

Review of operations

Tanzania



Geita		2008	2007	2006
Pay limit	(oz/t)	0.10	0.09	0.13
	(g/t)	3.10	3.04	4.16
Recovered grade	(oz/t)	0.056	0.059	0.049
	(g/t)	1.92	2.01	1.68
Gold production	(000oz)	264	327	308
Total cash costs	(\$/oz)	728	452	497
Total production costs	(\$/oz)	929	601	595
Capital expenditure	(\$m)	53	27	67
Total number of employees		3,116	3,226	3,220
Employees		2,130	2,304	2,043
Contractors		986	922	1,177

AngloGold Ashanti has one gold mining operation in Tanzania, Geita, which produced 264,000 ounces of gold in 2008, equivalent to 6% of group production.

GEITA

Description

The Geita gold mine is situated 80 kilometres south-west of the town of Mwanza in the north-west of Tanzania. The Geita gold deposit is an Archaean mesothermal orebody, largely hosted in a banded ironstone formation. It is a multiple open-pit operation with further underground potential which is currently serviced by a 5.2Mt per annum carbon-in-leach (CIL) processing plant.

Safety

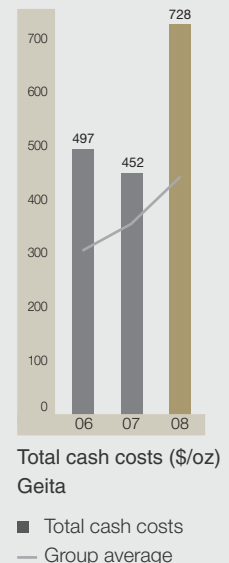
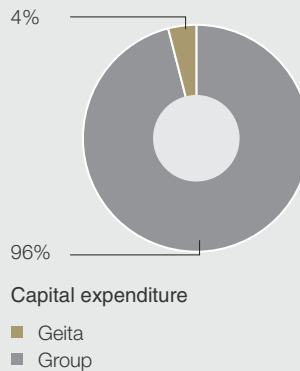
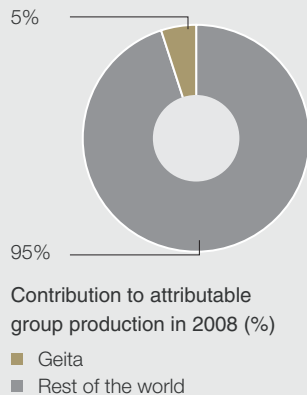
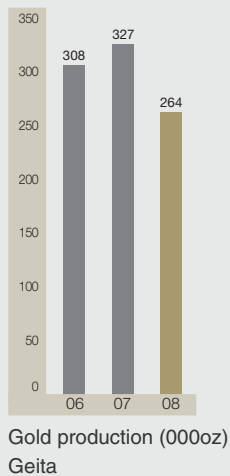
Geita Gold Mine is OHSAS 18001 certified. The lost-time injury frequency rate for 2008 was 0.86 per million hours worked. No fatalities were recorded during the year.

Operating review

Production at Geita declined by 19% to 264,000 ounces in 2008. Lack of access to higher-grade orebodies following the collapse of the Nyankanga Pit in the first quarter of 2007 continued to have an effect on recovered grades which declined to 1.92g/t. Process plant throughput was seriously affected by a 30-day shutdown of the SAG mill during part of September and October resulting in a halving of production for that period.

Global Inflation impacted the entire business. Major contributors to the 55% increase in total production costs of \$929/oz included the price of oil, which affected on-site power generation and the running costs of heavy earth-moving equipment, as well as that of spares and reagents. Although a substantial increase in basic salaries was enforced, the total number of employees was reduced through natural attrition by 9% for the year with further consolidation of functions envisaged in the future. In addition, a fourth shift was introduced in the production arena, which had the effect of reducing overtime requirements by some 90%.

Capital expenditure of \$53 million, double that of 2007, was spent on the purchase of heavy mining equipment and exploration costs.



Growth prospects

Exploration

Exploration activities during 2008 focused on strike additions at the Area 3, Star & Comet, Kalondwa Hill and Lone Cone deposits, together with the detection of regolith gold anomalies below laterite cover via air core drilling at Matandani NW. Results suggest, the potential for a 1.7 kilometre zone of gold mineralisation on-strike at Area 3, and infill drilling to prove up the resource continues. To assist future exploration, an airborne geophysics survey of the areas covered by Geita's licences and adjacent prospecting licences started in the third quarter. Early interpretation of transient electromagnetic data defined several targets which will be followed up in 2009. During the third quarter of 2008, An intense programme of advanced grade control was completed at Nyankanga cut 5 to increase confidence in the production forecast for 2009.

New pits

While the Star & Comet pit was commissioned during 2008, the Lone Cone pit was depleted. Pushback 5 in the Nyankanga pit will start yielding ore during the first quarter of 2009, together with the Star & Comet; these two pits will be the main sources of ore in 2009. The Geita Hill pit will provide the background tonnes, albeit at a much lower grade.

Metallurgy

Test work continues to identify processing options regarding the refractory ore from Matandani and Kukuluma. These resources have significant potential, but require unconventional processing.

Outlook

Gold production in 2009 is forecast to increase to 315,000 ounces at a cost ranging from \$800/oz to \$820/oz as higher grade ore is intersected in the mining schedule. Capital expenditure of \$17 million is planned, which includes stay-in-business expenditure and exploration expenditure.