for mining by "stripping" the overlying barren material.

**1. Finding the orebody**

**3. Mining (breaking)**

**the orebody**

**4. Transporting the broken**

**material from the mining**

**face to the plants for**

**processing**

**5. Processing**

**6. Refining**

**2. Creating**

**access**

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**155**

**3. Removing the ore by mining the orebody**

- In underground mining, holes are drilled into the orebody, filled with explosives and then blasted. The blasted ‘stopes’ or ‘faces’ are then cleaned and the ore which is released is then ready to be transported to surface.

- In open-pit mining, drilling and blasting may also be necessary to break the ore; excavators then load the material onto the ore transport system which is predominantly haul trucks.

**4. Transporting the broken material from the mining face to the plants for treatment**

- Underground ore is brought to the surface by a combination of horizontal and vertical transport systems. Once on surface the ore is usually transported to the processing facilities by surface rail or overland conveyors.

- In open-pit operations the haul trucks deliver the ore directly to the processing facilities.

**5. Processing**

Comminution is the first step in processing and involves the breaking up of the ore, which is delivered as large rocks, into small particles so that the contained gold minerals are exposed and available for recovery. This is usually undertaken by

a combination of multi-stage crushing and milling circuits with associated screening and classification processes to ensure that material at the correct size is removed promptly from the comminution circuit.

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

- free-milling, where the gold is readily available for recovery by the cyanide leaching process; and

- refractory ores, where the gold is not readily available for leaching because it is locked within a sulphide mineral matrix

(e.g. pyrite), extremely finely dispersed within the host rock (and hence not yet exposed) or alloyed with other elements which

retard or prevent leaching (e.g. tellurides).

Free milling and oxidised refractory ores are processed for gold recovery by leaching the ore in agitated (stirred) tanks in an alkaline

cyanide leach solution. This is generally followed by adsorption of the gold cyanide complex onto activated carbon-in-pulp (CIP).

Refractory ores undergo pre-treatment to make them more amenable to cyanide leaching. This commonly takes the form of

separating the gold bearing sulphide materials from the barren gangue material by using flotation to produce a high-grade

sulphide concentrate. The sulphide concentrate is then oxidised by either roasting as at AngloGold Ashanti Brasil Mineração

or bacterial oxidation (BIOX) as at Obuasi. This oxidation destroys the sulphide matrix and exposes the gold particles thereby

making them amenable to recovery by the cyanidation process.

An alternative process is the heap leach process. This process is generally considered applicable to high-tonnage, low-grade

ore deposits, but it can be successfully applied to medium-grade deposits where smaller ore deposit tonnages cannot economically justify constructing a capital intensive process plant. In this process, ore is crushed and heaped on an impervious

or lined leach pad. Low strength alkaline cyanide solution is applied, generally as a drip, to the top of the heap for periods of

up to three months. The gold dissolves and the gold bearing solution is collected from the base of the heap and transferred

to carbon-in-solution (CIS) columns where the gold cyanide complex is adsorbed onto activated carbon. The barren solution

is refreshed and recycled to the top of the heaps.

Gold which has loaded (adsorbed) onto activated carbon is recovered by a process of re-dissolving the gold from the activated

carbon (elution), followed by precipitation in electro-winning cells and subsequent smelting of the precipitate into doré bars

that are then shipped to gold refineries for further processing.

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

These by products are:

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

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

## **6. Refining**

The doré bars are transported to a precious metal refinery for further processing. In this process gold is upgraded to a purity

of 99.5% or greater for sale to a range of final users. High purity gold is referred to as “good delivery” which means that it

meets the quality standards set by the London Bullion Markets Association and gives the final buyer assurance that the bar

contains the quantity and purity of gold as stamped on the bar.

**AngloGold Ashanti Annual Financial Statements 2009**

**Sustainable development – a summary**

**P**

**156**

Sustainable development

– a summary

**AngloGold Ashanti's Sustainability Review 2009 provides a comprehensive account of the company's sustainability performance in 2009. In this section, AngloGold Ashanti highlights the key areas of its reporting for 2009, summarises company performance against these issues during the year and details its sustainability commitments for 2010.**



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**157**

**Reporting on issues that matter**

In 2009, AngloGold Ashanti undertook an extensive review of the way in which it compiles its sustainability report and made

several changes to the reporting format. The company wanted to ensure that its reporting remained aligned with leading

practice, that it was focused and accessible to users and presented a balanced and accurate account of company commitments and performance. As in previous years, AngloGold Ashanti has reported at an A+ application level against the

Global Reporting Initiative (GRI) reporting standard and has complied fully with the reporting requirements of the International

Council on Mining and Metals (ICMM) Sustainable Development Framework.

As part of the revised approach and in order to determine the most important issues for sustainability reporting, AngloGold

Ashanti has implemented a formal process for assessing the material sustainability issues for the business. In line with sustainability reporting standards and leading practice, this process incorporates stakeholder input and is aligned with the

group's own risk management methodology.

As a result of a materiality assessment, AngloGold Ashanti identified the following group-level issues for sustainability reporting:

- Safety and health: safeguarding the safety and health of employees, and the communities surrounding the company's operations;
- Resource custodianship: effective custodianship and management of resources, particularly energy, land and water, in a resource-scarce environment;
- Human rights: managing human rights issues which arise from the company's operating context;
- Delivering economic benefits: addressing expectations from host governments and communities to see greater economic and developmental benefits from the mining industry;
- Capacity building, transformation and engagement: developing a competent and engaged workforce, through effective transformation and skills development, and by ensuring that key skills are retained; and
- Closure planning and provision: ensuring that there is adequate planning and provision for closure during the life cycle of each operation.

The management of sustainability issues in AngloGold Ashanti is the responsibility of the Executive Vice President: Business

Sustainability. The position was created on AngloGold Ashanti's Executive Committee in 2008 and reports directly to the Chief

Executive Officer to ensure alignment with business strategy. Oversight at board level is provided by the board committee

dealing with sustainable development. The committee meets quarterly to review sustainability performance and is independently chaired. The chairman of the Audit and Corporate Governance Committee was appointed to the Safety, Health

and Sustainable Development Committee in 2009 to ensure integration between the Audit and Corporate Governance Committee and the company's oversight of social and environmental performance.

AngloGold Ashanti's Sustainability Review 2009 details management's approach in each area of sustainability performance.

A Supplementary Report provides a comprehensive response to reporting indicators in line with GRI. The section below

presents performance in 2009 against the sustainability commitments made by the company for the year, and details its

sustainability commitments for 2010 and beyond.

**AngloGold Ashanti Annual Financial Statements 2009**

**Sustainable development – a summary**

**P**

**158**

**Safety and health – employees and communities**

**Performance**

2008 – Commitments

2009 – Delivery

Elimination of fatal accidents

x

The elimination of fatal accidents is AngloGold Ashanti's most important business goal and the company continues to work towards this objective. AngloGold Ashanti acknowledges that there is still much work to do in this area and records with sadness the loss of 16 of its colleagues in 2009.

20% reduction in all injury rates

o

In 2009 the lost time injury frequency rate (LTIFR) improved by 10% over the previous year and the medical treatment injury frequency rate (MTIFR) showed a 19% improvement. The MTIFR reflects all injuries, including lost time injuries but excludes fatalities.

Complete development of the

The Safety Transformation Blueprint was initially released in May 2009 and will be Safety Transformation Blueprint

o

reviewed every six months. Launch of the Safety Transformation project is planned for April 2010.

Progress towards the industry

AngloGold Ashanti has seen a steady decline in the number of new cases of milestone of no new cases of silicosis silicosis reported, with the incidence in 2009 (among all South African employees)

among previously unexposed

at 3.5 per 1,000 compared with 4 per 1,000 in 2008 and 7 per 1,000 in 2007.

employees in South Africa (2008

There is, however, still much work to do in this area as performance in 2009 fell short onwards) after December 2013

of expectation.

No deterioration in hearing greater

This industry milestone has not been achieved. The incidence of noise-induced

than 10% amongst occupationally

hearing loss (NIHL) in South Africa has decreased from 2.6 per 1,000 employees

exposed individuals in South African

in 2008 to 2.36 cases per 1,000 in 2009. In total 79 new cases of NIHL were

operations

x

compensated, compared with 88 in 2008

1

. AngloGold Ashanti has intensified its hearing conservation programme and has so far silenced 80% of identified sources of noise.

Sustain the 80% uptake of voluntary counselling and testing (VCT) for

The total number of VCT encounters for 2009 (assuming single annual testing)

counselling and testing (VCT) for was 87% of the workforce. Much of the continued success can be attributed

HIV/AIDS at all business units in

to leadership and engagement of both senior management and organised labour

South Africa

o

at the mines, as well as the continued involvement and work of peer educators and counsellors.

Increase the ratio of employees in

AngloGold Ashanti estimates that 7.5% of employees at its South African

South Africa on anti-retroviral

operations require ART. As at December 2009, there were 2,216 employees

therapy (ART) to 90% of those for

receiving ART. This represents approximately 87% of those estimated to require

whom it is indicated clinically

o

ART in the region. Non-adherence to drug regimens and exits from the ART programme remain problematic and require greater focus alongside encouraging new registrations.

1

The number of NIHL cases in 2008 has been restated from 77 to 88; a classification error was made in respect of the 2008 data.

—

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**159**

**Safety and health – employees and communities**

**Commitments 2010 and beyond**

Commitments

Context

Achieving a further 20% reduction

Safety is AngloGold Ashanti's most important business consideration. The company in all injury rates in 2010, with the

focused on creating the safest possible working environment for its employees, a long-term objective of operating

commitment which is reflected in the company's safety goals.

an accident-free business

Begin implementation of the Safety

AngloGold Ashanti plans to launch this project in April 2010, with the objective of Transformation project

achieving a quantum improvement in safety performance.

Elimination of new cases of silicosis

Silicosis remains the most significant occupational health issue at the South African among previously unexposed

operations and the company is placing considerable focus on reaching the employees at South African

industry target of eliminating the disease among previously unexposed individuals operations by 2013

by 2013.

Intensity hearing conservation

programmes continue to silence

to acceptable levels all identified

noisy equipment in order to

achieve the industry milestone of

no deterioration in hearing greater

than 10% amongst occupationally-

exposed individuals at South

African operations

Maintain a rate of 80% of South

In the absence of accurate measurements of prevalence of HIV/AIDS, targets in

African employees attending VCT

this area focus on VCT and wellness. True measurements of prevalence are

during 2010, excluding current

currently unavailable owing to the anonymous testing system in place. With the

wellness clinic attendees

agreement of key shareholders, the implementation of single testing could be used to

calculate prevalence and enable the company to combat this disease more

successfully. Once current prevalence can be determined (a two-year period would be

required following agreement to single testing), targets for prevalence can be set.

Reduce by 50% the number of

Achievement of new clinic enrolment targets accompanied by targets to reduce

avoidable drop-outs from wellness

avoidable dropouts by 50% will result in improvements in wellness clinic

programmes in 2010

attendance and will assist the company's efforts to combat HIV/AIDS through wellness programmes.

