

# Directors'

## report

### NATURE OF BUSINESS

AngloGold Ashanti Limited conducts mining operations in Africa, North and South America and Australia and undertakes exploration activities worldwide. In addition, the company is involved in the manufacturing, marketing and selling of gold products, as well as the development of markets for gold.

### SHARE CAPITAL

#### Authorised

The authorised share capital of AngloGold Ashanti at 31 December 2008 is made up as follows:

• 400,000,000 ordinary shares of 25 South African cents each	R100,000,000
• 4,280,000 E ordinary shares of 25 South African cents each	R1,070,000
• 2,000,000 A redeemable preference shares of 50 South African cents each	R1,000,000
• 5,000,000 B redeemable preference shares of 1 South African cent each	R50,000

The following are the movements in the issued and unissued share capital from the beginning of the accounting period to 31 January 2009:

### ISSUED

#### Ordinary shares

	Number of shares		Rand	
	2008		2007	
At 1 January	277,457,471	69,364,368	276,236,153	69,059,038
Issued during year				
– Rights offer	69,470,442	17,367,611	–	–
– Golden Cycle acquisition	3,181,198	795,299	–	–
– São Bento acquisition	2,701,660	675,415	–	–
– Bokamoso ESOP and BEE transaction	–	–	31,410	7,852
– Bokamoso ESOP on conversion of E ordinary shares	94	24	8,026	2,007
– Exercise of options by participants in the AngloGold Share Incentive Scheme	672,545	168,136	1,181,882	295,471
<b>At 31 December</b>	<b>353,483,410</b>	<b>88,370,853</b>	277,457,471	69,364,368
Issued subsequent to year-end				
– Exercise of options by participants in the AngloGold Share Incentive Scheme	34,775	8,693		
At 31 January 2009	353,518,185	88,379,546		

### E ordinary shares

On 11 December 2006, shareholders in general meeting authorised the creation of a maximum of 4,280,000 E ordinary shares to be issued pursuant to an Employee Share Ownership Plan and a Black Economic Empowerment transaction (BEE transaction).

	Number		Number	
	of shares	Rand	of shares	Rand
	2008		2007	
At 1 January	4,140,230	1,035,057	4,185,770	1,046,443
Issued during year to the Bokamoso ESOP Trust	-	-	94,230	23,557
Cancelled in exchange for ordinary shares in terms of the cancellation formula	173,289	43,322	139,770	34,943
<b>At 31 December</b>	<b>3,966,941</b>	<b>991,735</b>	4,140,230	1,035,057
Cancelled subsequent to year-end				
- Cancelled and exchanged for ordinary shares issued in terms of the cancellation formula	17,833	4,458		
At 31 January 2009	3,949,108	987,277		

In terms of the authority granted by shareholders, on vesting, E ordinary shares are cancelled in exchange for ordinary shares, in accordance with the cancellation formula. All E ordinary shares which are cancelled may not be re-issued and therefore, do not form part of the authorised but unissued share capital of the company.

E ordinary share capital amounting to R20,587,628 in respect of 162,363 unconverted but cancelled E ordinary shares was transferred to ordinary share premium. E ordinary shares do not convert to ordinary shares in the instance when the market price of an AngloGold Ashanti ordinary share is less than the value of the E ordinary share as calculated in accordance with the cancellation formula.

### Redeemable preference shares

The A and B redeemable preference shares, all of which are held by a wholly-owned subsidiary Eastvaal Gold Holdings Limited, may not be transferred and are redeemable from the realisation of the assets relating to the Moab Lease area after cessation of mining operations in the area. The shares carry the right to receive dividends equivalent to the profits (net of royalty, ongoing capital expenditure and taxation) from operations in the area. No further A and B redeemable preference shares will be issued.

Further details of the authorised and issued shares, as well as the share premium, are given in note 26 to the group's financial statements.

