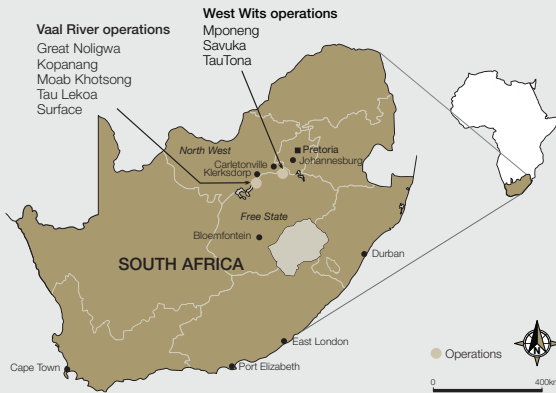


Review of operations

South Africa



South Africa		2008	2007	2006
Gold production	(000oz)	2,099	2,328	2,554
Total cash costs	(\$/oz)	362	343	285
Capital expenditure	(\$ million)	337	361	313
Total number of employees*		37,127	36,976	35,968

* includes contractors

AngloGold Ashanti's seven mining operations in South Africa are grouped into the West Wits and Vaal River regions. These deep-level operations produced 2.1 million ounces in 2008, equivalent to 42% of group production.

Safety

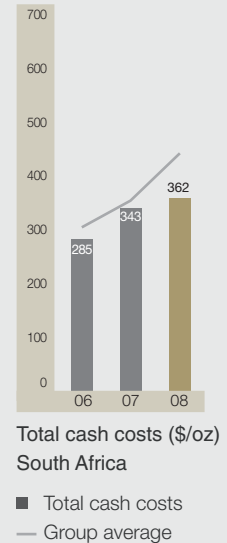
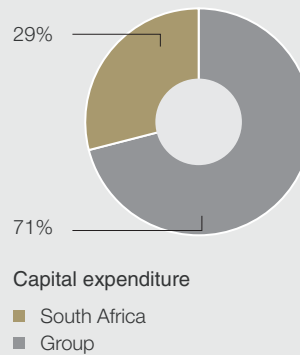
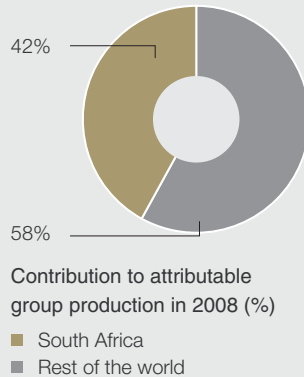
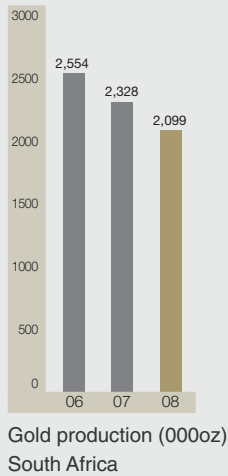
At the South African operations the incidence of white flag days, that is a day on which no injuries occur, improved from two white flag days in 2007 to 40 white flag days for 2008. There were most regrettably 11 fatalities during 2008, 16 fewer than in 2007, which represents a 59% improvement. This resulted in a FIFR of 0.12 per million hours worked for the year, as opposed to 0.29 in 2007, which is equivalent to the Gold Mining Industry 2013 FIFR benchmark.

The LTIFR for the South African operations as a whole was 11.24 per million hours worked (2007: 12.72), indicating a significant improvement in safety performance. Other significant achievements included the first ever fatality free quarter (second quarter 2008), the longest fatality free period in history (110 days), the first time ever that four operations achieved 1 000 000 fatality free shifts within one calendar year and a period of eight consecutive fatality free months for the Vaal River operations.

The safety of AngloGold Ashanti's workforce is a priority and the roll-out of the 'Safety is our first value' continued at the South African operations. A framework on the management of safety, based on OSHAS 18001:2007 was developed. Safety campaigns at these operations are run in collaboration with the trade unions and government representatives. Simultaneously, various safety interventions were implemented to re-emphasise the company's principles and standards regarding safety. The focus is on leadership, behaviour and on improving compliance with operating standards at all levels. Key to this is ensuring that employees are competent to both perform their duties and responsibilities safely and to identify and manage hazards encountered in the workplace

Operating review

Gold production from the South African operations totalled 65,283 kilograms (2,099,000 ounces) in 2008, down 10% on the 72,429 kilograms (2,328,000 ounces) produced in 2007. The cause of this decline was



mainly as a result of the Eskom power outages early in the year and several safety-related stoppages during the course of the year.

Total cash costs at the South African operations rose by 23% to R95,144/kg (\$362/oz) from R77,372/kg (\$343/oz) in 2007, driven largely by annual wage increases, higher power tariffs and input cost inflation.

Total uranium production for the year was 4% higher than the prior year at 1.3 million pounds, despite the power-related production stoppages earlier in 2008. The settlement of some uranium contracts during the year resulted in greater exposure to spot uranium prices, thus reducing the loss incurred as compared with 2007.