Reduce occupational tuberculosis (TB) incidence to:

- 3% of all South African employees by 2010;

- 2.25% of all South African employees by 2015;

- 1.5% of all South African employees by 2020

Successfully cure 85% of new TB cases in 2010

In the South African mining industry TB is associated with HIV/AIDS and with the incidence of silicosis. Incidence of occupational TB rose in 2009 despite significantly improved dust control. AngloGold Ashanti therefore concludes that HIV prevalence rose even higher. The company's long-term objective is to reduce the incidence of all TB to approximately the level of the background community. While HIV remains at high levels, it is a challenge to control TB particularly as some 10-15% of all HIV-positive people will develop TB each year. Combating HIV will assist AngloGold Ashanti in controlling the level of TB in its workforce.

NIHL remains a significant challenge at the South African operations, particularly in light of the increase in NIHL incidence in 2010, despite hearing conservation programmes in place. AngloGold Ashanti will be increasing the frequency of sampling data on exposure to noise in 2010 and will be progressing the silencing of all identified sources of noise. The use of Hilti electric rock drills that have a lower noise level than conventional drills is being piloted at two of the South African operations.

**AngloGold Ashanti Annual Financial Statements 2009**

**Sustainable development – a summary**

**P**

**160**

**Environment, community and human rights**

**Performance**

**2008 – Commitments**

**2009 – Delivery**

Develop quantitative performance

AngloGold Ashanti remains committed to group energy targets to improve energy targets for energy and water

efficiency per ounce of gold produced by 15% in the short to medium term and to during 2009

X

reduce greenhouse gas emissions per ounce of gold produced by 30% in the longer term.

With the more difficult mining conditions encountered as mines mature, reducing energy consumption further is challenging. Developing site-level energy performance objectives will only be completed in 2012. In the interim, efforts to reduce energy consumption continue, particularly at the energy-intensive South African operations (41% of total energy consumed in 2009). While electricity consumption at these operations has reduced by 7.3% in the last two years and electricity consumption per tonne of rock treated has fallen by 11.5% in the same period, electricity consumption per unit of gold produced has increased by 20.6% as a consequence of more difficult mining conditions.

Decreasing water consumption is equally challenging. AngloGold Ashanti continues its efforts to improve water consumption efficiency and water management at all sites.

Address key opportunities and risks

This high level study was completed during 2009 and raised awareness of the identified by the 2008/9 climate

implications of climate change throughout AngloGold Ashanti. A project to develop change study

carbon credits under the UN Clean Development Mechanism (CDM) has already been initiated, as recommended by the study.

Implement an integrated incident

An integrated incident classification and reporting standard was implemented notification and reporting system

as planned in 2009. New and clearer environmental and community incident to include community incidents

o

classification criteria have been adopted.

Roll out new policies and practices

The implementation of the new global security framework started in 2009. It is a and train security personnel in the

three-year plan and good progress was made in key areas in 2009, particularly in

Voluntary Principles on Security and the roll-out of Voluntary Principles procedures and best practice and the in training of

Human Rights (Voluntary Principles)

o

AngloGold Ashanti and third party security service providers. Self-audits were undertaken at the end of 2009 to identify gaps and mitigation strategies.

Maintain certification to the ISO 14001      ISO 14001 certification was maintained at all operations. In 2009, progress was

environmental management system

made on development of management standards that incorporate community

and incorporate community aspects

aspects. This work will be completed by 2012, rather than 2011 as originally

(by 2011) and implement environment

scheduled. Standards on air quality, chemicals, closure and rehabilitation,

and community management

and use, waste and water have been approved and implementation

standards has

o

begun.

Conduct a Corporate Environmental      The programme was conducted at operations in Australia, Namibia, South  
Africa,

Review Programme biennially

o

Tanzania and the US. The scope of the review was extended during the year to include community aspects.

Conduct a review of closure planning      A closure and rehabilitation management standard was introduced. It was  
externally  
practices in 2009

reviewed against international best practice before finalisation. Each mine's closure plan was reviewed against the standard in order to identify gaps in implementation.

Establish a government relations

The function has been established. In 2009, significant work was undertaken to put function and embed it into the

systems in place, including the generation of quarterly reports on government company's decision-making

relations and political risk which are reviewed by the Executive Committee.

processes

o

Develop and pilot a globally applicable      In 2009 a model was developed and a pilot engagement exercise initiated  
in  
model for government

South Africa. This will be continued in 2010.

engagement practice

o

In South Africa, participating in

In South Africa, the company, through the industry representative body, the the Mining Charter review and

Chamber of Mines, is actively involved in the Mining Charter review process.

influencing outcomes

o



AngloGold Ashanti's Chief Executive Officer, Mark Cutifani, has been elected Vice President of the Chamber of Mines of South Africa and will, by virtue of this position, play an active role in the review process

–  
–

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**161**

**Environment, community and human rights**

**Commitments 2010 and beyond**

**Commitments**

**Context**

Continue work to improve water

To assist in developing site-level objectives and action plans by 2012, energy and and energy performance,

water maps will be refined for each operation during 2010 and 2011, detailing including through the

the sources and quantities of energy and water used in each process within the development of site-level

operation. The energy and water benefits from each business improvement objectives

initiative will also be quantified.

Audit the global energy and water

The site-by-site results of a high-level audit of global energy and water security to security position for all operations

be undertaken in 2010, including a review of expected costs, will be included in post-2010 strategy development.

Continue to address key

Life-of-mine climate change risks will be specified in more practical detail for each opportunities and risks identified

operation during 2010 and 2011, starting with those at greatest risk. Planning to by the 2008/2009 climate change

address these risks has begun. On completion of the pilot CDM project which has study

been initiated, the value of further CDM projects will then be assessed.

Zero violations of the Voluntary

In 2009 there were four allegations of potential violations which were investigated Principles 2010

All proved to be non-violations by the company. One incident was reported which proved to be a violation by a joint venture partner. Appropriate action was

taken and the matter was resolved.

Develop a standard approach for

A full review of all contracts with private and public security providers globally is all contracts for government-

planned for 2010, with the aim of implementing a template for all government-provided security

provided security contracts which incorporates best practice.

Incorporate community aspects into ISO 14001 management systems are in place at each operation.

Incorporation of

each operation's ISO 14001

community aspects into a formal management system increases the rigour with management system by 2012

which these aspects of the business are managed.

Final approval or development of

management standards and

associated guidance material that

govern how the company interacts with communities and the environment

Work on findings of review conducted in 2009 to address any site-level deficiencies in closure plans and ensure alignment with company management standard by 2011

Continue to embed the government relations function into decision-making processes, including through development of a management standard in this area, and through capacity development

Roll-out pilot government engagement strategy model in South Africa and in a minimum of two other jurisdictions in 2010

In South Africa, participate in the AngloGold Ashanti will seek to influence others in the industry and the authorities to Mining Charter review

ensure an outcome that enhances socio-economic transformation in the context of a globally-competitive industry.

Lessons learnt from the experience of developing and piloting a government engagement strategy in South Africa are to be applied to other jurisdictions.

Site personnel need to be aware of their performance expectations and the standards to which they will be held. Communities, governments and other stakeholders need to know what standard to expect of the company.

This work is undertaken to ensure orderly and successful mining and closure.

Proactive and planned government engagement needs to be factored into business decisions through ongoing internal consultation. At a regional level, government relations are carried out by AngloGold Ashanti's country managers.

**AngloGold Ashanti Annual Financial Statements 2009**

**Sustainable development – a summary**

**P**

**162**

**People**

**Performance**

**2008 – Commitments**

**2009 – Delivery**

Finalise the design of a human

The design of the System for People has been finalised and is detailed in a resources model called the System

company-wide policy document. The system is being implemented through line for People

o

management, with each manager taking accountability for implementation within his or her respective area.

Entrench company values through

As a key component of the System for People, a pilot study for a company-wide employee participation in determining

survey of values was completed at the corporate office and preparations behaviours which support

were made for roll-out of the survey globally in January 2010.

values

Centralise human resource (HR)

The centralisation of policy development is being dealt with largely within the policy development to

context of the System for People. In the current reporting period, the focus was on ensure alignment and focus on

the development and implementation of the personal effectiveness system delivering and executing

throughout the company, with special focus at management levels.

AngloGold Ashanti's strategy

Delivering and executing

The company has put in place mechanisms to deliver on its legal obligations with a transformation model

respect to its licences to mine at all its operations, including South Africa, where the that ensures our licence to mine

company in compliance with the requirements of the Mining Charter, and in Continental is maintained across the globe

o

Africa, where the company has in place plans to reduce the number of expatriates and replace them with suitably qualified local employees over a period of time.

–

–

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**163**

**People**

**Commitments 2010 and beyond**

**Commitments**

**Context**

Continue with the roll out of the

The System for People will continue to be rolled out across the company during

System for People, including the

2010 and 2011. This will result in the organisation being more appropriately designed  
global values survey

to execute its business strategy, and to have the necessary capability and working

relationships required to get work done effectively and efficiently in an environment  
of mutual trust.

Review the wage negotiations

Development work on an appropriate labour relations and collective bargaining  
strategy in West Africa and develop

system for the Continental Africa operations is ongoing with a particular focus on  
a model for conducting wage

Ghana and Guinea. The immediate aim is to move towards a regularised bargaining  
negotiations which can be applied

process in Guinea, significantly reducing the potential for labour disruption and  
throughout the company's

protracted wage settlements.

Continental African operations

Standardise, to the extent possible,

Steps to standardise the conditions of employment across the company to attract  
the conditions of employment of

and retain employees in order to facilitate their movement across the operations

senior managers to facilitate mobility are at an advanced stage. An independent consultant was contracted to  
assist in

within the company

this regard with final recommendations to be tabled by the company during the  
first quarter of 2010.

## AngloGold Ashanti Annual Financial Statements 2009

### Corporate governance

#### P

#### 164

Corporate governance  
statement

*“The critical issue is that the stakeholder, having read the report, should be able to come to the conclusion that the company has made its money as a responsible corporate citizen. It is only in this way that directors will be able to build the trust and confidence in a company by the stakeholders, which is so necessary for the sustainability and future prospects of the company” Mervyn King with Teodorina Lessidrenska; Transient Caretakers.*

AngloGold Ashanti is committed to the highest standards of corporate governance and believes that good corporate governance must be guided by the principles of sustainable business. In the 21st Century, profit maximisation has ceased to be the overriding purpose of the modern company, making it imperative that the interests of all stakeholders are taken into consideration in the governance of the company.