### UNISSUED

	ORDINARY		E ORDINARY	
	Number of shares	Number of shares	Number of shares	Number of shares
	2008	2007	2008	2007
At 1 January	122,542,529	123,763,847	-	94,230
Issues during year	76,025,939	1,221,318	-	94,230
At 31 December	46,516,590	122,542,529	-	-
Issues subsequent to year-end	34,775			
At 31 January 2009	46,481,815			

# Directors'

## report *cont.*

### ORDINARY SHARES UNDER THE CONTROL OF DIRECTORS

In terms of the authority granted by shareholders at the annual general meeting held on 6 May 2008, 5% of the number of shares in issue from time to time are placed under the control of the directors to allot and issue, for such purposes and on such terms as they may, in their discretion, determine. This authority expires at the annual general meeting to be held on 15 May 2009. Pursuant to this authority, the directors issued the following ordinary shares during 2008:

		Ordinary shares
<b>Acquisition of Golden Cycle Gold Corporation (GCGC)</b>		
– Total shares issued on 2 July 2008	3,180,555	
– Less shares to be issued under specific authority granted by shareholders	3,100,000	
– Shares issued on 2 July 2008 under general authority to directors		80,555
– Balance of shares issued – rounding adjustments		643
<b>Acquisition of São Bento</b>		<b>2,701,660</b>
<b>Total shares issued by the directors under general authority at 31 December 2008</b>		<b>2,782,858</b>

In terms of the Listings Requirements of the JSE, shareholders may, subject to certain conditions, authorise the directors to issue the ordinary shares held under their control for cash other than by means of a rights offer to shareholders. To enable the directors of the company to take advantage of favourable business opportunities which may arise for the issue of such ordinary shares for cash, without restriction, for the benefit of the company, shareholders will be asked to consider an ordinary resolution to this effect at the annual general meeting to be held on 15 May 2009.

The company has not exercised the general approval to buy back shares from its issued ordinary share capital, granted at the annual general meeting held on 6 May 2008. At the annual general meeting to be held on 15 May 2009, shareholders will be asked to renew the general authority for the acquisition by the company, or a subsidiary of the company, of its own shares.

### AMERICAN DEPOSITARY SHARES

At 31 December 2008, the company had in issue through The Bank of New York as Depositary, and listed on the New York Stock Exchange (NYSE), 111,178,529 (2007: 82,550,854) American Depositary Shares (ADSs). Each ADS is equal to one ordinary share. At 31 January 2009, there were 113,952,075 ADSs in issue and listed on the NYSE.

### GHANAIAN DEPOSITARY SHARES

At 31 December 2008, the company had in issue through NTHC Limited as Depositary, and listed on the Ghana Stock Exchange (GhSE) 17,457,300 (2007: 18,256,500) Ghanaian Depositary Shares (GhDSs). Every 100 GhDSs has one underlying AngloGold Ashanti ordinary share and carries the right to one vote. At 31 January 2009, 17,457,300 GhDSs were listed on the Ghana Stock Exchange.

### ANGLOGOLD SHARE INCENTIVE SCHEME

AngloGold Ashanti operates a share incentive scheme through which executive directors, executive management and managers of the company and its subsidiaries are given the opportunity to acquire shares in the company. The objective is to incentivise such employees to identify themselves more closely with the fortunes of the company and its continued growth and to promote the retention of such employees.

Non-executive directors are not eligible for participation in the share incentive schemes.

The maximum number of ordinary shares that may be allocated for the purposes of the scheme is equivalent to 2.75% of the total number of ordinary shares in issue at any time. At 31 December 2008, 9,720,794 ordinary shares (2007: 7,630,080) were available for purposes of the scheme, while the maximum aggregate number of shares which may be acquired by any one participant in the scheme is 5% of the ordinary shares allocated for the purposes of the share incentive scheme (or 0.1375% of the total number of ordinary shares in issue) – at 31 December 2008, a maximum of 486,040 ordinary shares per employee could be issued in aggregate (2007: 381,504).

Employees participate in the share incentive scheme to the extent that they are granted options or rights to acquire shares, and accept them. All options or rights which have not been exercised within ten years from the date on which they were granted, automatically expire.