Capital expenditure at the South African operations totalled R2,779 million (\$337 million) (2007: R2,535 million; \$361 million), 57% of total expenditure was for ore reserve development and the remainder mostly on projects such as Zaiplaats, Mponeng VCR and TauTona below 120.



Susan Winkler

*Geologist
Corporate Office, Johannesburg*

“Without an undeterred focus on mining safety, the future of our company and the existence of gold mining are threatened.

It’s essential that we treat each other with dignity and respect, and appreciate the value of diversity in our company.”

Review of operations

South Africa *cont.*



Mponeng		2008	2007	2006
Pay limit	(oz/t)	0.22	0.23	0.23
	(g/t)	7.61	7.83	7.74
Recovered grade	(oz/t)	0.292	0.277	0.290
	(g/t)	10.02	9.50	9.93
Gold production	(000oz)	600	587	596
Total cash costs	(\$/oz)	249	264	237
Total production costs	(\$/oz)	323	348	338
Capital expenditure	(\$m)	86	86	48
Total number of employees		5,685	5,561	5,284
Employees		5,482	5,126	4,760
Contractors		203	435	524

WEST WITS

The Mponeng, Savuka and TauTona mines are situated on the West Wits Line, near the town of 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 collectively produced 30,498 kilograms (980,000 ounces) of gold, equivalent to 20% of group production.

MPONENG

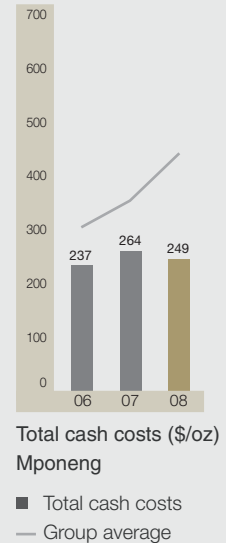
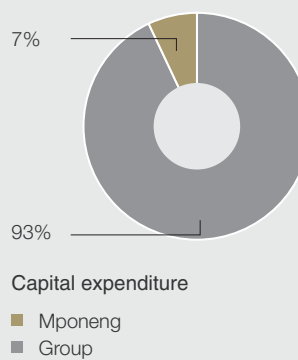
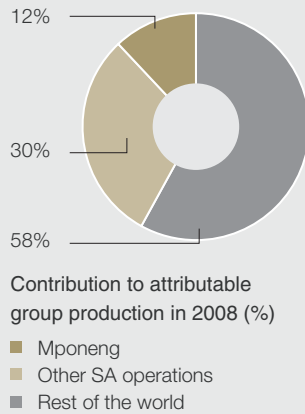
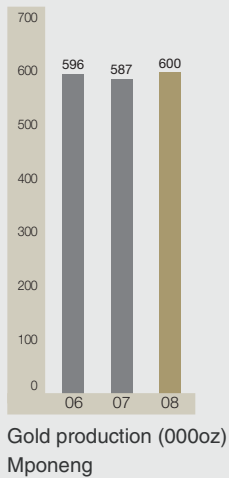
Description

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

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

Safety

The mine was awarded OHSAS 18001:2007 certification during the year and achieved its second one million fatality-free shifts award on 18 June 2008. Safety at Mponeng improved during the year, with the LTIFR decreasing from 13.08 per million hours worked in 2007 to 11.44 in 2008. There were two fatalities during the year (2007: six) resulting in a decrease in FIFR to 0.14 per million hours worked (2007: 0.42).



Operating review

Production rose 2% to 18,672 kilograms (600,000 ounces) in 2008 and the area mined increased marginally, largely owing to an increase in face length. Various cost savings initiatives, resulted in costs contained to inflation. Total cash costs were 10% higher at R65,365/kg (\$249/oz) as a result of inflationary pressures on major input costs of power, labour, support and stores.

Capital expenditure (including the amounts spent on the below 120 VCR project) for the year totalled R707 million (\$86 million) (2007: R604 million; \$86 million).

Growth prospects

There are currently two growth projects under way at Mponeng.

VCR below 120 project: The project scope is to develop four declines from 120 level to the 126/127 levels to access the Ventersdorp Contact Reef. It includes the installation of the supporting infrastructure (refrigeration, backfill, equipping of the decline, etc) required to service a planned 10,000m²/month production plan. Development is ahead of schedule and in line with budget, and in January 2009, became the deepest mine in the world. The project is anticipated to recover 2.7 million ounces of gold at a cost of R2.03 billion (\$0.2 billion). Construction began in 2007 with on reef development and the start of production scheduled for 2013 and full production due in 2015

CLR below 120 project: Feasibility work on this project which involves accessing the Carbon Leader Reef, about 900m below the VCR, is in progress. Initial estimates are that it has the potential to produce 10.6 million ounces at a cost of R12.7 billion (\$1.5 billion). The project is to be presented to the board for formal approval in July 2009 and, if approved, development will begin in August 2009 with production scheduled to start in 2022.

Outlook

Production at Mponeng is forecast to decline to approximately 17,000 kilograms (530,000 ounces) at a total cash cost ranging from \$260/oz to \$280/oz. Capital expenditure is scheduled to be R820 million (\$84 million) with R140 million (\$52 million) to be expended on the projects and the balance on ore reserve development and drilling.