This principle is aptly echoed in AngloGold Ashanti’s vision statement:

*“We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.”*

### AngloGold Ashanti’s corporate governance framework

Treasury Committee

Group internal audit

External audit

Risk management

Finance Committee

Disclosures Committee

Board committees

Board of directors

JSE Listings Requirements

Companies Act 61, of 1973

Memorandum and Articles of Association

Sarbanes-Oxley Act, 2002

King Report on Corporate Governance  
(King II)

Employment Equity Act of South Africa

Labour Law

Prevention of Corrupt Practices Act

Local legislation for companies where the  
company has operations

Laws/regulations/codes

Board charter

Directors’ induction

Declaration of interests

Vision, values and mission statement

Terms of reference of committees

Delegation of authority

Insider trading

Whistle blowing

Compliance

Gift policy

Disclosures

Code of ethics for senior financial officers

Code of ethics for employees

HIV & AIDS

Directors' dealings in company securities

Policies/guidelines

\*Committee chairman

Audit and

Corporate

Governance

Committee

LW Nkuhlu (Prof.)\*

FB Arisman

RP Edey

Transformation

and Human

Resources

Development

Committee

TJ Motlatsi (Dr)\*

FB Arisman

M Cutifani

WA Nairn

SM Pityana

Safety, Health

and Sustainable

Development

Committee

WA Nairn\*

M Cutifani

TJ Motlatsi (Dr)

SM Pityana

Investment

Committee

RP Edey\*

M Cutifani

WA Nairn

SM Pityana

S Venkatakrishnan

Remuneration

Committee

SM Pityana\*

FB Arisman

RP Edey

TJ Motlatsi (Dr)

LW Nkuhlu (Prof)

Nominations

Committee

RP Edey\*

FB Arisman

TJ Motlatsi (Dr)

WA Nairn

LW Nkuhlu (Prof)

SM Pityana

Party

Political

Donations

Committee

TJ Motlatsi (Dr)\*

WA Nairn

(w.e.f. 03/02/2009)

LW Nkuhlu (Prof)

SM Pityana

Executive

Committee

C Carter

M Cutifani

R Duffy

G Ehm

R Largent

R Lazare

M Lynam

A O'Neill

T Setiloane

Y Simelane

N Unwin

S Venkatakrisnan

Independent non-  
executive directors

RP Edey

FB Arisman

TJ Motlatsi (Dr)

WA Nairn

LW Nkuhlu (Prof)

S Pityana

Chairman: RP Edey (Independent non-executive director)

Deputy chairman: TJ Motlatsi (Dr) (Independent non-executive director)

Chief executive officer: M Cutifani (Executive director)

Executive directors

M Cutifani

Chief executive officer

S Venkatakrisnan

Chief financial officer



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**165**

**Corporate governance achievements during 2009 and targets for 2010**

Significant corporate governance milestones achieved by AngloGold Ashanti during the year as well as targets for 2010 are

detailed below:

**External Achievements in 2009**

**Internal Improvements**

**Targets for 2010**

Overall winner of the Southern Africa Institute of Chartered Secretaries and Administrators and the JSE Limited's Annual Report Award for the second consecutive year.

Overall winner of the Human Capital Reporting, a new category of award introduced by the Southern Africa Institute of Chartered Secretaries and Administrators and the JSE Limited's Annual Report Award.

Excellent Ranking and third place in the Ernst and Young Excellence in Sustainability Reporting 2009.

Runner-Up in the Best Sustainability Report: Extractive Industries Award by the Association of Certified Chartered Accountants.

Nominated by the South African National Energy Association for energy efficiency, the first time any company has been nominated for this award.

Received the Energy Efficiency Excellence Award for 2009 from the South African Association of Energy Efficiency.

Selected as the best industrial participant among the Energy Accord signatories at the ETA awards.

A Group Compliance Policy Statement was developed and approved by the Board of Directors in July 2009.

A revised Delegation of Authority Policy was approved by the Board of Directors in July 2009.

A comprehensive Group Risk and Opportunity Report and Framework were developed to

improve risk management. Implementation of the framework commenced during the year and is ongoing. Details are provided under the risk management report on page 176.

Rollout of Project ONE, a company-wide business improvement initiative.

A Safety Transformation initiative under Project ONE initiated to improve safety among the workforce.

A values survey piloted at the corporate office to determine the behaviour that employees expect to prevail within the organisation.

A new performance appraisal system was initiated to better assess performance and improve career development of individual staff members.

A Sustainability Steering Committee was established to enhance sustainability reporting.

Update board charter to incorporate new requirements of the Companies Act 71 of 2008 and the recommendations of the King III Code.

Update the board induction pack to include developments in legislation and corporate governance.

Update the terms of reference of the Audit and Corporate Governance Committee to include new requirements of the Companies Act 71 of 2008 and the new requirements of the King III Code.

Complete the process of restructuring the board and certain committees, including succession planning to achieve a better balance in skills and knowledge and improve board performance.

Update board and committee annual appraisal forms to ensure that key performance indicators are in line with the company's new strategy. This is expected to improve assessment outcomes and board delivery.

Review risk management and information technology

governance by putting in place improved structures to oversee these functions in line with recommendations of King III.

Continue with initiatives being undertaken under Project ONE.

## AngloGold Ashanti Annual Financial Statements 2009

### Corporate governance

#### P

#### 166

Corporate governance is constantly evolving and AngloGold Ashanti focuses on continuously seeking ways to improve on its corporate governance standards. Below are highlights of some of the major corporate governance improvements undertaken during 2009.

During 2009, presentations were made to the board of directors on developments in corporate governance in South Africa,

with specific reference to the new Companies Act 71 of 2008 and the King III Code on Corporate Governance. The Audit and

Corporate Governance Committee was briefed on developments in the area of financial reporting.

The company continued with its corporate restructuring to improve operational and management systems and accountability.

In late 2009 the company's African operations were separated into the Southern Africa division comprising South Africa and

Namibia, and Continental Africa comprising the mines in Ghana, Guinea, Mali and Tanzania. Leadership of the Geita mine in

Tanzania was strengthened and a business improvement programme implemented, which achieved tangible results in the

improved performance of that operation. At the Obuasi mine in Ghana, the turnaround strategy which begun in 2008 continued in 2009 with positive outcomes achieved.

To enhance work practices, and to enable the company to reach its full potential, a company-wide business improvement

programme code named Project ONE, the biggest ever undertaken by AngloGold Ashanti, was initiated. Project ONE seeks

to create a culture that promotes improvement and value, while creating a work environment that empowers individuals to

make a difference. The initiative is based on two core change processes – the System for People (SP) and the Business Process Framework (BPF), the focus of which is to build appropriate capacities of the company's human resources and commercial/technical systems.

The SP, one of the key components of Project ONE, is designed to bring about effective working relationships based on trust

and a sustainable culture of accountability across all levels of the organisation and was developed in 2008. SP corresponds

with AngloGold Ashanti's recognition that people are more than assets, as reflected in its vision, values and mission statement,

“People are the Business ... Our Business is People”.

In line with the company's promise to annually review its mission, vision and values and within the context of SP, a values

survey was initiated during the year. This study was aimed at establishing a deeper understanding of the organisational values

and sets out to determine the behaviours that should characterise relations between individuals and promote cooperation and

team work. A pilot survey was completed at the corporate office and is expected to be rolled out globally in the first half of

2010.

In the context of Project ONE, a safety transformation initiative is being developed in accordance with AngloGold Ashanti's

recognition that Safety is the company's first value. Its implementation is expected to further improve the company's safety standards and performance.

As part of Project ONE, a monthly newsletter was launched in December 2009 to communicate important information about the company's operations to all employees.

Regarding improvement and deepening of corporate policies and management standards, a revised Delegation of Authority

Policy was approved by the board of directors. The policy governs and defines the scope and limits of the authority of officers

of AngloGold Ashanti and subsidiaries to commit and bind the company concerning legal and business obligations which the

company may, in the usual course of business, enter into from time to time.

The board of directors also approved a Compliance Policy Statement for the AngloGold Ashanti group. The policy affirms and

expresses the company's commitment to legal, regulatory, standards and compliance with best practice. It seeks to establish,

promote and maintain values based on compliance and an ethical culture within the spirit of the laws, regulations, codes

and standards applicable in the company's operating jurisdictions, and in the context of the company's values, internal policies

and procedures.

Communication with various stakeholders has always been an important feature of AngloGold Ashanti's corporate governance

practices. To this end, various communication channels have been utilised to engage employees and other stakeholders.

During 2009 quarterly briefings by the Chief Executive Officer on the company's quarterly results and other important corporate events and developments continued. These briefings were held in the corporate office and distributed group wide.

Briefs were also issued to employees by the corporate affairs department to keep them abreast of major developments within

the company. The company secretarial and the investor relations departments continued to engage with the investors in line

with company policy.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**167**

Meaningful engagement with shareholders is considered a centrepiece of accountability and good governance by AngloGold Ashanti's board. At the annual general meeting of shareholders held on 15 May 2009, the board detailed the company's performance and achievements in the previous year and the strategy to be implemented to ensure achievement of its prime objective of creating value for the business in the coming year. AngloGold Ashanti fully subscribes to the South African government's initiatives on social transformation. In line with this, the company has established employment equity and governance structures and monitoring processes at company and business unit levels. Each business unit in South Africa and the corporate office has an Employment Equity Committee, comprising employee representatives. The role of these committees is to liaise with employees, discuss issues relevant to the company's employment equity programmes and inform the Transformation and Human Resources Development Committee. The company submitted its ninth employment equity report as at 1 August 2009 to the South African Department of Labour in August 2009. For purposes of advancing and supporting the interests of women employees at the corporate office, the Women's Forum, an affiliate of the corporate office Employment Equity Committee, undertook a number of programmes aimed at enhancing information exchange and improving the welfare of women.

**Responsibility and accountability for corporate governance**

The board of directors is ultimately responsible for ensuring that an adequate and effective process of corporate governance is established and maintained. In executing this mandate, the board has set up a corporate governance system that is guided by the company's internal policies and standards and external legislation and regulations as outlined in the following paragraphs.

**External legislation, regulations and requirements**

These include the South African Companies Act 61 of 1973, as amended, and the United States Sarbanes-Oxley Act of 2002, the listings requirements of the JSE and other stock exchanges on which the company is listed, applicable legislation and regulations in the jurisdictions in which the company has operations, as well as various corporate governance guidelines such as those provided by the South African Code on Corporate Governance (King II) and the Global Reporting Initiative. Various other pieces of legislation and governance standards also guide the company's legal and disclosure obligations. Day-to-day responsibility for corporate governance is overseen by AngloGold Ashanti's management, which regularly reports to the various committees of the board. The board chairman and the chairman of the Audit and Corporate Governance Committee play an active role in the corporate governance issues faced by the company through regular interaction with executive directors, senior management and 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 or King II, is a set of guidelines on best practice in corporate governance aimed at promoting the highest standards of corporate governance in South Africa. AngloGold Ashanti currently applies the King Code in all material respects including the establishment of a Risk Committee which will become operational during 2010. The one significant exception is the fact that the chairman of the board is a member of the Audit and Corporate Governance Committee. In the view of the board, the considerable knowledge and wide ranging experience of the chairman in the area of financial analysis, risk management and corporate governance provide a worthwhile basis for his close involvement in the work of the committee.

On 1 March 2010, the King Report on Corporate Governance in South Africa 2009 (King III) becomes effective.

AngloGold

Ashanti, with the approval of its board, has in place a project to identify the recommendations of King III with a view to applying these recommendations or explaining non-application by year-end 2010.