The incentives offered by AngloGold Ashanti are reviewed periodically to ensure that they remain globally competitive, so as to attract, reward and retain managers of the highest calibre. As a result, several types of incentives, each with their own issue and vesting criteria have been granted to employees – collectively known as the “AngloGold Share Incentive Scheme or share incentive scheme”.

Although the Remuneration Committee has the discretion to incentivise employees through the issue of shares, only options or rights have so far been granted. The type and vesting criteria of the options or rights granted are:

#### *Time-related*

The granting of time-related options was approved by shareholders at the general meeting held on 4 June 1998 and amended by shareholders at the annual general meeting held on 30 April 2002, at which time it was agreed that no further time-related options would be granted and all options granted hereunder will terminate on 1 February 2012, being the date on which the last options granted under this criteria may be exercised or they will expire.

Time-related options vest over a five-year period from the date of grant and may be exercised in tranches of 20% each in years two, three and four and 40% in year five. As of the date of this report, all options granted and outstanding have vested in full.

#### *Performance-related*

The granting of performance-related options was approved by shareholders at the annual general meeting held on 30 April 2002 and amended at the annual general meeting held on 29 April 2005 at which time it was agreed that no further performance-related options would be granted and all options granted hereunder will terminate on 1 November 2014, being the date on which the last options granted under this criteria may be exercised or they will expire.

Performance-related options granted vest in full, three years from the date of grant, provided that the conditions under which the options were granted are met. All options granted and outstanding vested in full on 1 November 2007.

#### *Bonus Share Plan (BSP)*

The granting of rights in terms of the BSP was approved by shareholders at the annual general meeting held on 29 April 2005 and amended at the general meeting held on 6 May 2008 at which time, shareholders approved the increase in the maximum level of bonus payable to eligible participants, as well as shortening the

# Directors'

## report *cont.*

vesting period. Executive directors, executive management and other management groups are eligible for participation. Each award made in respect of the BSP entitles the holder to acquire one ordinary share at "nil" cost. In respect of all awards granted to and including 2007, these awards vest in full, three years from date of grant, provided that the participant is still in the employ of the company at the date of vesting (unless an event, such as death, occurs which may result in an earlier vesting date). In respect of awards granted in 2008 and onwards, the vesting period has been amended to allow employees to exercise their rights as follows: 40% in year one and 60% in year two from date of grant or in the event that exercising of awards only takes place in year three, then 120% of awards granted will be available for immediate exercising.

### *Long-Term Incentive Plan (LTIP)*

The granting of rights in terms of the LTIP was approved by shareholders at the annual general meeting held on 29 April 2005. Executive directors, executive management and selected senior management are eligible for participation. Each award made in respect of the LTIP entitles the holder to acquire one ordinary share at "nil" cost. Awards granted vest three years from date of grant, to the extent that the stretched company performance targets under which the rights were granted, are met and provided that the participant is still in the employ of the company (or unless an event, such as death, occurs which may result in an earlier vesting date).

### Options and rights

As is required to be disclosed in terms of the AngloGold Share Incentive Scheme and stock exchange regulations, the movement in respect of options and rights granted and the ordinary shares issued as a result of the exercise of options and rights during the year 1 January 2008 to 31 January 2009 is:

	Time-related <sup>(1)</sup>	Performance-related <sup>(1)</sup>	Bonus Share Plan	Long-Term Incentive Plan	Total	Average exercise price per ordinary share	Ordinary shares issued
At 1 January 2008	206,960	1,638,200	685,668	783,425	3,314,253	130.74	4,295,959
Movement during year							
– Granted	41,806	313,082	465,076	572,331	1,392,295		
– Exercised	128,333	385,111	115,458	43,643	672,545	341.02	672,545
– Lapsed/expired	3,942	176,338	90,259	321,668	592,207		
At 31 December 2008	116,491	1,389,833	945,027	990,445	3,441,796		4,968,504
Average exercise/issue price per share	139.82	239.18	–	–	127.06		
Awards exercisable at year-end	116,491	1,389,833	136,371	64,560	1,707,255		
Subsequent to year-end							
– Granted	–	–	–	6,026	6,026		
– Exercised	4,986	18,725	11,064	–	34,775	206.23	34,775
– Lapsed/expired	–	9,098	13,588	–	22,686		
At 31 January 2009	111,505	1,362,010	920,375	996,471	3,390,361		5,003,279
Average exercise/issue price per share	140.91	238.45	–	–	127.04		

<sup>(1)</sup> Options granted are in respect of the rights offer.