Review of operations

South Africa *cont.*



Savuka		2008	2007	2006
Pay limit	(oz/t)	0.43	0.40	0.31
	(g/t)	14.91	13.72	10.75
Recovered grade	(oz/t)	0.183	0.195	0.224
	(g/t)	6.28	6.69	7.68
Gold production	(000oz)	66	73	89
Total cash costs	(\$/oz)	411	403	336
Total production costs	(\$/oz)	518	476	359
Capital expenditure	(\$m)	11	9	2
Total number of employees		1,224	1,143	1,040
Employees		1,179	1,063	975
Contractors		45	80	65

SAVUKA

Description

Savuka is situated on the West Wits line in the province of Gauteng, approximately 70 kilometres south-west of Johannesburg. Savuka is close to the town of Carletonville in North West Province. Savuka currently mines both the CLR and the VCR.

This mining operation comprises sub- and tertiary-shaft systems with the latter reaching a depth of 3,777 metres.

Ore mined at Savuka is processed firstly at the Savuka plant. The plant uses conventional milling to crush the ore and a carbon-in-pulp circuit to treat the ore further, after which it is sent to the Mponeng gold plant where the gold is extracted by means of electro-winning and smelting.

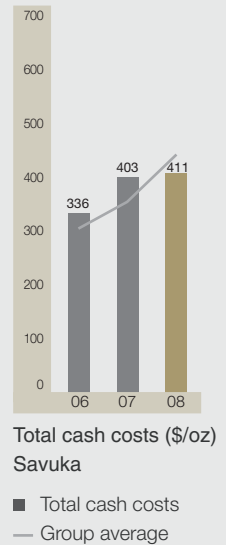
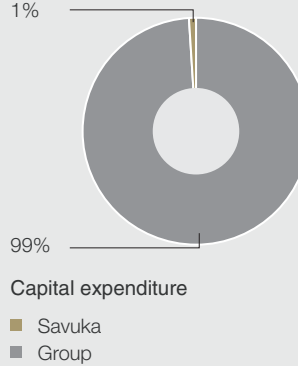
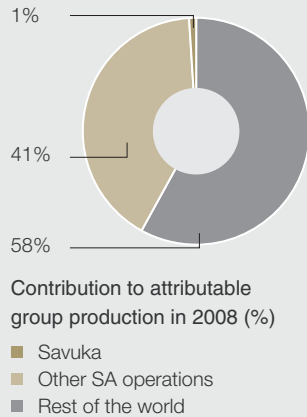
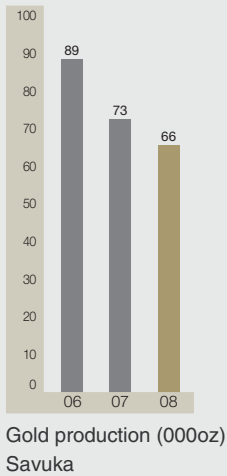
Safety

Savuka achieved OHSAS 18001:2007 certification during the year. There was an improvement in safety during the year with an overall LTIFR for the year of 15.20 per million hours worked compared to 25.99 in 2007. Regrettably there was one fatality at the operation in 2008.

Operating review

Production was down to 2,057 kilograms (66,000 ounces) in 2008, more than had been planned. Volumes mined were 11% down on 2007 with tonnes milled down 4%. The effects on production of safety and power-related stoppages countered the positive effect of improved drilling, blasting and mining mix towards year-end.

Increases in total cash costs which rose by 17% to R106,748/kg (\$411/oz) were mainly due to increases in major input costs of labour, power and consumables.



Growth prospects

Exploration and drilling programmes are being undertaken to determine the extent and accessibility of the extensive resource to the west of current mining activities and to identify potential mining prospects. The restructuring programme instituted at Savuka over the last two years has made the mine more cost effective, thereby increasing its life of mine.

Outlook

Production at Savuka is forecast to be approximately 2,090 kilograms (65,000 ounces) at a total cash cost ranging from \$440/oz to \$460/oz in 2009. Capital expenditure of R104 million (\$11 million) is planned to be spent mostly on Ore Reserve development.



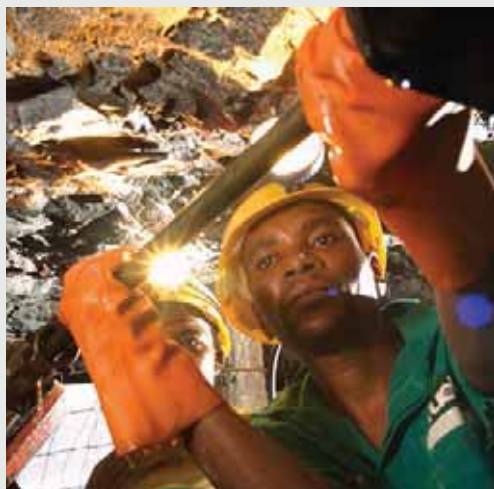
Carina Smith-Morgan

*Communications Officer,
Mponeng and Savuka mines, Mine Services, South Africa*

“I ‘live’ two of our values every day: one, “We treat each other with dignity and respect” through my communications interactions and two, “The communities and societies in which we operate will be better off for AngloGold Ashanti having been there” when I’m wearing my responsibility cap for the Local Area Committee duties.”