#### **Internal policies**

Internal policies include the Board Charter, terms of references of board committees and other policies as outlined above.

Key features of some internal policies that enhance the corporate governance of AngloGold Ashanti follow.

**Insider trading:** This policy prohibits any person deemed as an insider from trading in the securities (shares, warrants, derivative instruments) of AngloGold Ashanti on the basis of material non-public information (closed periods) or to communicate such information to others who may trade in the securities based on that information which, if it were made

public, would likely have a material affect on the price to the company's securities. Insiders include directors, employees,

immediate family members of employees or any person who might have obtained information from an insider.

## AngloGold Ashanti Annual Financial Statements 2009

### Corporate governance

#### P

#### 168

The policy provides guidelines to insiders who wish to trade in the company's securities during closed periods.

AngloGold Ashanti

regards compliance with securities laws in relevant jurisdictions that it operates in as important aspects of its corporate governance

principles; disciplinary action which may include loss of employment is therefore taken against insiders who violate this policy.

Directors' fit and proper standards policy: Being the primary executors of AngloGold Ashanti's corporate governance agenda, the calibre of the directors appointed to the board is of great importance to the company. This policy therefore seeks

to establish the criteria to assist the process of selecting persons considered fit and proper to assume the responsibility of a

director of the company. The policy is also applied in the selection of the company secretary.

Directors' induction policy: Under this policy, new directors are provided with the opportunity to attend an orientation programme

where they are made aware of their rights, duties and responsibilities and familiarised with the operations and business environment

of AngloGold Ashanti and the legal and ethical framework in which they must conduct themselves. The objectives of the

programme are to maximise on the level and degree of individual director's contributions to the board's deliberations, to enable

directors to make informed decisions with regard to matters of the company. In line with best practice and to meet the ever-

changing corporate governance landscape, the company continuously updates directors on developments in this area.

Directors' professional advice policy: In order to enhance directors' contributions to board deliberations and to enable them

to make informed decisions, AngloGold Ashanti has adopted this policy which provides for individual directors to seek external

independent advice when necessary, at the company's expense.

Confidential reporting/whistle blowing: In line with its corporate governance principles and in terms of the guidelines of the

King Code on Corporate Governance, the Sarbanes-Oxley Act of the United States of America and the Protected Disclosure

Act 26 of 2000, South Africa, the board of directors of AngloGold Ashanti has put in place a confidential reporting process in

terms of the corporate governance guidelines and requirements. The whistle-blowing policy applies to all companies in the

AngloGold Ashanti group and provides a channel for shareholders, employees and the general public to report acts and

practices that are in conflict with the company's business principles, unlawful, financial malpractice or dangers to the public

or the environment. Reports are made through several mediums including the intranet, internet, telephone, fax and post. An

initiative is being undertaken to also implement short messaging system (sms) as a medium for reporting.

All reports made in terms of the whistle-blowing policy are administered by a third party, Tip-Offs Anonymous, to ensure

confidentiality and independence of the process. Reported cases are relayed to management through internal audit. A report



is provided to the Executive Committee and the Audit and Corporate Governance Committee on a quarterly basis. Reporters

have the option to request feedback on reported cases. The process encourages reports to be made in good faith in a responsible and ethical manner. Employees are encouraged to first seek resolution of alleged malpractices through discussion

with their direct managers, if appropriate, or, if unresolved, they should then report these through the whistle-blowing line or

directly to internal audit or the legal department.

Since its introduction in February 2004, 257 cases had been reported as at 31 December 2009, of which 230 have been successfully investigated and closed.

#### **The board of directors**

The Articles of Association of AngloGold Ashanti requires the board to be composed of a minimum of four directors. Currently,

the company is managed by a unitary board, comprising two executive directors: the Chief Executive Officer and the Chief

Financial Officer and six independent non-executive directors who all meet the board's independence criteria. A restructuring

of the board's composition is currently being undertaken with the view to improving the mix of skills, experience and knowledge required of a multinational gold mining company.

The policy determining the independence of directors can be found on the company's website at [www.anglogoldashanti.com](http://www.anglogoldashanti.com).

There is no mandatory retirement age for non-executive directors; however, in line with best practice in corporate governance

and in accordance with the Sarbanes-Oxley Act, directors are required to step down from the board after nine consecutive

years of service. The nine-year tenure could be extended at the board's discretion and with the individual director's consent.

In line with this practice the chairman will retire from the board at the annual general meeting to be held on 15 May 2010. Tito

Mboweni has been appointed to replace Mr Edey as chairman, effective 1 June 2010.

Non-executive directors provide the board with 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

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**169**

committees such as the Audit and Corporate Governance, Nominations, Party Political Donations and Remuneration committees, ensures that the company's interests are served by impartial and independent views that are separate from those of management and shareholders.

The board's charter sets out the powers, responsibilities, functions and delegation of authority, and the areas of responsibility

expressly reserved for the board. The charter covers, among others, the following key areas:

- authority of the board;
- appointment of directors;
- 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 performance and induction of new directors; and
- declaration of interests.

The board is authorised by the company's Articles of Association to appoint new directors, on recommendation by the Nominations Committee, provided such appointees retire at the next annual general meeting and stand for election by shareholders. Retirement of non-executive directors follows a staggered process with one-third of non-executive directors

retiring at least every three years at the annual general meeting. A curriculum vitae of each director standing for election or re-

election is made available to shareholders prior to the annual general meeting to assist in their decision making.

Executive

directors are appointed by the board to oversee the day-to-day running of the company and are held accountable by regular

reporting to the board. Their performance is measured against pre-determined criteria.

While executive directors have contracts of employment with the company, non-executive directors do not have contracts of

service with the company, or any of its subsidiaries that are terminable at periods of notice exceeding one year or require

payment of compensation on termination. Details on the remuneration of executive and non-executive directors are presented

in the Remuneration Report from page 207.

Determination of independence is guided by the King Code, the Companies Act and international best practice. Where the board, exercising its discretion and having considered all relevant facts, determines a director to be independent despite not meeting the set criteria, the board will fully disclose its reasoning in appropriate public reports. Internal policies are available on the company's website at [www.anglogoldashanti.co.za/About/Gov+Policies.htm](http://www.anglogoldashanti.co.za/About/Gov+Policies.htm).

At the board meeting held on 16 February 2010, the independence of Mr Frank Arisman, who retires from the board by

rotation at the annual general meeting to be held on 7 May 2010, was reviewed. The board, in considering the requirements

of King III, concluded that despite Mr Arisman having served as a director on the board since April 1998, his performance and

the skills and knowledge which he brings to the board are of a high standard, and his independence of character and judgement are not in any way affected or impaired by the length of service, and the board is therefore of the opinion and has

declared Frank Arisman to be independent.

The policy and independence of individual non-executive directors is reviewed annually as part of the annual board evaluation

process. The performance evaluation tools are also reviewed as and when necessary to ensure that changes in the corporate

governance environment as well as the company's strategic needs are well catered for.

An annual self-evaluation is undertaken to determine that the board and its committees are effective in the performance of their

duties and to facilitate board development. Depending on the results of the evaluation, appropriate action is taken to achieve the

desired results. The board is also cognisant of the opportunity the evaluation process affords it in improving communication

among its members and between the board and management and to fine tune its role in the overall management of the company.

The board believes that assessment of its performance should not be subject to a single evaluation process at the end of each

year; hence it is committed to a continuous non-formal evaluation of its performance throughout the year.

The most recent formal evaluation was conducted in February 2010 in respect of the 2009 period. The chairman of the board

and the chairman of each committee of the board led the processes to evaluate the board and the committees respectively.

Led by the deputy chairman, each director evaluated the performance of the chairman of the board.

**AngloGold Ashanti Annual Financial Statements 2009**

**Corporate governance**

**P**

**170**

The performance evaluation of executive directors is conducted by the Remuneration Committee. For full details, see Remuneration Committee report from page 207.

Topics covered in the board’s effectiveness evaluation include the following:

- setting of performance objectives;
- board contribution to development of strategy;
- board response to crisis;
- board awareness of developments in regulatory and market environments;
- 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;
- criteria for determining independence of directors; and
- corporate governance and legal issues facing the board/company.

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.

All members of the Executive Committee are regular attendees at board meetings and report to the board on their respective operational areas.

The chairman of each committee also reports to the board after every meeting.

Separate meetings are held each year to discuss strategic matters and the group’s budget for the following year. During 2009 the board held four scheduled quarterly meetings. In addition four special and eight sub committee meetings

were held to discuss and approve issues of a special nature.

Members

26 Jan

6 Feb

6 April

13 May

22 Jun

29 Jul

28 Oct

7 Dec

(special meeting)	(quarterly meeting)	(special meeting)	(quarterly meeting)	(special meeting)	(quarterly meeting)	(quarterly meeting)
-------------------	---------------------	-------------------	---------------------	-------------------	---------------------	---------------------

Edgar Filing: ANGLOGOLD ASHANTI LTD - Form 6-K

meeting)							
meeting)							
meeting)							
meeting)							
meeting)							
Mr RP Edey (Chairman)	o	o	o	o	o	o	o
o							
Dr TJ Motlatsi	o	X	X	o	X	o	o
o							
Mr FB Arisman	o	o	o	o	o	o	o
o							
Mr RE Bannerman#	o	o	o	o	—	—	—
o							
Mr M Cutifani	o	o	o	o	o	o	o
o							
Mr JH Mensah#	o	o	o	o	—	—	—
o							
Mr WA Nairn	o	o	o	o	o	o	o
o							
Prof LW Nkuhlu##	o	o	o	—	o	o	o
o							
Mr SM Pityana	o	o	o	o	o	o	o
o							
Mr S Venkatakrishnan	o	o	o	o	o	o	o
o							

Apologies. # Retired 15 May 2009. ## Resigned from the board on 5 May 2009, reappointed on 1 June 2009.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**171**

**Board committees**

The board has established and delegated specific roles and responsibilities to seven standing committees and one management committee (the Executive Committee), to assist it in the execution of its mandate. Each committee's role and responsibilities are spelt out in its terms of reference, approved by the board and reviewed regularly to ensure that they remain in line with the company's changing needs and business climate. Standing committees are chaired by independent non-executive directors.

As and when required, the board may establish ad hoc committees to address specific issues. Details of each board committee are provided below.

**Audit and Corporate Governance Committee**

Membership of the Audit and Corporate Governance Committee, including its chairman, comprises only independent non-executive directors, in compliance with the Sarbanes-Oxley Act. This also fulfils the guidelines of the King III Code, which becomes effective in March 2010, and the requirements of Companies Act 71, of 2008, which is expected to become effective during 2010. The US 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 three 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.

The committee is guided by its terms of reference. The mandate as delegated by the board is ensuring integrity of financial reporting and adequacy of governance, internal control and risk management policies and processes throughout the group.

The selection of external auditors, recommendation of their appointment to shareholders and the determination of their fees, policy procedures for approving non-audit work and checking and satisfying itself about independence of the external auditors is one of the functions of the committee. To this end, the committee holds private discussions with the external auditors and conducts an annual formal assessment on the independence of the auditors. In line with this, at its meeting in February 2010

and after due consideration of all relevant facts, the committee expressed satisfaction 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.