Effective 15 October 2008, the JSE amended Schedule 14 (Requirements for share incentive schemes) whereby the recycling of options/awards that have vested and been delivered and for which AngloGold Ashanti shares have been issued, is no longer allowed. The table below reflects the total number of options/awards that are unissued, as impacted by this Listings Requirements rule change:

Details	Options/Awards
Total number of options attributable to the scheme at 31 December 2008	9,720,794
Less:	
– Total number of options/awards granted and outstanding at 31 December 2008	3,441,796
– Total number of options/awards exercised during the period 15 October 2008 to 31 December 2008	101,013
Total shares available to be awarded at 31 December 2008	6,177,985

#### *Analysis of options and rights outstanding at 31 December 2008*

Holding	Holders	Number of options
1 to 100	165	13,886
101 to 500	738	200,839
501 to 1,000	159	113,328
1,001 to 5,000	229	578,422
5,001 to 10,000	98	680,053
10,000 to 100,000	82	1,855,268
Total	1,471	3,441,796

## FINANCIAL RESULTS

The financial statements set out fully the financial position, results of operations and cash flows of the group and the company for the financial year ended 31 December 2008.

## REVIEW OF OPERATIONS

The various operations are comprehensively reviewed from page 36.

## DIVIDEND POLICY

Dividends are proposed by, and approved by the board of directors of AngloGold Ashanti, based on the interim and year-end financial statements. Dividends are recognised when declared by the board of directors of AngloGold Ashanti. AngloGold Ashanti expects to continue to pay dividends, although there can be no assurance that dividends will be paid in the future or as to the particular amounts that will be paid from year to year. The payments of future dividends will depend upon the board's ongoing assessment of AngloGold Ashanti's earnings, after providing for long-term growth, cash/debt resources, the amount of reserves available for dividend using the going concern assessment and restrictions placed by the conditions of the convertible bond, other debt facilities and other factors.

# Directors'

## report *cont.*

Dividends declared since 1 January 2008:

	Final dividend number 103	Interim dividend number 104	Final dividend number 105
Declaration date	6 February 2008	30 July 2008	6 February 2009
Last date to trade ordinary shares cum dividend	22 February 2008	15 August 2008	27 February 2009
Record date	29 February 2008	22 August 2008	6 March 2009
Amount paid per ordinary share			
– South African currency (cents)	53	50	50
– United Kingdom currency (pence)	3.484	3.4137	3.518
– Ghanaian currency (cedis)	6.530	6.740	6.6565
Amount per CDI* – Australian currency (cents)	1.484	1.459	1.546
Payment date	7 March 2008	29 August 2008	13 March 2009
Amount per GhDS** – Ghanaian currency (cedis)	0.0653	0.0674	0.06565
Payment date	10 March 2008	1 September 2008	16 March 2009
Amount per ADS*** – United States currency (cents)	6.606	6.449	# 5.1
Payment date	17 March 2008	8 September 2009	23 March 2009
Amount per E ordinary share South African currency (cents)	26.50	25.00	25.00
Payment date	7 March 2008	29 August 2008	13 March 2009

\* Each CDI (Chess Depositary Interest) is equal to one-fifth of one ordinary share

\*\* Each GhDS (Ghanaian Depositary Share) is equal to one-hundredth of one ordinary share

\*\*\* Each ADS (American Depositary Share) is equal to one ordinary share

# Illustrative value assuming the following rate of exchange: R9.84: \$. The actual rate of payment will depend on the exchange rate on the currency conversion date and/or date of payment

Shareholders on the South African register who have dematerialised their ordinary shares receive payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who may intend retaining their shareholding in the company in certificated form, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

### BORROWINGS

The company's borrowing powers are unlimited. As at 31 December 2008, the company's borrowings totalled \$1,933 million, R18,270 million (2007: \$1,848 million, R12,589 million).

