

Chairman's letter



Dear shareholder

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

Despite a higher received price, AngloGold Ashanti reported adjusted headline earnings for the 2007 financial year of \$278 million, 32% lower than for 2006. This decline was principally driven by a 3% fall in gold production to 5.5 million ounces and a 16% rise in total cash costs, to \$357 per ounce. Production was affected by lower grades and cut-backs in production for safety reasons at Great Noligwa and TauTona, two of our largest South African mines, as well as by operational difficulties at Sadiola in Mali, Geita in Tanzania and Obuasi in Ghana. Lower production led to an increase in unit costs together with the broader cost pressures faced by our industry, inflation, stronger local currencies and uranium losses.

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

Significant events

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

The most significant change relates to the ownership of the group. In October 2005, Anglo American plc announced that it was contemplating a sale of its 52% interest in the group. By the

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

The retirement of former CEO Bobby Godsell and the appointment of Mark Cutifani as his successor represents another significant development in the history of the group. Bobby Godsell was and is a visionary, and has done much to shape the destiny of both the South African labour relations landscape and that of AngloGold Ashanti. We owe him our thanks and recognition for the creation of this global gold company. AngloGold Ashanti under his leadership has emerged as one of South Africa and Africa's leading companies, with listings on the world's largest exchanges and an enviable investor base around the globe, not only of leading institutional investors but also many thousands of individuals, including employees. The group employs some 62,000 people (employees and contractors) in 10 countries, and contributes to the livelihoods of many hundreds of thousands more through the socio-economic impact that its mines and projects have in the countries and regions in which it operates. Bobby Godsell leaves behind a set of high corporate values and a fully committed team. We wish him well in his future endeavours.

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

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

Safety

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

Operational performance

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

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

Corporate activity

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

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

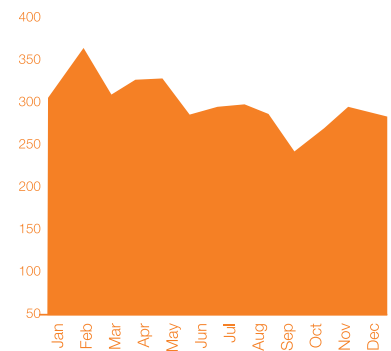
Geographical distribution of shareholders* (%)



| | |
|--------------------------|-----|
| South Africa | 25% |
| United Kingdom | 12% |
| Rest of Europe | 3% |
| Asia Pacific/Middle East | 3% |
| Switzerland | 2% |
| Belgium | 2% |
| France | 2% |
| North America | 51% |

* Excludes holdings by Anglo American plc and Government of Ghana

AngloGold Ashanti share price on JSE - 2007 (R)



Chairman's letter continued

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

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

Investment in the future

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

AngloGold Ashanti also has a good portfolio of by-products which includes uranium, silver and copper. These reserves increased by 65%, 26% and 21% respectively during 2007.

Capital expenditure of \$1.1 billion in 2007 reflects our continued confidence in the outlook for gold and in our ability to deliver significant value to shareholders in the medium and long term, via both organic and greenfield projects. A large portion of this expenditure (\$489 million) was on capital expenditure on new projects in South Africa (16%), in Brazil (18%) and on the Boddington project in Australia (51%).

Board resignations and appointments

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

Other directors to whom we owe our thanks are: Mr Harry Calver, who was an alternate to Mr Bill Nairn, and Mr Roberto Carvalho Silva and Mr Neville Nicolau, who left the group during the course of the year. Mrs Elisabeth Bradley, who has served the board with distinction since its formation, has said she will not be standing for re-election at this year's annual general meeting. Our thanks go to her too.

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

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

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

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

Russell Edey

Chairman

7 March 2008