Fees paid to the external auditors in respect of audit fees were \$7m and \$1m relating to other assurance services. The percentage of non-audit fees as a portion of total fees paid to the external auditors for 2009 was about 13%.

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, enables him to discharge his duties as required by law and in fulfilment of his obligations to the company. The function, duties and powers of the internal audit department, are governed by a formal internal audit charter 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. In relation to risk management, the committee reviews the risk policies of the company with respect to risk identification and the risk management process, ensuring that the guidelines of the King Code and the requirements of the Sarbanes-Oxley Act are met, as well as advising the board on the effectiveness of the risk management system.

**AngloGold Ashanti Annual Financial Statements 2009****Corporate governance****P****172**

In addition, the committee reviews fraud prevention policies and processes. The investigations of the reports made through the “whistle blowing” process and the actions taken are reviewed and monitored by the committee on at least a quarterly basis.

The committee oversees the company’s integrated reporting and in that regard reviews the financial aspects of the sustainability report to ensure accuracy and reliability of information. It also reviews the non-financial information to ensure it

conforms to the financial information. To facilitate the committee’s role in relation to the integrated reporting, the chairman was

appointed to the Safety, Health and Sustainable Development Committee with effect from 27 October 2009. The 2009 Sustainability Review was reviewed and recommendation was made for its release to stakeholders.

At its meeting held in February 2010, the committee recommended the appointment of Ernst & Young as the auditors. Their

appointment will be taken to shareholders for approval at the annual general meeting to be held on 7 May 2010.

The committee held four scheduled quarterly meetings during 2009 as detailed below. In addition, two sub-committee meetings were held.

**Members**

4 February

11 May\*\*

27 July

26 October

Prof LW Nkuhlu

(Chairman)\*

–

Mr FB Arisman

Mr RP Edey

Mr JH Mensah

#

By invitation

Mr M Cutifani

Mr S Venkatakrishnan

\* Resigned from the board on 5 May 2009. Re-appointed to the committee and chairman from 1 June 2009. # Retired on 15 May 2009.

\*\* The meeting of 11 May 2009 was chaired by FB Arisman.

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 one (2008: two) other public

company’s audit committee but is not its chairman.

After having considered all relevant facts, and given his professional knowledge and skills, the board concluded that the

simultaneous service on another audit committee and membership on the Financial Crisis Advisory Group of the International

Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) by Prof Nkuhlu has not impaired



his ability to diligently execute his 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 to hold office for the next financial year.

**Remuneration Committee**

The Remuneration Committee comprises only non-executive directors and is responsible for evaluating the performance of executive directors and executive management, and for setting appropriate remuneration for such officers of the company.

The performance of each executive director is assessed relative to the prevailing business climate and market conditions, as well as to annual evaluations of the achievement of key predetermined objectives. Bonuses paid to executive directors are a reflection of the performance of each of the directors and the company as a whole. 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 and are precluded from participation in the company's share incentive scheme.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**173**

Full details of the company's remuneration philosophy, the committee's deliberations during 2009, remuneration payments for all directors and information on the Share Incentive Scheme are available in the Remuneration Report from page 207 of this report.

Members

5 February

12 May

28 July

27 October

Mr SM Pityana

(Chairman)

	o		o
o	o		
Mr FB Arisman		o	
o		o	o
Mr RE Bannerman		o	o
#			
—			
—			
Mr RP Edey		o	
o		o	o
Dr TJ Motlatsi		o	
o		o	x
Prof LW Nkuhlu	o		
##			
—	o	o	

By invitation

Mr M Cutifani

# Retired from board on 15 May 2009.

## Resigned from the board on 5 May 2009, re-appointed on 1 June 2009.

x Apologies

**Nominations Committee**

The appointment of directors is a matter for the board as a whole but the Nominations Committee, whose membership comprises solely of independent non-executive directors, is responsible for identifying and recommending suitable candidates

for appointment 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 met twice during 2009.

Members

30 April

28 October

Mr RP Edey (Chairman)

o

o

Mr FB Arisman

o

o

Mr RE Bannerman

o

#

—

Mr JH Mensah	x	
—		
Dr JT Motlatsi	o	o
Mr WA Nairn	x	o
Prof LW Nkuhlu		
†	o	
Mr SM Pityana	o	
†		
By invitation		
Mr M Cutifani	o	o
x Apologies	# Retired from board on 15 May 2009.	† Recused

**Safety, Health and Sustainable Development Committee**

The Safety, Health and Sustainable Development Committee oversees the company’s performance regarding safety, health and the environment, and its social interaction with the communities in which it operates. This committee is also responsible for establishing targets in relation to each of these areas. Safety, health and environmental performance and relations with government, community members and other stakeholders, form an integral part of operational management. Membership of the committee comprises non-executive directors and the Chief Executive Officer. Its meetings are attended by several members of the executive team and other officers of the company. During 2009 the committee deliberated on the safety concerns faced by the company's South African mines and in particular, on the strategies and methodologies that will enhance the safety and security of all company employees.

**AngloGold Ashanti Annual Financial Statements 2009****Corporate governance****P****174**

Four scheduled quarterly meetings were held during 2009 as detailed below.

## Members

5 February

12 May

28 July

27 October

Mr WA Nairn

(Chairman)

o

o

o

o

Mr M Cutifani

o

o

o

o

Mr JH Mensah#

o

o

—

Dr TJ Motlatsi

o

o

o

o

Prof LW Nkuhlu

o

##

—

—

—

Mr SM Pityana

o

o

o

o

By invitation

Mr FB Arisman

o

o

o

o

Mr RP Edey

o

o

o

o

Apologies. # Retired from board on 15 May 2009.

## Appointed 27 October 2009.

**Transformation and Human Resources 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, including the monitoring of the Mining Charter in its entirety and all legislative requirements impacting on the

company's right to mine at all its operations. The committee is also responsible for employee skills development in a manner

that seeks to develop and retain talent, and to provide employees with the opportunity to enhance their skills and knowledge.

Details of the company's employment equity practices and performance during the year, as well as the challenges the company faces in this regard are provided in the Sustainability Review 2009 which is available on the company's website.

The committee held four scheduled quarterly meetings in 2009.

## Members

5 February

12 May

28 July

27 October

Dr TJ Motlatsi

(Chairman)

o

o

o

x

Mr FB Arisman

o

o

o

o

Mr RE Bannerman#	°	°		
—				
—				
Mr M Cutifani	°	°	°	°
Mr WA Nairn	x	°	x	°
Mr SM Pityana	°	°	°	°

Apologies. # Retired from board on 15 May 2009.

**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 membership of the committee comprised Mr RP Edey (chairman), Mr M Cutifani, Mr WA Nairn, Mr Pityana, Mr S Venkatakrisnan and Mr JH Mensah who retired from

the board on 15 May 2009. The committee met on 11 May 2009 and all members were present.

**Party Political Donations Committee**

The membership of the Party Political Donations Committee comprises the South African resident independent non-executive

directors, namely, Mr WA Nairn, Prof LW Nkuhlu, Mr SM Pityana and is chaired by the deputy chairman of the board,

Dr TJ Motlatsi. The committee determines the funding of political parties in South Africa in accordance with principles set out in the

political donations policy adopted by the board on 29 April 2003. The committee met once during the year, on 3 February, 2009 at which all members were present. Mr WA Nairn was appointed a member of the committee at that meeting.

In line with the company's policy on political donations which seeks to support a strong democracy and good governance,

the committee approved a donation of R4m which was distributed to six South African political parties intended as the

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**175**

company's contribution to the democratic elections held in South Africa during 2009. The criteria for allocation of the funds

was in line with the company's policy and was based on an assessment of the capacity of each of the parties to contribute

meaningfully to the democratic debate and to the generation of policy ideas for public consideration and further, capacity to

contribute constructively to building a culture of executive accountability and parliamentary oversight.

**Executive Committee**

This committee is chaired by Mr Cutifani, the Chief Executive Officer and comprises members of the executive team as

detailed on page 134. The committee is responsible for overseeing the day-to-day management of the company's affairs and

for executing the decisions of the board. It 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.

**Treasury Committee**

The Treasury Committee is a sub-committee of the audit and corporate governance committee. Its membership comprises of

two non-executive directors, the Chief Financial Officer and a number of employees whose duties are relevant to the role and

functions of the committee. It is chaired by the chairman of the audit and corporate governance committee and its main role

is to monitor and mitigate financial risks. The committee held two meetings during the year under review.

**Finance Committee**

Membership of the Finance Committee includes the Chief Financial Officer, senior finance officers and other senior management. Its function is to review the financial aspects of the company's affairs, including reviewing the effectiveness of

the company's disclosures policy, internal controls and procedures established by the company or the committee and make

recommendations to the Executive Committee for any changes required.

**Disclosures Committee**

AngloGold Ashanti believes in the dissemination of credible, accurate and verifiable information. Accordingly, a Disclosures

Committee, comprising senior management, has been established to manage compliance with the company's continuous

disclosure obligations and communications policy. The committee ensures that adequate guidelines are put in place to facilitate the process of material disclosure of company information, and bears responsibility for certain categories of information gathering and processes.

**Company Secretary**

Ms Lynda Eatwell was appointed company secretary in December 2006. The company secretary assists the board in its

deliberations, drawing attention of members to their legal duties and ensuring, together with the executive directors and senior

management that decisions of the board are properly implemented. The company secretary, in collaboration with the group

compliance manager, is responsible for ensuring that new directors are effectively inducted in terms of their duties and responsibilities. Together with the investor relations department, the company secretary provides a direct communication 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 company secretary assists the Senior Vice President – Finance, Treasury in ensuring compliance with all the statutory requirements relating to the administration of the company's share incentive scheme. She also ensures that minutes meetings of shareholders, board and board committees 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 role in the board's annual evaluation process.

**Group Compliance Manager**

Mr Ken Tshribi was appointed group compliance manager in December 2008. Compliance with laws and regulations promote and sustain the reputation and standing of a company and meet the expectations of the market and society. In this regard, the board has established the Compliance Department, headed by the group compliance manager. The compliance function has the responsibility for advising and assisting the board of directors and management in designing and implementing appropriate compliance management policies and procedures; in awareness training; in assessing, monitoring and reporting on the company's compliance programmes and practices; in implementing strategies that reinforce a safe, transparent and ethical working environment; and in ensuring consistent enforcement of policies, standards and procedures.

**AngloGold Ashanti Annual Financial Statements 2009**

**Risk management**

**P**

**176**

Risk management and  
internal controls



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**177**

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.

The board is satisfied that there is an ongoing process for identifying, evaluating and managing significant risks and internal

controls, and, where weaknesses are identified, these are promptly addressed within AngloGold Ashanti and its operations as

risk mitigation processes are part of the group's overall risk management framework. The group has a sound system of internal

control, based on policies and guidelines, in all material subsidiaries and joint ventures under its control.

The board 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 system of internal controls 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. Full reviews of the risk control and disclosure processes are undertaken regularly.