### SIGNIFICANT ANNOUNCEMENTS DURING THE YEAR UNDER REVIEW AND SUBSEQUENT TO YEAR-END

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

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

On 6 May 2008, AngloGold Ashanti announced the completion of the initial JORC-compliant resource estimate for the La Colosa deposit, the second significant greenfields discovery (Gramalote being the first) in Colombia, which was discovered by AngloGold Ashanti's Colombian greenfields exploration team during 2006. The project

which is 100% owned by AngloGold Ashanti, is located 150km west of Colombia's capital city, Bogota, in the district of Tolima and is expected to yield some 12.9Moz of inferred Mineral Resource at a gold price of \$1,000/oz.

On 29 May 2008, AngloGold Ashanti announced its amendment to the merger agreement to acquire 100% of Golden Cycle Gold Corporation (GCGC) to adjust the consideration that GCGC shareholders receive from 0.29 AngloGold Ashanti ADRs to 0.3123 AngloGold Ashanti ADRs to account for the effects of the AngloGold Ashanti rights offer announced on 23 May 2008. GCGC shareholders approved the merger on 30 June 2008 at a general meeting and the merger became effective on 1 July 2008 at which time, AngloGold Ashanti acquired the remaining 33% shareholding in CC&V. A total of 3,181,198 AngloGold Ashanti ADRs were issued pursuant to this transaction.

On 26 June 2008, AngloGold Ashanti announced that the Johannesburg High Court ruled that the exception lodged by AngloGold Ashanti in respect of Mr Thembekile Mankayi's claim for damages against the company had been upheld. Mr Mankayi had lodged a R2.7m claim in respect of occupational lung disease allegedly sustained during his employment at AngloGold Ashanti's then Vaal Reefs mine in the 1990s. The finding confirms that employees who qualify for benefits in respect of the Occupational Diseases in Mines and Works Act (ODMWA) may not, in addition, lodge civil claims against their employers in respect of their relevant conditions.

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

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

On 30 September 2008, AngloGold Ashanti announced that following the publication of the unaudited results for the quarter and six months ended 30 June 2008, it reassessed the accounting estimate for income taxes, for the effects and impact of the accelerated non-hedge derivative settlements in accordance with IAS34 – Interim Financial Reporting. Following this reassessment, the income tax expense was reduced by R641 million (US\$81m) for the period. This was as a result of IAS34 requiring that the income tax expense for interim reporting purposes to be calculated by applying to an interim period's pre-tax income, the estimated average annual effective income tax rate that would be applicable to the expected total annual earnings. It should be noted that the overprovision would have been reversed by financial year-end and therefore would not have had any effect on the full year's income tax expense and earnings. Nevertheless, in compliance with IAS34, AngloGold Ashanti decided to revise its results for the quarter and six months ended 30 June 2008, thereby resolving this matter.

On 21 November 2008, AngloGold Ashanti Limited announced that it had entered into a \$1 billion term facility agreement with Standard Chartered Bank to refinance its convertible bond. The term facility would be drawn during February 2009 for the purpose of repaying the \$1 billion convertible bond due on 27 February 2009 issued by AngloGold Ashanti Holdings plc and guaranteed by AngloGold Ashanti Limited. The term facility is for an initial one year period from the date of the first drawdown in February 2009 and the term facility is extendable, if required, at the option of AngloGold Ashanti until 30 November 2010. The covenant terms of the term facility are similar to those of AngloGold Ashanti's existing \$1.15 billion Revolving Credit Facility, save that the amounts drawn under the term facility will bear an interest margin of 4.25% for the first six months after the first drawdown and 5.25% thereafter. The \$1 billion convertible bond matured on 27 February 2009 and was redeemed by the company using the proceeds from the Standard Chartered term facility that had been arranged for this purpose. Subsequent to the year end, the company has signed an agreement with Standard Chartered amending the terms of the term facility signed in November 2008. The amendment, which comes into effect upon repayment of \$750 million of the facility prior to 26 August 2009 will, in addition to the outstanding balance of \$250 million allow the company to retain revolving access to a further \$250 million. The margin over the bank's capped cost of funds will now remain fixed at 4.25% for the full term of the facility.