Review of operations

South Africa *cont.*



TauTona		2008	2007	2006
Pay limit	(oz/t)	0.44	0.40	0.53
	(g/t)	15.05	16.11	18.25
Recovered grade	(oz/t)	0.253	0.282	0.297
	(g/t)	8.66	9.67	10.18
Gold production	(000oz)	314	409	474
Total cash costs	(\$/oz)	374	317	269
Total production costs	(\$/oz)	509	464	384
Capital expenditure	(\$m)	60	71	70
Total number of employees		4,623	4,992	5,166
Employees		3,849	4,160	4,164
Contractors		774	832	1,002

TAUTONA

Description

TauTona lies on the West Wits Line, just south of Carletonville in North West Province and about 70 kilometres south-west of Johannesburg. Mining at TauTona takes place at depths ranging from 2,000 metres to 3,640 metres. The mine has a three-shaft system and is in the process of converting from longwall mining to scattered grid mining.

The mine consists of a main shaft system supported by secondary and tertiary shafts. TauTona shares a processing plant with Savuka. The plant uses conventional milling to crush the ore and a carbon-in-pulp plant to treat the ore further. Once the carbon has been added to the ore, it is transported to the gold plant at Mponeng for electro-winning, smelting and the final recovery of the gold.

Safety

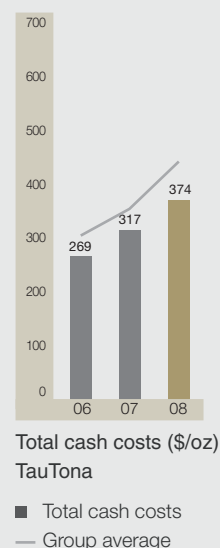
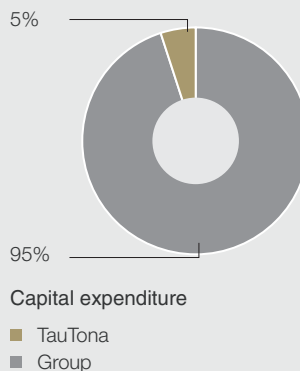
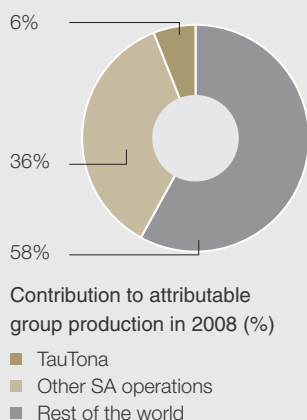
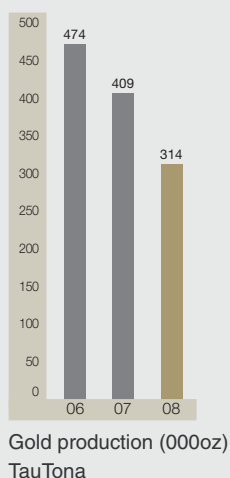
Safety improved overall and the LTIFR for the year was 13.46 per million hours worked (2007: 18.14) and there were four fatalities (2007: five), the major causes of which were seismicity-related rockfalls.

Operating review

Gold production declined by 23% to 9,769 kilograms (314,000 ounces) (2007: 12,714 kilograms; 409,000 ounces). There was a greater-than-scheduled decline in the volume of ore mined, a result of continued seismic activity in the vicinity of the CLR shaft pillar, which is being mined, and at several high-grade production panels, where production was temporarily halted during the course of the year. This seismic activity affected both face length and face advance. The increased geological risk from this seismic activity necessitated re-planning regarding mine layout and mining methods. The power crisis at the beginning of the year also had negative consequences for production.

The decline in production, together with increased input and labour costs, the escalating cost of power and work stoppages contributed to a 36% increase in total cash costs to R97,483/kg (\$374/oz).

Capital expenditure of R491 million (\$60 million) was 2% less than the previous year, and was spent mainly on Ore Reserve development and the below 120 project.



Growth prospects

The three growth projects at TauTona are:

- CLR below 120 level project** is accessed via a twin-decline system down to 128 level. Production was scheduled to begin in 2009. Current estimations are that the project will produce 2.5 million ounces of gold. The project scope has been revised and limited to the development of a rock decline to 123 level. A study will be done to investigate whether the project should be resumed after a year's delay, and whether it should be operated with an owner mine team or together with a contractor. The project has total budgeted capital expenditure of R1.2 billion (\$146 million) of which R620 million (\$76 million) has been spent to date.
- CLR shaft pillar extraction project** enables stoping operations to be conducted up to a recently revised infrastructural zone of influence. Production from this project, which began in 2004 and will continue until 2009, is estimated to total more than 415,000 ounces at an average cash cost of \$102/oz (nominal terms) during this period. Capital expenditure for this project is R281 million (\$34 million) at current exchange rates, most of which has been committed.
- VCR pillar project**, which accesses the VCR pillar area located outside the zone of influence, began production in 2005. Development is scheduled to be completed in 2010. Total production is estimated at almost 218,000 ounces at a capital cost of R123 million (\$15 million), of which R118 million (\$14 million) has been spent to date.