AngloGold Ashanti has established a group risk management policy with supporting standards that provides an overarching

and consistent framework for the assessment and management of risks. Risks are ranked using a common methodology.

Where a risk is assessed as material, it is reported and reviewed by senior management.

Risk management's focus is to ensure that AngloGold Ashanti delivers value to its stakeholders. The risk management systems

meet the requirements of the King Code on Corporate Governance in South Africa 2002 (King II) and the United States of America

(US) Sarbanes-Oxley Act (SOX). The King Code on Corporate Governance in South Africa 2009 (King III) will be applied by year-

end 2010. 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 group's Chief Executive Officer and Chief Financial Officer are both required, in terms of SOX, to certify on Form 20-F that

its financial statements present a true and fair view, in all material respects, of the group's financial position, cash flows and

operational results, in accordance with the relevant, Generally Accepted Accounting Principles in the US. 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 US Securities and Exchange Commission (SEC).

All eight key components of the 'Enterprise Risk Management – Integrated Framework' issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) have been incorporated into the group's process to comply

with SOX section 404 dealing with the group's internal control system. The requirements of King II have also been included

as are those of International Standard ISO/DIS 31000 'Risk Management – Principles and Guidelines on Implementation'.

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.

In light of the current global financial crisis, as well as management restructuring, AngloGold Ashanti is engaged in an

enhanced focus upon risk management to benefit from opportunities and cope with uncertainty.

**Risk factors**

The following sections describe many of the risk factors that could affect AngloGold Ashanti. However, there may be additional

risks unknown to AngloGold Ashanti and other risks, currently believed to be immaterial, that could turn out to be material.

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

The risk factors highlight the group's exposure to risk without explaining how these exposures are managed and mitigated or

how some of the risks are also potential opportunities. The risk factors set out in this document have been organised into the

following categories: risks related to AngloGold Ashanti's results of operations and its financial condition as a result of factors

**AngloGold Ashanti Annual Financial Statements 2009**

**Risk management**

**P**

**178**

that impact the gold mining industry generally; risks related to AngloGold Ashanti's results of operations and its financial

condition as a result of factors specific to AngloGold Ashanti and its operations and risks related to AngloGold Ashanti's

ordinary shares and American Depositary Shares, or ADSs.

**Risks related to AngloGold Ashanti's results of operations and its financial condition as a result of factors that impact the gold mining industry generally**

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

AngloGold Ashanti's revenues are primarily derived from the sale of gold and, to a lesser extent, uranium, silver and sulphuric

acid. The market prices for these commodities fluctuate widely. These fluctuations are caused by numerous factors beyond

AngloGold Ashanti's control. For example, the market price of gold may fluctuate for a variety of reasons, 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, including as a result of prevailing economic conditions;
- changes in the supply of gold from production, disinvestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- actual or expected sales or purchases of gold by central banks and the International Monetary Fund;
- gold hedging and de-hedging by gold producers;
- global or regional political or economic events; and
- the cost of gold production in major gold producing countries.

The market price of gold has recently experienced significant volatility. During 2009, the gold price traded from a record high of

\$1,226.10/oz to a low of \$801.65/oz. On 10 March 2010, the afternoon fixing price of gold on the London Bullion Market was

\$1,120.50/oz.

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. In addition, the recent shift in gold demand from physical demand to investment and speculative demand may exacerbate the volatility of gold prices. A sustained period of significant gold price volatility may adversely affect AngloGold Ashanti's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions. If revenue from gold sales falls below the cost of production for an extended period, AngloGold Ashanti may experience losses and be forced to curtail or suspend some or all of its capital projects or existing operations, particularly those operations having operating costs that are flexible to such short- to medium-term curtailment or closure, or change its dividend payment policies. In addition, it would have to assess the economic impact of low gold prices on its ability to recover any losses that may be incurred during that period and on its ability to maintain adequate cash reserves. Foreign exchange fluctuations could have a material adverse effect on AngloGold Ashanti's operational results and financial condition. Gold is principally a dollar-priced commodity, and most of AngloGold Ashanti's revenues are realised in, or linked to, dollars while production costs are largely incurred in the local currency where the relevant operation is located. As a result of its global operations and local foreign exchange regulations, some of AngloGold Ashanti's funds are held in local currencies, such as the South African rand and the Australian dollar. The weakening of the dollar, without a corresponding increase in the dollar

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**179**

price of gold against these local currencies, results in lower revenues and higher production costs in dollar terms. Conversely, the strengthening of the dollar, without a corresponding decrease in the dollar price of gold against these local currencies, yields significantly higher revenues and lower production costs in dollar terms. Exchange rate movements may have a material effect on AngloGold Ashanti's operating results. For example, a 1% strengthening of the South African rand, Brazilian real, the Argentinean peso and the Australian dollar against the US dollar will, other factors remaining equal, result in an increase in total cash costs under International Financial Reporting Standards incurred of nearly \$4/oz, or 1%.

The profitability of AngloGold Ashanti's operations, and the cash flows generated by these operations, are significantly affected by fluctuations in input production prices, many of which are linked to the prices of oil and steel. Fuel, energy and consumables, including diesel, heavy fuel oil, chemical reagents, explosives, tyres, steel and mining equipment consumed in mining operations form a relatively large part of the operating costs and/or capital expenditures of any mining company. AngloGold Ashanti has no influence over the cost of these consumables, many of which are linked to some degree to the price of oil and steel.

The price of oil has recently been volatile, reaching a high of \$79.43 per barrel and a low of \$38.87 per barrel in 2009 as compared to an all-time high oil price of \$145.11 per barrel on 11 July 2008. AngloGold Ashanti has estimated that for each \$1 per barrel rise in the oil price, other factors remaining equal, the average cash costs under IFRS of all its operations increases by about \$0.41/oz with the cash costs of certain of its mines, particularly Geita, Cripple Creek & Victor, Siguiri and Sadiola, which, being more dependent on fuel, are more sensitive to changes in the price of oil. Furthermore, the price 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 and has also been volatile recently. For example, the price of flat HRC (North American Domestic FOB) steel reached a high of \$656 per ton and a low of \$410 per ton in 2009 as compared to an all time high price of \$1,240 per ton during May 2008.

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.

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

AngloGold Ashanti's mining operations are dependent upon electrical power generated by local utilities or by power plants situated at some of its operations.

In South Africa, AngloGold Ashanti's operations are substantially dependent on electricity supplied by Eskom, the state-

owned utility. Eskom and the National Energy Regulator of South Africa, or the NERSA, continue to recognise the need for new supply capacity and a series of tariff increases and proposals have been tabled. In the third quarter of 2009, Eskom applied to NERSA for a tariff review to obtain an additional 45% increase annually for the next three years, which was later reduced to 35% annually for three years. On 24 February 2010, NERSA approved an increase of about 25% per year for three years and as energy prices represent a large portion of AngloGold Ashanti's operating costs in South Africa, the resulting increases will have an adverse impact on the cash costs of its South African operations. In addition, generating capacity was severely impaired in 2008 when Eskom warned that it could no longer guarantee the availability of its supply of electrical power to the South African mining industry. Consequently, AngloGold Ashanti, along with other mining companies with South African operations, was forced temporarily to suspend mining operations at its South African mines. AngloGold Ashanti's South African mines continue to work within a constraint of 90% of average capacity. AngloGold Ashanti cannot give assurance that power supply to its South African operations will not experience future interruptions as the South African economic situation further improves, thereby potentially increasing the demand on the national grid system in South Africa. In Ghana, AngloGold Ashanti's operations depend on hydroelectric power supplied by the Volta River Authority, or the VRA, an entity controlled by the government of Ghana which is supplemented by thermal power from the Takoradi plant as well as the smaller unit recently commissioned at Tema. The VRA's principal electricity generating facility is the Akosombo Dam and

## AngloGold Ashanti Annual Financial Statements 2009

### Risk management

#### P

#### 180

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 AngloGold Ashanti's equipment.

The VRA has in the past also obtained power from neighbouring Côte d'Ivoire, which has intermittently experienced some

political instability and civil unrest.

These factors, including increased power demand from other users in Ghana, may cause interruptions in AngloGold Ashanti's

power supply to its operations in Ghana or result in increases in the cost of power even if they do not interrupt supply.

Consequently, these factors may adversely affect AngloGold Ashanti's results of operations and its financial condition.

From January 2009, and after negotiation, Ghana increased the rate at Obuasi from 9.2 to 9.3 US cents per kilowatt hour and

at Iduapriem from 9.2 to 10.2 US cents per kilowatt hour. Even though these rates are expected to remain at these levels in

the short term, they could be impacted by any significant spike in the crude oil price given the country's dependence on light

crude oil for firing the thermal power plants.

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.

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

AngloGold Ashanti's operations and performance depend significantly on worldwide economic conditions. During 2009,

following the global financial crisis that had severe negative impacts upon banking systems, financial institutions and financial

and credit markets in the latter half of 2008, general economic indicators continued to deteriorate, including declining consumer

sentiment and business confidence, increased unemployment, reduced levels of capital expenditure, ongoing disruption in

financial and credit markets and uncertainty regarding corporate earnings. In recent months, certain indices and economic data

have shown some signs of improvement and stabilisation. However, there can be no assurance that these improvements will

be broad-based or sustainable and how they will affect the markets relevant for AngloGold Ashanti remains uncertain.

A continuation of the global economic downturn may have follow-on effects on AngloGold Ashanti's business. For example:

- the insolvency of key suppliers could result in a supply chain break-down;
- the failure or potential failure of hedging and derivative counterparts and other financial institutions may negatively impact AngloGold Ashanti's results of operations and its financial condition;

- other income and expense could vary materially from expectations depending on gains or losses realised on the sale or exchange of financial instruments and impairment charges may be incurred with respect to AngloGold Ashanti's investments;
- other amounts realised in the future on AngloGold Ashanti's financial instruments could differ significantly from the fair values currently assigned to them;
- AngloGold Ashanti's defined benefit pension fund may not achieve expected returns on its investments, which could require AngloGold Ashanti to make substantial cash payments to fund any resulting deficits; and
- the reduced availability of credit may make it more difficult for AngloGold Ashanti to obtain, or may increase the cost of obtaining, finance for AngloGold Ashanti's operations.  
In addition, uncertainty regarding global economic conditions may also increase the volatility or negatively impact the value of the market value of AngloGold Ashanti's securities.  
Inflation may have a material adverse effect on AngloGold Ashanti's operational results.  
Most of AngloGold Ashanti's operations are located in countries that have experienced high rates of inflation during certain periods.  
Since AngloGold Ashanti is unable to influence the market price at which it sells gold it is possible that significantly higher future inflation in the countries in which AngloGold Ashanti operates may result in an increase in future operational costs in local currencies (without a concurrent devaluation of the local currency of operations against the dollar or an increase in the dollar price of gold). This could have a material adverse effect upon AngloGold Ashanti's results of operations and its financial condition.



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**181**

While none of AngloGold Ashanti's operations are 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 reduced or rationalised at higher cost mines.