## Directors'

report *cont.*

On 15 December 2008, AngloGold Ashanti announced that it had completed the purchase of São Bento Gold Company Limited (SBG) and its wholly-owned subsidiary, São Bento Mineração S.A. (SBMSA) from Eldorado Gold Corporation (Eldorado) for a consideration of \$70 million through the issuance of 2,701,660 AngloGold Ashanti shares. This follows an announcement made on 31 July 2008, when AngloGold Ashanti announced it had entered into a letter agreement with Eldorado to acquire 100% of Eldorado's wholly-owned subsidiary, SBG, which company in turn wholly owns SBMSA. The purchase of SBG and SBMSA gives AngloGold Ashanti access to the São Bento mine, a gold operation located in the immediate vicinity of AngloGold Ashanti's proposed Córrego do Sítio mine, located in the municipality of Santa Bárbara, Iron Quadrangle region of Minas Gerais State, Brazil, and provides AngloGold Ashanti with the potential to double the scale of the proposed Córrego do Sítio mine, which once developed will significantly enhance AngloGold Ashanti's Brazilian asset base. São Bento started its operations in 1986 and operated until January 2007, at which time São Bento's process plant and facilities were placed on care and maintenance.

On 23 January 2009, AngloGold Ashanti Australia Ltd announced that Mineral Resource increased for the Tropicana Gold Project in Western Australia. The Tropicana Gold Project, located 330 kilometres east north-east of Kalgoorlie, is part of the Tropicana Joint Venture, which is 70% owned by AngloGold Ashanti Australia (the manager) and 30% by Independence Group NL. The Measured, Indicated and Inferred Mineral Resource for the project is now 75.3 million tonnes grading 2.07 grams/tonne for 5.01 million ounces of gold. This represents an increase of approximately 1 million ounces from the first Mineral Resource estimate released for the project in December 2007, and the new estimate is predominantly in the Measured and Indicated category, providing a higher level of confidence. AngloGold Ashanti Australia's share of the upgraded resource is 3.51 million ounces.

On 28 January 2009, AngloGold Ashanti Limited announced that it had agreed to sell its indirect 33.33% joint venture interest in the Boddington Gold Mine in Western Australia to Newmont Mining Corporation for an aggregate consideration of up to approximately \$1.1 billion. The transaction is consistent with AngloGold Ashanti's strategy of focusing on its core, controlled asset portfolio and realising value from any minority, non-managed interests as and when appropriate. It will also immediately strengthen the company's balance sheet, result in lower financing costs due to early repayment of the recently announced \$1.0 billion syndicated term facility and create additional flexibility to participate in further investment and growth opportunities.

On 17 February 2009, AngloGold Ashanti announced that it had agreed to sell, with effect from 1 January 2010 (or after), the Tau Lekoa mine together with the adjacent Weltevreden and Goedgenoeg project areas to Simmer & Jack Mines Limited (Simmert) for an aggregate consideration of:

- R600 million less an offset up to a maximum of R150 million for unhedged free cash flow generated by the Tau Lekoa mine in the period between 1 January 2009 and 31 December 2009 as well as an offset for unhedged free cash flow generated by the Tau Lekoa mine in the period between 1 January 2010 and the effective date of the transaction. Consequently, AngloGold Ashanti will retain all unhedged free cash flow generated from the Tau Lekoa mine for the year ending 31 December 2009 greater than R150 million. Simmert will endeavour to settle the transaction entirely in cash, however Simmert may issue to AngloGold Ashanti ordinary shares in Simmert up to a maximum value of R150 million with the remainder being payable in cash; and
- a royalty, determined at 3% of the net revenue (being gross revenue less state royalties) generated by the Tau Lekoa mine and any operations as developed at Weltevreden and Goedgenoeg. The royalty will be payable quarterly for each quarter commencing from 1 January 2010 until the total production from the assets upon which the royalty is paid is equal to 1.5 million ounces and provided that the average quarterly rand price of gold is equal to or exceeds R180,000/kg (in 1 January 2010 terms).