Outlook

Production in 2009 is projected to decrease by 5% to 9,296 kilograms (295,000 ounces) at a total cash cost of between \$330/oz and \$350/oz. Capital expenditure of R433 million (\$44 million) is planned.



South Africa, TauTona

Review of operations

South Africa *cont.*



Great Noligwa		2008	2007	2006
Pay limit	(oz/t)	0.29	0.34	0.28
	(g/t)	10.07	11.69	9.57
Recovered grade	(oz/t)	0.214	0.220	0.236
	(g/t)	7.33	7.54	8.08
Gold production	(000oz)	330	483	615
Total cash costs	(\$/oz)	458	403	261
Total production costs	(\$/oz)	557	507	342
Capital expenditure	(\$m)	26	37	49
Total number of employees		5,743	6,634	6,579
Employees		5,472	5,908	5,883
Contractors		271	726	696

VAAL RIVER

The Great Noligwa, Kopanang, Moab Khotsong and Tau Lekoa mines are situated near the towns of Klerksdorp and Orkney on the border of North West Province and the Free State. The AngloGold Ashanti Vaal River operations have among them four gold plants, one uranium plant and one sulphuric acid plant. Combined, the Vaal River operations (including surface operations) produced 34,785 kilograms (1,119,000 ounces) of gold, equivalent to 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. As from the end of June 2008, the SV4 section was transferred from Great Noligwa to Moab Khotsong.

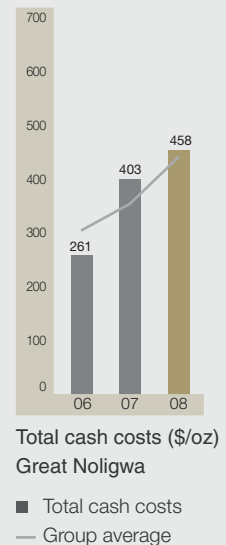
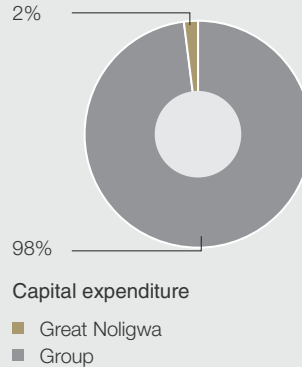
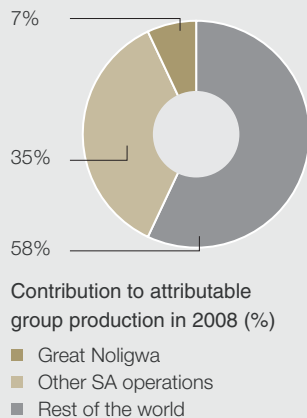
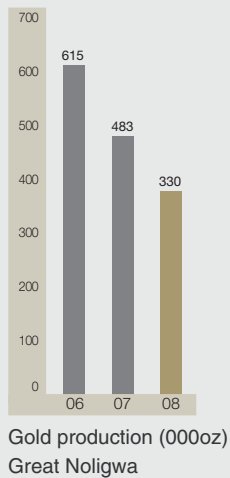
Owing to the geological complexity of the orebody, a scattered mining method is employed. Great Noligwa has its own dedicated milling and treatment plant which applies conventional crushing, screening semi-autogenous grinding and carbon-in-leach processes to treat the ore and extract the gold.

Safety

Great Noligwa achieved OHSAS 18001:2007 certification during the year and received its tenth one million fatality-free shifts award on 25 September 2008. Safety as measured by the LTIFR deteriorated slightly. The LTIFR for the year was 14.66 per million hours worked (2007: 14.46). There was regrettably one fatality in 2008, caused by a mud-rush (2007: two), which is a 50% improvement year-on-year. This gives a FIFR of 0.07 as compared to 0.11 in 2007.

Operating review

Production declined by 32% to 10,268 kilograms (330,000 ounces) in 2008. Tonnes mined decreased by 34%. The fall in production was largely attributable to the transfer of the high-grade SV4 section to Moab Khotsong from where it can be more easily accessed. Power savings initiatives during the first quarter of the year and safety stoppages further contributed to the decline in production.



The overall unit cash cost for the year rose by 31% to R119,140/kg (\$458/oz). This increase in costs was the result of lower production volumes and inflationary pressures on the major input costs of power, labour, support and stores. This was offset by an increase in uranium by-product credits as a result of improved production and the cancellation of loss-making uranium contracts.

Capital expenditure totalled R213 million (\$26 million) and was spent on ore reserve development and stay-in-business capital.