AngloGold Ashanti faces many risks related to the development of its mining projects that may adversely affect its results of operations and profitability.

The profitability of mining companies depends, in part, on the actual costs of developing and operating mines, which may differ significantly from estimates determined at the time a relevant mining project was approved following the completion of the relevant feasibility studies. The development of mining projects may also be subject to unexpected problems and delays that could increase the cost of development and the ultimate operating cost of the relevant project.

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;
- future foreign currency exchange rates;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold, uranium, silver and other metals extracted 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 driven to a significant extent by the costs of the commodity inputs, including the cost of fuel, chemical reagents, explosives, tyres and steel, consumed in mining activities and credits from by-products, such as silver and uranium.

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 of the construction of mining and processing facilities, which can be considerable;
- availability and cost of skilled labour, power, water and transportation facilities;
- availability and cost of appropriate smelting and refining arrangements;

- need to obtain necessary environmental and other governmental permits and the time to obtain such permits; and
- availability of funds to finance construction and development activities.

The cost, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production could occur. Finally, operating cost and capital expenditure estimates could fluctuate considerably as a result of changes in the prices of commodities consumed in the construction and operation of mining projects. Accordingly, AngloGold Ashanti's future development activities may not result in the expansion or replacement of current production with new production, or one or more new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all. AngloGold Ashanti's operating results and financial conditions are directly related to the success of its project developments. A failure in AngloGold Ashanti's ability to develop and operate mining projects in accordance with, or in excess of, expectations could negatively affect its results of operations and its financial condition and prospects. AngloGold Ashanti faces uncertainty and risks in its exploration, feasibility studies and other project evaluation activities. Exploration activities are speculative in nature and feasibility studies and other project evaluation activities necessary to determine whether a viable mining operation exists or can be developed 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. AngloGold Ashanti undertakes feasibility studies to estimate the technical and economic viability of mining projects, including the determination of appropriate mining methods and metallurgical recovery processes to mine and extract gold from the ore. These activities are undertaken in order to estimate the Ore Reserve.

**AngloGold Ashanti Annual Financial Statements 2009**

**Risk management**

**P**

**182**

Once mineralisation is discovered it can take several years to determine whether adequate 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, including:

- future metal and other commodity prices;
- future foreign currency exchange rates; and
- the required return on investment as based upon the costs and availability of capital.

Feasibility studies also include activities to estimate:

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

These estimates depend upon the data available and the assumptions made at the time the relevant estimate is made. Ore Reserve estimates are not precise calculations and depend on the interpretation of limited information on the location,

shape and continuity of the occurrence and on the available sampling results. Further exploration and feasibility studies can

result in new data becoming available that may change previous Ore Reserve estimates which will impact upon both the

technical and economic viability of production from the relevant mining project. Changes in the forecast prices of commodities,

exchange rates, production costs or recovery rates may change the economic status of reserves resulting in revisions to previous Ore Reserve estimates. These revisions could impact depreciation and amortisation rates, asset-carrying values

provisions for closedown, restoration and environmental clean-up costs.

AngloGold Ashanti undertakes annual revisions to its 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 assumptions. 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. Ore Reserve restatements could negatively

affect AngloGold Ashanti's results, financial condition and prospects, as well as its reputation.

The increased demand for gold and other commodities, combined with a declining rate of discovery, has resulted in existing

reserves being depleted at an accelerated rate in recent years. AngloGold Ashanti therefore faces intense competition for the

acquisition of attractive mining properties. From time to time, AngloGold Ashanti evaluates the acquisition of Ore Reserve,

development properties and operating mines, either as stand-alone assets or as part of companies. AngloGold Ashanti's 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 Reserve, cash and other operating costs, gold prices and projected economic returns and evaluations of existing or potential liabilities associated with the relevant property and its operations and how these factors may change in the future. Other than historical operating results, all of these factors are uncertain and could have an impact upon revenue, cash and other operating issues, as well as the uncertainties related to the process used to estimate Ore Reserve.

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 Reserve or operations. AngloGold Ashanti's

operating results and financial condition are directly related to the success of its exploration and acquisition efforts and its

ability to replace or increase existing Ore Reserve. If AngloGold Ashanti is not able to maintain or increase its reserves, its

results of operations and its financial condition and prospects could be adversely affected.

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

Gold mining is susceptible to numerous events that may have an adverse impact on a 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;
- mechanical breakdowns;

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**183**

- electrical power interruptions;
  - encountering unexpected geological formations;
  - unanticipated ground conditions;
  - ingresses of water;
  - process water shortages;
  - unanticipated increases in gold lock-up and inventory levels at heap-leach operations;
  - fall-of-ground accidents in underground operations;
  - failure of mining pit slopes, heap-leach facilities, water dams, waste stockpiles and tailings dam walls;
  - legal and regulatory restrictions and changes to such restrictions;
  - safety-related stoppages;
  - seismic activity; and
  - other natural phenomena, such as floods, droughts or inclement weather conditions, potentially exacerbated by climate change.
- Seismic activity is of particular concern in underground mining operations, particularly in South Africa due to the extent and extreme depth of mining, and also in Australia and Brazil due to the depth of mining and residual tectonic stresses. Despite the implementation of 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 the death of, or injury to, employees and contractors. Seismic activity may also cause the loss of mining equipment, damage to, or destruction of, mineral properties or production facilities, monetary losses, environmental damage and potential legal liabilities in South Africa and elsewhere where seismic activity may be a factor. As a result, these events may have a material adverse effect on AngloGold Ashanti's results of operations and its financial condition.
- AngloGold Ashanti is 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 designed to improve and to protect the safety and health of employees.
- From time to time, new health and safety laws and regulations, or amendments to existing health and safety laws and

regulations, are introduced in the jurisdictions in which AngloGold Ashanti operates. Should compliance with new standards require a material increase in expenditure or material interruptions to its operations or production, including as a result of any temporary failure to comply with applicable regulations, AngloGold Ashanti's results of operations and its financial condition could be adversely affected. For example, in South Africa the government has introduced compulsory shutdowns of operations to enable investigations into the cause of accidents that have occurred at those operations and certain of AngloGold Ashanti's operations have been temporarily suspended for this reason in the past. In addition, AngloGold Ashanti's reputation as a responsible company and employer could be damaged by any significant governmental investigation or enforcement of health and safety standards. Any of these factors could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

Mining companies are increasingly required to consider and ensure the sustainable development of, and provide benefits to, the communities and countries in which they operate, and are subject to extensive environmental laws and regulations.

As a result of public concern about the perceived ill effects of economic globalisation, business generally and large multinational corporations, such as AngloGold Ashanti, in particular, 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 their commercial activities. Such pressures tend to be particularly focused on companies whose activities are perceived to have a high impact on their social and physical environment. The potential consequences of these pressures include reputational damage, legal suits and social spending obligations.

**AngloGold Ashanti Annual Financial Statements 2009**

**Risk management**

**P**

**184**

The location of existing and proposed mining operations often coincides with the location of existing towns and villages, natural water courses and other infrastructure. Mining operations must therefore be designed to minimise their impact on such communities and the environment, either by changing mining plans to avoid impacts, modifying mining plans and operations, or relocating the relevant people to an agreed location. These measures may include agreed levels of compensation for any adverse impact the mining operation may continue to have upon the community. The cost of these measures could increase capital and operating costs and therefore could have an adverse impact upon the results of operations. AngloGold Ashanti is subject to the above factors at certain of its existing and proposed mining sites and at all of its exploration sites. Mining companies are also subject to extensive environmental laws and regulations in the various jurisdictions in which they operate. These regulations establish limits and conditions on producers' ability to conduct their operations. The cost of AngloGold Ashanti's compliance with environmental laws and regulations has been, and is expected to continue to be, significant. For example, in February 2010, following discussions with the Environmental Protection Agency of Ghana in relation to potentially adverse environmental impacts arising from the current tailings storage facility in Ghana, AngloGold Ashanti's Iduapriem mine in Ghana has been suspended until alternative arrangements for tailings storage can be established. In 2009, Iduapriem produced approximately 190,000 ounces of gold, or approximately 4% of AngloGold Ashanti's gold production in that year. Environmental laws and regulations are continually changing and are generally becoming more restrictive. If AngloGold Ashanti's environmental compliance obligations alter as a result of changes in laws and regulations, or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions arise at its operations, including any temporary failure to comply with regulations, standards or operating procedures requiring its operations to be suspended, its expenses and provisions would increase and its rate of production and revenue could be adversely impacted. If material, these expenses and provisions could adversely affect AngloGold Ashanti's results of operations and its financial condition. Mining companies are required by law to close their operations and rehabilitate the lands that they mine. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially. Environmental liabilities are accrued when they become known, probable and can be reasonably estimated. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations, which could have an adverse effect on AngloGold Ashanti's financial condition.

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

Compliance with emerging climate change regulation could result in significant costs to AngloGold Ashanti, and climate change may present physical risks to the company's operations.

Greenhouse gases, or GHGs, are emitted directly by AngloGold Ashanti's operations and indirectly as a result of the consumption of electricity purchased from external utilities. Emissions from electricity consumption are indirectly attributable

to the company's operations. Currently, a number of international and national measures to address or limit GHG emissions, including the Kyoto Protocol and the Copenhagen Accord, are in various phases of discussion or implementation in the countries in which the company operates. These measures could result in requirements for AngloGold Ashanti to reduce its

direct and indirect GHG emissions. For example:

- 

In 2010 the Australian parliament will continue to debate the introduction of the Carbon Pollution Reduction Scheme, which

would cap national emissions and require certain companies whose emissions exceed the agreed threshold to obtain allowances to emit GHGs. AngloGold Ashanti may be required under this scheme to purchase allowances for emissions

starting in 2011. The company is already required to report its GHG emissions to the Australian government under the National Greenhouse and Energy Reporting Act;

- 

The South African government has announced a climate change policy process culminating in the publication of a white

paper in late 2010, with GHG legislation likely in 2011. It is possible this legislation will cap national emissions and introduce

a trading scheme for GHG emission allowances and/or extend the current carbon tax;



**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**185**

•

A number of climate change bills have been introduced in the United States Congress but the likely impact on the company remains unclear, as no legislation has yet been finalised. In December 2009, the US Environmental Protection Agency finalised a GHG endangerment finding under the US Clean Air Act, from which initiatives to curb or regulate GHGs emitted

from a number of industries may arise; and

•

In Brazil, a National Plan for Climate Change was enacted in December 2008 aiming to reduce deforestation, the main cause

of Brazil's GHG emissions. While Brazil is not yet formally regulating GHG emissions at the national level, some state environmental agencies request companies to voluntarily submit GHG emissions management plans.

Some of these measures already result in increased compliance costs for AngloGold Ashanti's power suppliers, and are passed through to the company in the form of price increases. For instance, in South Africa since 2009, AngloGold Ashanti

pays a levy of South African rand 0.02 per kilowatt hour for electricity generated from fossil fuels. These levies may increase

over time and additional levies may be introduced in the future in South Africa or other countries.