The effective date of the transaction will occur on the later of 1 January 2010 or the first day in the calendar month following the fulfilment of all conditions precedent to the transaction. AngloGold Ashanti will continue to operate Tau Lekoa with appropriate joint management arrangements with Simmert until the effective date. In addition, following the effective date, Simmert will treat all ores produced from the assets at its own processing facilities. As a result AngloGold Ashanti will have increased processing capacity available, allowing for the processing of additional material sooner from its other Vaal River mines and surface sources, thereby further accelerating cash flow.

## INVESTMENTS

Particulars of the group's principal and operating subsidiaries are presented on page 331.

## LITIGATION

There are no legal or arbitration proceedings in which any member of the AngloGold Ashanti group is or has been engaged, including any such proceedings which are pending or threatened of which AngloGold Ashanti is aware, which may have, or have had during the 12 months preceding the date of this annual report, a material effect on the group's financial position, other than those disclosed in group note 36 of the financial statements.

## MATERIAL CHANGE

There has been no material change in the financial or trading position of the AngloGold Ashanti group since the publication of its results for the quarter and year ended 31 December 2008.

## MATERIAL RESOLUTIONS

Details of special resolutions and other resolutions of a significant nature passed by the company and its subsidiaries during the year under review, requiring disclosure in terms of the Listings Requirements of the JSE, are as follows:

	Nature of resolution	Effective date
AngloGold Ashanti Limited	Passed at the annual general meeting held on 6 May 2008: <ul style="list-style-type: none"><li>– Amendments of the company's articles of association to remove ambiguities relating to the rotation of directors</li><li>– General approval for the acquisition by the company, or a subsidiary of the company, of its own shares.</li></ul>	13 May 2008

## ANNUAL GENERAL MEETINGS

At the 64th annual general meeting held on 6 May 2008, shareholders passed ordinary resolutions relating to:

- the adoption of the financial statements for the year ended 31 December 2007;
- the re-election of Mr Dr TJ Motlatsi, Mr WA Nairn, and Mr SM Pityana as directors of the company;
- the election of Mr M Cutifani, who was appointed since the previous annual general meeting, as a director of the company;
- the renewal of a general authority placing 5% of the unissued ordinary shares of the company under the control of the directors;
- the granting of a general authority to issue ordinary shares in the capital of the company for cash, subject to certain limitations in terms of the Listings Requirements of the JSE;
- the granting of a specific authority for directors to allot and issue not more than 3,100,000 ordinary shares in terms of the Golden Cycle Transaction;
- the granting of a general authority to the directors to allot and issue convertible bonds which may be converted into a maximum of 15,384,615 ordinary shares;
- the amendment of the AngloGold Ashanti Bonus Share Plan 2005; and
- the amendment to the company's articles of association to exclude executive directors from retirement by rotation and for the one third of non-executive directors required to retire to be rounded down to the next whole number.

# Directors'

## report *cont.*

Details concerning the special resolution passed by shareholders at this meeting are disclosed above.

Notice of the 65th annual general meeting, which is to be held in the Auditorium, 76 Jeppe Street, Newtown, Johannesburg at 11:00 (South African time) on Friday, 15 May 2009, is a separate document and will be posted to shareholders on or about 14 April 2009. Additional copies of the notice of meeting may be obtained from the company's corporate contacts and the share registrars or may be accessed from the company's website.

### DIRECTORATE AND SECRETARY

The following changes to the board of directors took place for the period from 1 January 2008 to 31 December 2008.

#### *Executive directors*

There were no changes to the executive directorate during the year under review.

#### *Non-executive directors*

Mrs Elisabeth Le R Bradley retired from the board effective 6 May 2008.  
Mr Simon R Thompson resigned from the board effective 28 July 2008.