Growth prospects

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

Outlook

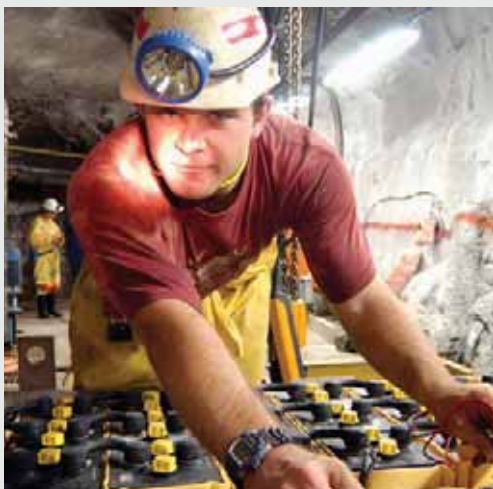
Production in 2009 is scheduled to decline by around 30% to around 7,000 kilograms (220,000 ounces) at a total cash cost of between \$460/oz and \$480/oz. Capital expenditure of R198 million (\$20 million) is planned to be spent mainly on further ore reserve development.



Mali, Yateka

Review of operations

South Africa *cont.*



Kopanang		2008	2007	2006
Pay limit	(oz/t)	0.32	0.36	0.32
	(g/t)	11.07	12.18	10.92
Recovered grade	(oz/t)	0.199	0.211	0.204
	(g/t)	6.82	7.24	7.01
Gold production	(000oz)	362	418	446
Total cash costs	(\$/oz)	348	307	291
Total production costs	(\$/oz)	492	393	355
Capital expenditure	(\$m)	47	52	41
Total number of employees		6,031	5,935	5,815
Employees		5,620	5,470	5,360
Contractors		411	465	455

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 a secondary reef, the Crystalkop Reef, is mined on a smaller scale. Mining operations are conducted at depths ranging from 1,350 metres to 2,240 metres.

The Kopanang operation comprises a single shaft system. Given the geologically complex orebody occurring at Kopanang, a scattered mining method is used with the orebody being accessed mainly via footwall tunnelling, raised on the dip of the reef and stoped on strike. Kopanang has a gold processing plant that uses both conventional semi-autogenous grinding and carbon-in-pulp technology. There are two streams of ore into the plant, one of which is fed mainly by Vaal Reef ore while the other is fed exclusively by Ventersdorp Contact Reef ore from Tau Lekoa.

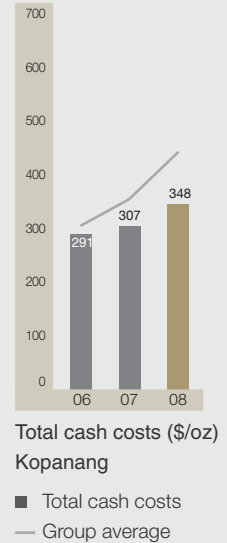
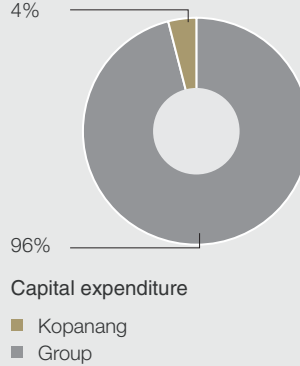
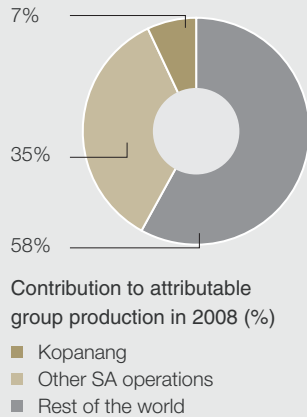
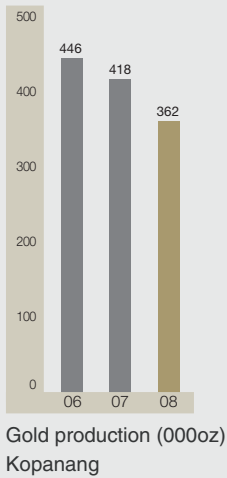
Safety

The mine retained its OHSAS 18001:2007 certification during the year. There was an improvement in safety performance during 2008 with a reported LTIFR for the year of 12.86 per million hours worked (2007: 13.10) and FIFR of 0.14 (2007: 0.22). There were two fatalities, one caused by a tramming accident and the other a fall of ground. Kopanang also received its eighth one million fatality-free shifts award on 11 November 2008. Seven one million fatality-free shifts have been achieved in the past eight years.

Operating review

Gold production decreased to 11,244 kilograms (362,000 ounces), 14% less than the previous year. Lower volumes mined (11% down) coupled with a 6% fall in grade to 6.8 g/t were the major contributions to the production decline. Power outages during the first quarter coupled with related work stoppages contributed to the decline in volumes mined.

Unit total cash cost increased by 32% to R91,516/kg (\$348/oz) as a result of the reduced production and increases in the prices of major input costs at rates higher than the CPI.



Growth prospects

A new waste washing plant is planned for 2009. The plant will upgrade the quality of the fines to be added to the Kopanang stream as well as that of the tonnes to be sent to the plant at Great Noligwa for uranium extraction.

