

Review of operations

Namibia



Navachab		2008	2007	2006
Pay limit	(oz/t)	0.04	0.04	0.04
	(g/t)	1.29	1.22	1.29
Recovered grade	(oz/t)	0.042	0.046	0.053
	(g/t)	1.43	1.56	1.81
Gold production	(000oz)	68	80	86
Total cash costs	(\$/oz)	534	419	265
Total production costs	(\$/oz)	601	479	348
Capital expenditure	(\$m)	12	6	5
Total number of employees		482	409	313
Employees		482	409	313
Contractors		-	-	-

AngloGold Ashanti has one wholly owned gold mining operation in Namibia, Navachab. In 2008, Navachab produced 68,000 ounces of gold, equivalent to 1% of group production.

NAVACHAB

Description

Navachab Gold Mine an open-pit mine is situated near the town of Karibib, some 170 kilometres north-west of the capital Windhoek, and 171 kilometres inland on the south-west coast of Africa.

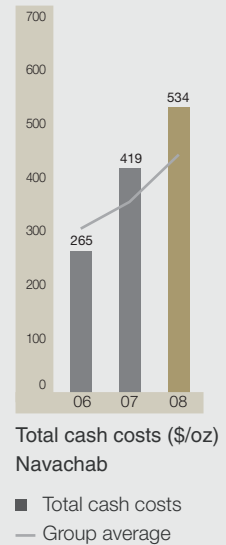
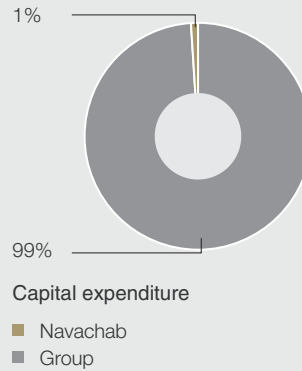
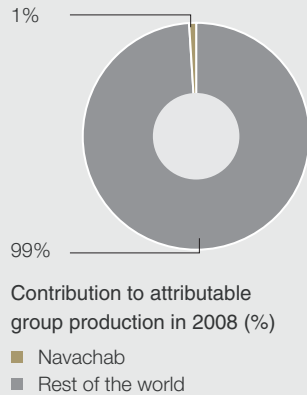
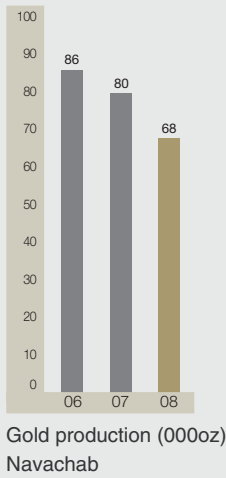
Safety

Safety, health and the environment are matters of key importance at Navachab. In 2008 the mine was both fatality and lost-time injury free. The improvement in safety performance was a highlight of 2008 and maintaining this track record is an aim of management.

Operating review

Gold production at Navachab declined by 15% to 68,000 ounces in 2008, largely a result of the significant production challenges encountered. This included the substantially reduced availability of drilling machines, with respect to both performance and capacity which affected mining throughput, as well as the shortage of skills which contributed to a decrease in tonnes broken for the year. In addition, underperformance at the North Pit 2 satellite pit, which had a budgeted contribution of 31% to plant feed, affected overall mine production negatively. The decrease in tonnes mined affected stockpile volumes and values, resulting in decreased mine flexibility and a decline in grades.

Capital expenditure for the dense media separation (DMS) plant was approved in 2008. Construction and commissioning of the DMS plant will begin in 2009 and the benefits resulting from its use will be realised from 2010 onwards.



Unit cash costs increased significantly, up 27% to \$534/oz, as compared to 2007, the result of increases in the cost of labour, diesel and explosives, and compounded by the decline in gold production.

Growth prospects

Expansion work on the eastern pushback continues and the additional work on the superpit, which involves the expansion of the hangingwall of the main orebody, is a key aspect of the plan. The dense media separation (DMS) plant is to be incorporated into the mine's processing facilities at a cost of \$4.5 million (\$17 million was spent on this plant in 2008), and it is expected that this will accelerate production in the short term.

Outlook

Gold production for 2009 is projected to increase to approximately 70,000 at a total cash cost ranging from \$430/oz to \$450/oz. Capital expenditure of \$18 million is scheduled for 2009, to be spent on the DMS plant, rebuilding of major components of heavy mining equipment, replacement and upgrading of major components of the carbon-in-pulp plant, purchase of a drill rig and on exploration.



Namibia, Navachab