#### *Retirement by rotation*

The directors retiring by rotation at the forthcoming annual general meeting in terms of the articles of association are Mr RP Edey and Mr JH Mensah, both of whom offer themselves for re-election.

In terms of the company's memorandum and articles of association, there is no mandatory retirement age for non-executive directors. Non-executive directors do not hold service contracts with the company.

The names and biographies of the directors of the company are listed from page 106.

There was no change in the office of the company secretary.

### DIRECTORS' INTERESTS IN SHARES

The interests of the directors in the ordinary shares of the company at 31 December 2008, which did not individually exceed 1% of the company's issued ordinary share capital, were:

	Beneficial		Beneficial	
	Direct	Indirect	Direct	Indirect
	31 December 2008		31 December 2007	
<b>Executive directors</b>				
M Cutifani	10,000	–	–	–
S Venkatakrisnan	5,221	–	652	–
<b>Total</b>	15,221	–	652	–
<b>Non-executive directors</b>				
FB Arisman	–	4,984	–	2,000
RP Edey	–	3,063	–	1,000
WL Nkuhlu	–	800	–	–
<b>Total</b>	–	8,847	–	3,000
<b>Grand total</b>	15,221	8,847	652	3,000

There has been no change in the above interests since 31 December 2008. A register detailing directors' and officers' interests in contracts is available for inspection at the company's registered office.

## ANNUAL FINANCIAL STATEMENTS

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly present the state of affairs of the company and the AngloGold Ashanti group at the end of the financial year, and the results of operations and cash flows for the year, in conformity with International Financial Reporting Standards (IFRS) and in terms of the JSE Listings Requirements.

In preparing the annual financial statements reflected in dollars and South African rands on pages 200 to 300, the group has complied with International Financial Reporting Standards (IFRS) in the English language as issued by the International Accounting Standards Board (IASB) and has used appropriate accounting policies supported by reasonable and prudent judgements and estimates. The directors are of the opinion that these financial statements fairly present the financial position of the company and the group at 31 December 2008, and the results of their operations and cash flow information for the year then ended.

AngloGold Ashanti, through its Executive Committee and Treasury Committee, reviews its short-, medium- and long-term funding, treasury and liquidity requirements and positions monthly. The board of directors also reviews these on a quarterly basis at its meetings.

Cash and cash equivalents at 31 December 2008 amounted to \$575 million, (2007: \$477 million), together with cash budgeted to be generated from operations in 2008 and the net incremental borrowing facilities available are, in management's view, adequate to fund operating, mine development and capital expenditure and financing obligations as they fall due for at least the next twelve months. Taking these factors into account, the directors of AngloGold Ashanti have formed the judgement that, at the time of approving the financial statements for the year ended 31 December 2008, it is appropriate to use the going concern basis in preparing these financial statements.

The external auditors, Ernst & Young Inc., are responsible for independently auditing and reporting on the financial statements in conformity with International Standards of Auditing and the Companies Act in South Africa. Their unqualified report on these financial statements appears on page 179.

To comply with requirements for reporting by non-US companies registered with the SEC, the company has prepared a set of financial statements in accordance with US Generally Accepted Accounting Principles (US GAAP) which will be available from The Bank of New York Mellon to holders of the company's securities listed in the form of American Depositary Shares on the NYSE. Copies of the annual report on Form 20-F, which must be filed with the SEC by no later than 30 June 2009, will be available to stakeholders and other interested parties upon request to the company's corporate office or its contacts as listed on page 348 of this report.

Under the Sarbanes-Oxley Act, the chief executive officer and chief financial officer are required to complete a group certificate stating that the financial statements and reports are not misleading and that they fairly present the financial condition, results of operations and cash flows in all material respects. The design and effectiveness of the internal controls, including disclosure controls, are also included in the declaration. As part of the process, a declaration is also made that all significant deficiencies and material weaknesses, fraud involving management or employees who play a significant role in internal control and significant changes that could impact on the internal control environment, are disclosed to the Audit and Corporate Governance Committee and the board.