The orebody to the west of Kopanang's current mining area is being drilled which, if it proves viable, will extend the life of mine.

Outlook

The overall yield of ore mined is expected to decline in 2009 as the mining of lower grade panels located further from the shaft come into production. The production profile should increase, provided fewer stoppages are experienced, and additional development is planned to overcome problems regarding face length in order to create flexibility.

Gold production is forecast to be around 12,441 kilograms (400,000 ounces) in 2009 with total cash costs estimated to be in the region of between \$275/oz and \$295/oz. Capital expenditure is planned to increase to R514 million (\$53 million), to be spent primarily on the uranium expansion programme, metallurgical improvements and an increase in ore reserve development to improve mining flexibility.



Moab Khatsong, South Africa

Review of operations

South Africa *cont.*



Tau Lekoa		2008	2007	2006
Pay limit	(oz/t)	0.17	0.16	0.14
	(g/t)	5.70	5.39	4.85
Recovered grade	(oz/t)	0.104	0.106	0.110
	(g/t)	3.58	3.62	3.76
Gold production	(000oz)	143	165	176
Total cash costs	(\$/oz)	533	474	440
Total production costs	(\$/oz)	658	622	614
Capital expenditure	(\$m)	18	16	11
Total number of employees		3,034	2,851	2,893
Employees		2,650	2,506	2,514
Contractors		384	345	379

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 800 metres to 1,743 metres, making this one of the shallower AngloGold Ashanti mines in South Africa.

The Tau Lekoa operation comprises a twin-shaft system. Because of the geologically complex orebody occurring at Tau Lekoa, a scattered mining method is used with the orebody being accessed via footwall tunnelling while stoping takes place on strike. There are currently seven shaft levels with an average of 70 panels in operation. Tau Lekoa employs hydro-electric power as its primary source of energy.

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

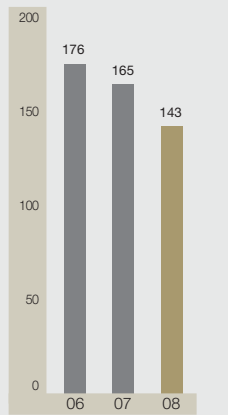
Safety

The mine achieved OHSAS 18001:2007 certification during the year. Safety as measured by the rate of lost-time injuries improved to 16.57 per million hours worked compared to 19.07 in 2007. There were no fatalities at Tau Lekoa in 2008.

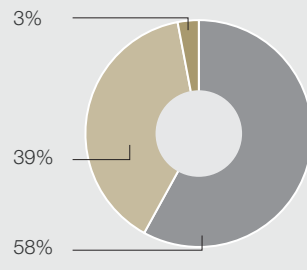
Operating review

Production declined as planned by 13% to 4,444 kilograms (143,000 ounces) in 2008. This is largely attributable to a 12% decline in volumes mined which were affected by the power outages during the first quarter of 2008 and by safety related stoppages throughout the year.

Total cash costs rose 31% to R140,368/kg (\$533/oz) compared with R107,016/kg (\$474/oz) the previous year, largely owing to reduced production and inflationary pressures on input costs.

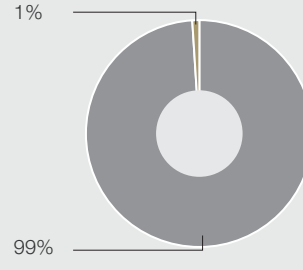


Gold production (000oz)
Tau Lekoa



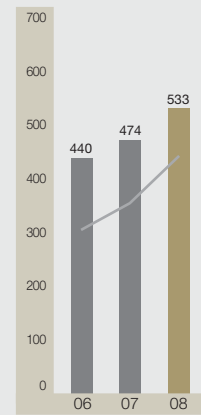
Contribution to attributable group production in 2008 (%)

- Tau Lekoa
- Other SA operations
- Rest of the world



Capital expenditure

- Tau Lekoa
- Group



Total cash costs (\$/oz)
Tau Lekoa

- Total cash costs
- Group average

Capital expenditure for the year totalled R146 million (\$18 million) (2007: R113 million; \$16 million), of which \$13 million was spent on Ore Reserve development with the balance being spent mainly on the upgrade of the surface refrigeration plant.

Growth prospects

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 to Simmer & Jack Mines Limited.

Outlook

Production in 2009 is projected to decrease to around 4,500 kilograms (150,000 ounces) at a total cash cost of between \$455/oz and \$475/oz. Capital expenditure of R140 million (\$14 million) is planned.



Paulus Mazibuko

Senior Electrical Designer
Corporate Office Johannesburg

“I am employed by a company that portrays an excellent corporate citizenship image and has strong values. Those factors are essential to me. Values determine the company culture and the common language for employees. People need to be aligned in their thinking to show the outside world what the company stands for.”