In addition, AngloGold Ashanti's operations could be exposed to a number of physical risks from climate change, such as

increased rainfall, reduced water availability, higher temperatures and extreme weather events. Events or conditions such as

flooding or inadequate water supplies could disrupt the company's mining and transport operations, mineral processing and

rehabilitation efforts, and could increase health and safety risks onsite. In addition, such events or conditions could have

adverse effects such as increased disease prevalence in AngloGold Ashanti's workforce and in communities in close proximity

to the company's operations.

Mining operations and projects are vulnerable to supply chain disruption and AngloGold Ashanti's operations and development projects could be adversely affected by shortages of, as well as lead times to deliver, strategic spares, critical consumables, mining equipment or metallurgical plant.

AngloGold Ashanti's operations and development projects could be adversely affected by shortages of, as well as lead times

to deliver, strategic spares, critical consumables, mining equipment and metallurgical plant. In the past, AngloGold Ashanti and

other gold mining companies have experienced shortages in critical consumables, particularly as production capacity in the

global mining industry has expanded in response to increased demand for commodities, and AngloGold Ashanti has experienced increased delivery times for these items. These shortages have also resulted in unanticipated increases in the

price of certain of these items. Shortages of strategic spares, critical consumables, mining equipment or metallurgical plant,

which could occur in the future, could result in production delays and production shortfalls, and increases in prices result in

an increase in both operating costs and the capital expenditure to maintain and develop mining operations.

AngloGold Ashanti and other gold mining companies, individually, have limited influence over manufacturers and suppliers of

these items. In certain cases there are only limited suppliers for certain strategic spares, critical consumables, mining equipment or metallurgical plant who command superior bargaining power relative to AngloGold Ashanti, or AngloGold

Ashanti could at times face limited supply or increased lead time in the delivery of such items.

AngloGold Ashanti's procurement policy is to only source its mining and processing equipment and consumables from suppliers

that meet its corporate values and ethical standards. In certain locations where a limited number of suppliers meet these standards,

this places further strain upon its supply chain, thereby increasing AngloGold Ashanti's cost of supply and time of delivery.

If AngloGold Ashanti experiences shortages, or increased lead times in delivery of strategic spares, critical consumables,

mining equipment or processing plant, its results of operations and its financial condition could be adversely affected.

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 may impact AngloGold Ashanti's reported results should the adopted

interpretation differ from the position followed by AngloGold Ashanti.

**AngloGold Ashanti Annual Financial Statements 2009**

**Risk management**

**P**

**186**

**Risks related to AngloGold Ashanti's results of operations and its financial condition as a result of factors specific to AngloGold Ashanti and its operations**

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

AngloGold Ashanti uses gold hedging instruments and have entered into long-term sales contracts, which may prevent the company from realising potential gains from subsequent commodity price increases.

AngloGold Ashanti has used gold hedging instruments to hedge the selling price of some of its anticipated production. The

use of such instruments prevents full participation in subsequent increases in the market price for the commodity with respect

to covered production. Since 2001, AngloGold Ashanti has been reducing its hedge commitments through hedge buy-backs

(limited to non-hedge derivatives), deliveries into contracts and restructuring in order to provide greater participation in a rising

gold price environment. As a result of these measures, AngloGold Ashanti has, and expects to continue to have, substantially

less protection against declines in the market price of gold as compared with previous years.

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

During 2009, AngloGold Ashanti continued executing on its strategy to reduce the outstanding gold derivatives position which

resulted in the decision to accelerate the settlement of certain outstanding gold derivative positions. These accelerated settlements, together with the normal scheduled deliveries and maturities of other gold derivatives positions during 2009,

reduced the total committed ounces from 5.99Moz as at 31 December 2008 to 3.90Moz as at 31 December 2009.

Although the hedge restructurings and reductions referred to above have significantly reduced AngloGold Ashanti's hedge

book, a rising gold price may result in a gap between the spot price and the received price of gold for ounces still hedged,

and this may continue as the company closes out its existing hedge positions.

AngloGold Ashanti's mining rights in the countries in which it operates could be altered, suspended or cancelled for a variety of reasons, including if AngloGold Ashanti breaches its obligations in respect of its mining 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 countries where mining rights could be suspended or cancelled should AngloGold Ashanti breach its obligations in

respect of the acquisition of these rights.

In all of the countries where AngloGold Ashanti operates, the formulation or implementation of government policies may be

unpredictable on certain issues, including changes in laws relating to mineral rights and ownership of mining assets and the

rights to prospect and mine. Any existing and new mining and exploration operations and projects AngloGold Ashanti carries

are subject to various national and local laws, policies and regulations governing the ownership and the right to prospect or

mine or develop proposed projects. If AngloGold Ashanti is not able to obtain or maintain necessary permits, authorisations

or agreements to prospect or mine or to implement planned projects, or continue its operations under conditions, or within

time frames, that make such plans and operations economically viable, or if the laws impacting AngloGold Ashanti's ownership

of its mineral rights, or its right to prospect or mine were to change materially, its results of operations and its financial condition

could be adversely affected.

In South Africa, mining rights are linked to meeting various obligations that include the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry, or the Mining Charter. Compliance with the Mining Charter,

measured using a designated scorecard, requires that every mining company achieve 15% ownership by historically disadvantaged South Africans, or HDSAs, of its South African mining assets by May 2009, and 26% ownership by May 2014,

and achieve participation by HDSAs in various other aspects of management.

**AngloGold Ashanti Annual Financial Statements 2009**

**P**

**187**

AngloGold Ashanti believes that it has made significant progress towards meeting the requirements of the Mining Charter, the scorecard and its own undertakings in terms of human resource development, employment equity, mine community and rural development, housing and living conditions, procurement and beneficiation. AngloGold Ashanti will incur expenses in giving further effect to the Mining Charter and the scorecard. The Mining Charter provides that it should be reviewed five years after becoming law. The review process being conducted in consultation between the government and mining companies took place during 2009. The outcome is expected shortly and might impose new conditions on mining companies operating in South Africa.

The Mineral and Petroleum Resources Development Act, or the MPRDA, required the Minister of Mineral Resources to develop a Code of Good Practice for the Minerals Industry, or the Code, and the Housing and Living Conditions Standard, or the Standard, by 30 April 2009, both of which were published in the Government Gazette of 29 April 2009. The Code was developed to create principles which would facilitate the effective implementation of minerals and mining legislation and enhance the implementation of the Mining Charter applicable to the mining industry. The Standard aims to include the provision of housing as an integral part of infrastructure during the development of a mine. Both the Code and the Standard provide that non-compliance equates to non-compliance with the MPRDA.

It is unclear whether non-compliance with the Code or the Standard would lead to the cancellation or suspension of a mining right or whether they would be considered legislation under the MPRDA. Subsequent to the publication of the Code and the Standard, representatives of the Department of Mineral Resources, organised labour and the South African mining industry have engaged in discussions in an effort to address the concerns of the mining industry and to possibly amend the Code and the Standard. Furthermore, discussions related to the Code and Standard have also become related to the review of the Mining Charter. It is anticipated that the contents of the Code and Standard will ultimately be amended in line with amendments that will be made to the Mining Charter, details of which are currently uncertain.

AngloGold Ashanti's mining rights in South Africa can be suspended or cancelled by the Minister of Mineral Resources if, upon notice of a breach from the Minister, the entity breaches its obligations in complying with the MPRDA. 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 its South African operations in light of applicable requirements.

AngloGold Ashanti may experience unforeseen difficulties, delays or costs in successfully implementing its business

strategy, and its strategy may not result in the anticipated benefits.

The successful implementation of AngloGold Ashanti's business strategy depends upon a number of factors, including factors

that are outside its control. For example, the successful management of costs will depend upon prevailing market prices for

input costs and the ability to grow the business will depend on the successful implementation of AngloGold Ashanti's existing

and proposed project development initiatives and continued exploration success as well as on the availability of attractive

merger and acquisition opportunities, all of which are subject to the relevant mining and company specific risks as outlined in

these risk factors. AngloGold Ashanti cannot give assurance that unforeseen difficulties, delays or costs will not adversely

affect the successful implementation of its business strategy, or that its strategy will result in the anticipated benefits.

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

As at 31 December 2009, AngloGold Ashanti had gross borrowings of approximately \$1.931bn. This level of indebtedness

could have adverse effects on its flexibility to do business. For example, 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. In addition, under the terms

of its borrowing facilities from its banks, AngloGold Ashanti is obliged to meet certain financial and other covenants.

AngloGold Ashanti's ability to continue to meet these covenants will depend upon its future financial performance which will

be affected by its operating performance as well as by financial and other factors, certain of which are beyond its control.

Should the cash flow from operations be insufficient, AngloGold Ashanti could breach its financial and other covenants and

may be required to refinance all or part of its existing debt, use existing cash balances, issue additional equity or sell assets.

AngloGold Ashanti cannot be sure that it will be able to do so on commercially reasonable terms, if at all.

**AngloGold Ashanti Annual Financial Statements 2009**

**Risk management**

**P**

**188**

During 2010, approximately \$1.3bn of AngloGold Ashanti's debt is scheduled to mature, consisting mainly of \$1.0bn under its \$1.15bn syndicated loan facility that matures on 13 December 2010 and \$250m under its revolving credit facility that matures on 24 August 2010 (but which is extendable, at the option of AngloGold Ashanti, to 24 August 2011).

AngloGold

Ashanti intends to refinance these facilities before they mature, which may include accessing the debt capital markets. AngloGold Ashanti cannot give assurance that it will be able to do so on commercially reasonable terms, if at all.

AngloGold Ashanti expects to have significant financing requirements.

The development of potential future projects including the Mponeng Carbon Leader Reef and Ventersdorp Contact Reef

Projects in South Africa, Córrego do Sítio and Lamego in Brazil, the mine life extension project at Cripple Creek & Victor in the

US (amongst other existing projects), the possible development of Tropicana in Australia, La Colosa in Columbia, the Kibali

gold project in the Democratic Republic of the Congo (DRC) and Zaaiplaats in South Africa, as well as various greenfields and

brownfields exploration projects will require significant funding. AngloGold Ashanti's operating cash flow and credit facilities

may be insufficient to meet all of these expenditures, depending on the timing and costs of development of these and other

projects. As a result, new sources of capital may be needed to meet the funding requirements of these developments, to fund

ongoing business activities and to pay dividends. AngloGold Ashanti's ability to raise and service significant new sources of

capital will be a function of macroeconomic conditions, future gold prices, AngloGold Ashanti's operational performance and

operating cash flow and debt position, among other factors. AngloGold Ashanti intends to raise long-term debt financing in

the capital markets but cannot provide assurance that it will be able to do so on acceptable terms. AngloGold Ashanti's ability

to raise long-term debt financing and the cost of such financing will depend on, among other factors, its prevailing credit

rating, which may be affected by the company's ability to maintain its outstanding debt and financial ratios at levels acceptable

to the credit ratings agencies, its business prospects or other factors. As a result, in the event of lower gold prices,

unanticipated operating or financial challenges, or new funding limitations, AngloGold Ashanti's ability to pursue new business