

Review of operations

United States of America



Cripple Creek & Victor		2008	2007	2006
Pay limit	(oz/t)	0.01	0.01	0.01
	(g/t)	0.34	0.34	0.34
Recovered grade	(oz/t)	0.014	0.016	0.016
	(g/t)	0.49	0.53	0.54
Gold production	(000oz)	258	282	283
Total cash costs	(\$/oz)	309	269	248
Total production costs	(\$/oz)	413	372	356
Capital expenditure	(\$m)	27	23	13
Total number of employees		421	405	369
Employees		350	338	325
Contractors		71	67	44

Cripple Creek & Victor Gold Mining Company (CC&V) is AngloGold Ashanti's sole active operation in the United States. In 2008, Cripple Creek & Victor produced 258,000 ounces of gold, 5% of group production.

Description

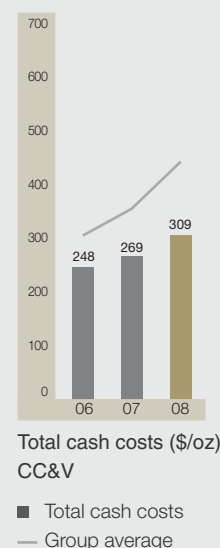
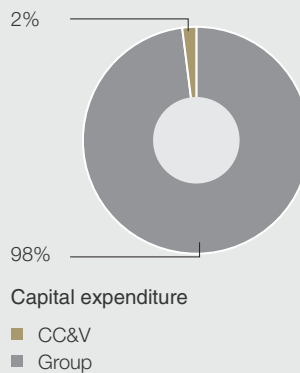
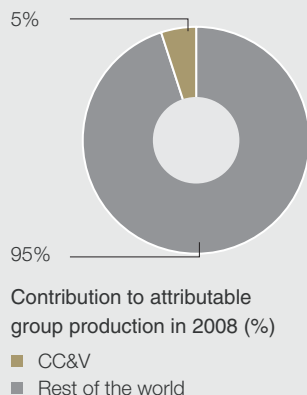
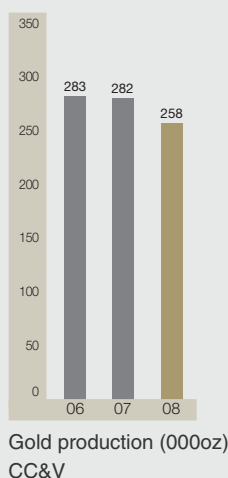
Located in the State of Colorado in the United States, CC&V's Cresson mine is a low-cost, open-pit mining operation which treats the ore mined by means of a heap-leach pad, which is one of the largest in the world. Production began here in 1994.

CC&V is a joint venture in which two AngloGold Ashanti entities now collectively own 100% after the successful acquisition, effective 1 July 2008, of Golden Cycle Gold Corporation, which previously held a 33% interest in CC&V. On 14 January 2008, AngloGold Ashanti announced the execution of an agreement and plan of merger to acquire 100% of Golden Cycle Gold Corporation, thus consolidating 100% ownership of CC&V. The closing of that transaction was completed with effect 1 July 2008 after approval by Golden Cycle Gold Corporation's shareholders, the satisfaction of certain closing conditions, and the receipt of all necessary regulatory approvals.

Safety

The LTIFR for 2008 was 4.83 per million hours worked (2007: 2.53) and there were no fatalities during the year.

Various safety programmes (e.g. DuPont Safety Training (STOP) programme in 2003, risk-based safety management system in 2005, and extension of the STOP programme, called Train the Trainers, in 2007) have been implemented to continue to enhance safety performance at CC&V. A cultural assessment of the workforce by SAFEmap was initiated in 2008 with risk identification classes beginning in the latter part of 2008 and continuing into early 2009. The SAFEmap system will be adapted for use as the safety programme at CC&V.



Operating review

In 2008, production at CC&V fell 9% to 258,000 ounces. A total of 24.4Mt were placed on the heap-leach pad. The decline in production was principally a result of the slow percolation in the gold-bearing leach in the leach pad as a result of the greater distance over which the gold-bearing-leach solution had to be transported from the higher stacked ore to the leach-pad liner. This decline was compounded by a lack of alkalinity at depth that was identified from the 2008 pad drilling programme. This deficiency caused solubilised gold to precipitate at depth. An initiative to increase alkalinity by increasing caustic and lime addition over the pad began in the second half of 2008 and will continue into 2009. Given the size of the pad, recovery of precipitated gold is expected to continue for the next two years.

Overall, there was an increase in total cash costs of 15% to \$309/oz, mainly as a result of rising commodity costs, and of diesel fuel in particular. A decrease in costs due to lower contractor costs was diminished by increases in fuel costs as oil prices hit record levels on global markets and inflation in the general US economy.

Capital expenditure for the year amounted to \$27 million (2007: \$23 million) spent mainly on new equipment and exploration.

Growth prospects

CC&V was successful in being granted the required permits from the State of Colorado and Teller County for a mine-life extension that includes the development of new sources of ore and an extension to the heap-leach facility. The approvals extend the operation of the expanded valley leach facility and the chemical closure activities. Development drilling has further defined areas of interest for which engineering analysis and permitting requirements will be evaluated in a pre-feasibility study to be commissioned in 2009.

Outlook

Gold production for 2009 is projected to increase to around 280,000 ounces at a total cash cost ranging from \$350/oz to \$370/oz. Operational initiatives will continue to be taken to minimise growth in the leach-pad gold inventory in 2009. Capital expenditure of \$77 million is scheduled for 2009, to be spent mostly on major mine equipment purchases and the mine-life extension project.