Review of operations

South Africa *cont.*



Moab Khotsong		2008	2007	2006
Pay limit	(oz/t)	0.69	1.52	–
	(g/t)	23.51	52.12	–
Recovered grade	(oz/t)	0.271	0.232	0.185
	(g/t)	9.31	7.94	6.35
Gold production	(000oz)	192	67	44*
Total cash costs	(\$/oz)	379	668	655
Total production costs	(\$/oz)	632	1,234	1,107
Capital expenditure	(\$m)	89	89	83
Total number of employees		4,737	3,534	2,904
Employees		2,914	1,986	1,539
Contractors		1,823	1,548	1,365

* Commercial production began in January 2006.

MOAB KHOTSONG

Description

Moab Khotsong, the newest of AngloGold Ashanti's South African operations, began commercial production in January 2006. Located south and south-east of Great Noligwa and Kopanang in the Free State province, Moab Khotsong was developed to exploit the Vaal Reef. The first phase of this operation included the development of a main shaft system, a subsidiary ventilation shaft and three main production levels to between 2,600 metres and 3,054 metres below surface.

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

Safety

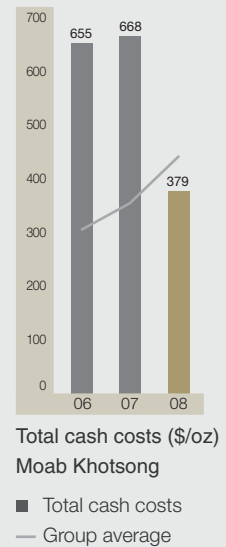
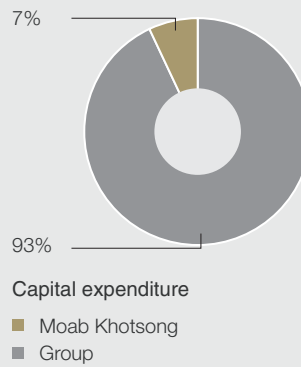
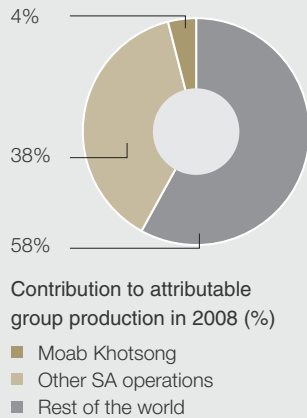
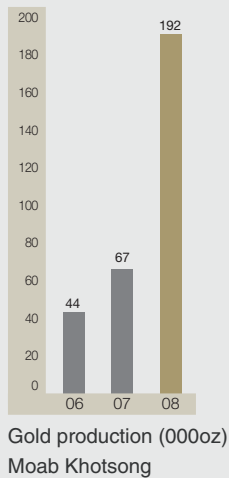
Moab Khotsong achieved OHSAS 18001:2007 certification during the year and received a one million fatality-free shifts award on 21 July 2008. Safety performance improved overall at Moab Khotsong which had an LTIFR for the year of 11.98 per million hours worked (2007: 13.48). There was one fatality in 2008 compared with five in 2007.

Operating review

Production continued to ramp-up with 5,965 kilograms (192,000 ounces) being produced in 2008 (2007: 2,081 kilograms; 67,000 ounces). Of this, 2,194 kilograms (71,000 ounces) were produced in the fourth quarter alone. Great Noligwa's SV4 section was transferred to Moab Khotsong at the end of June 2008, contributing 2,433 kilograms (77,000 ounces) for the six-month period July to December 2008. Moab Khotsong is scheduled to reach full annual production of 13,575 kilograms (436,000 ounces) in 2011. Development of Moab Khotsong was completed by December 2007 at a total cost of R4,193 million (\$599 million at an average exchange rate of R7/\$).

The values mined and volumes treated increased by 29% and 145% respectively. This was mainly due to the ramp up and transfer of Great Noligwa's SV4 section to Moab Khotsong.

Total cash cost reduced 32% to R102,216/kg (\$379/oz) compared to R150,135/kg (\$668/oz) the previous year. Unit costs were positively affected by the higher level of production, which helped to offset higher labour and power costs, and losses on uranium contracts.



Capital expenditure for the year totalled R736 million (\$89 million) (2007: R628 million; \$89 million) – 66% of total capital spent was for Ore Reserve development, the remainder was mainly on stay-in-business projects as well as the Zaaiplaats project.

Growth prospects

A study is underway on the optimal extraction of the orebody within the lower mine area of Moab Khotsong (beneath the farm Zaaiplaats), focusing on the main, higher-value portion. The aim is to create as continuous a mine as possible, understanding that the window of opportunity for seamless integration has largely passed.

Outlook

Production in 2009 is projected to be around 10,000 kilograms (300,000 ounces), an increase of 70%, at a total cash cost of between \$280/oz and \$300/oz. Capital expenditure of R719 million (\$74 million) is planned, mostly on ore reserve development with the remainder being stay-in-business expenditure as well as for surface drilling.



Veronica Thokozani Wanda

Community and Social Development Officer
Southern African Division

“Working with people living with disabilities, and being a leader, constantly reminds me that safety is our first value. I also have the responsibility of conveying this message to all employees through visible safety actions.”