ANGLOGOLD ASHANTI LTD
Form 6-K
May 11, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated May 10, 2012
Commission File Number 1-14846
AngloGold Ashanti Limited
(Name of registrant)
76 Jeppe Street
Newtown, 2001
(P.O. Box 62117, Marshalltown, 2107)
South Africa
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes
No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes
No X

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes
No X

Enclosure: Press release

ANGLOGOLD ASHANTI ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011, PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

PURE GOLD

To create value for our shareholders, our employees and our business and social partners through safely and responsibly exploring, mining and marketing our products. Our primary focus is gold and we will pursue value creating opportunities in other minerals where we can leverage our existing assets, skills and experience to enhance the delivery of value.

Safety is our first value.

We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work. We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resources and systems to deliver on our most important commitment ... to care.

We treat each other with dignity and respect.

We believe that individuals who are treated with respect and who are entrusted to take responsibility respond by giving their best. We seek to preserve people's dignity, their sense of self-worth in all our interactions, respecting them for who they are and valuing the unique contribution that they can make to our business success. We are honest with ourselves and others, and we deal ethically with all of our business and social partners.

We value diversity.

We aim to be a global leader with the right people for the right jobs. We promote inclusion and team work, deriving benefit from the rich diversity of the cultures, ideas, experiences and skills that each employee brings to the business.

We are accountable for our actions and undertake to deliver on our commitments.

We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.

The communities and societies in which we operate will be better off for AngloGold Ashanti having been there.

We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

We respect the environment.

We are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

TO BE THE LEADING MINING COMPANY

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AngloGold Ashanti Annual Financial Statements 2011
Contents

Forward-looking statements

Certain statements contained in this document, including, without limitation, those concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs and other operating results, return on shareholders' equity, productivity improvements, growth prospects and outlook of AngloGold Ashanti's operations, individually or in the aggregate, including the completion and commencement of commercial operations of certain of AngloGold Ashanti's exploration and production projects and completion of acquisitions and dispositions, AngloGold Ashanti's liquidity and capital resources and capital expenditure, and the outcome and consequence of any potential or pending litigation or regulatory proceedings, are forward-looking statements regarding AngloGold Ashanti's operations, economic performance and financial condition. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, amongst other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in gold prices and exchange rates, and business and operational risk management. For a discussion of such risk factors, refer to the section titled "Risk management and risk factors" in these annual financial statements. Readers are cautioned not to place undue reliance on forward-looking statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of these annual financial statements or to reflect the occurrence of unanticipated events, except to the extent required by applicable law. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein.

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AngloGold Ashanti Limited (AngloGold Ashanti) endeavours to report on performance in an integrated and holistic way, taking into account a broad range of stakeholder requirements and current best practice.

Our reporting is guided by the King Code of Governance Principles for South Africa 2009 (King III), which became effective on 1 March 2010, and requires companies listed on the Johannesburg Stock Exchange (JSE) to issue an integrated report covering financial and non-financial issues.

This report, the Annual Financial Statements 2011, is supplementary to the group's primary report, the Annual Integrated Report 2011, which has been published for the first time this year. These two reports, together with the Sustainability Report 2011, the Mineral Resource and Ore Reserve Report 2011 and the Notice of Annual General Meeting 2011, comprise AngloGold Ashanti's suite of Annual Reports for 2011.

This suite of reports which covers the financial year ended 31 December 2011, aims to illustrate the fundamental link between the risks and opportunities that face the business in the short, medium and long term, and how AngloGold Ashanti's strategy has developed to ensure that it responds appropriately to these risks while creating and sustaining value for all stakeholders.

The Annual Integrated Report 2011 sets out the group's strategy, governance, performance and prospects in the context of its operations and the markets for its products, and recognises the importance and concerns of stakeholders. It will be submitted to the JSE, where AngloGold Ashanti has its primary listing, together with the Annual Financial Statements 2011 and the Notice of Annual General Meeting 2011.

Scope of report

Overview and strategy

Review of the year

Governance

Financial statements

Other

TO REPORTING

AngloGold Ashanti's annual reports available at www.aga-reports.com

ANNUAL
INTEGRATED
REPORT
2011
PURE GOLD

ANNUAL
FINANCIAL
STATEMENTS
2011
PURE GOLD

SUSTAINABLE GOLD

SUSTAINABILITY
REPORT
2011
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MINERAL
RESOURCE
AND ORE
RESERVE
REPORT
2011
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ANNUAL GENERAL
MEETING
2011
PURE GOLD

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The Annual Financial Statements 2011 provide more detailed reviews of operations and projects, the exploration programme, the approach to corporate governance and both the group and company financial statements for the 2011 financial year. These financial statements have been prepared in accordance with: International Financial Reporting Standards (IFRS); the South African Companies Act, 71 of 2008; and the JSE Listings Requirements.
These reports will be available online on the corporate website, www.anglogoldashanti.com as well as on the reports website, www.aga-reports.com. Those shareholders who would prefer copies of these reports, either posted or e-mailed to them, are asked to contact companysecretary@anglogoldashanti.com in this regard.
The suite of Annual Reports 2011 is made up of:

- The Annual Financial Statements, which presents a comprehensive review of the year and has been prepared in accordance with: the International Financial Reporting Standards (IFRS); the South African Companies Act, 71 of 2008; and the Listings Requirements of the JSE. This report is submitted to the JSE in South Africa, as well as the London, New York, Ghana and Australian stock exchanges on which AngloGold Ashanti is listed.
- The Annual Integrated Report, which has been produced in line with the recommendations of King III and the JSE Listings Requirements. Cognisance has been taken of local and international recommendations on integrated reporting in developing the contents and style of reporting. Stakeholders seeking more detailed and specific information are referred to the other reports.
- The Sustainability Report, which provides insight into AngloGold Ashanti's approach to sustainability. This report focuses on those issues that have been determined to be most important to the group and to stakeholders. AngloGold Ashanti continues to support the Global Reporting Initiative (GRI) and reports in accordance with its 3.0 guidelines and the Mining and Metals Sector Supplement, the Sustainable Development Framework of the International Council on Metals and Mining (ICMM), and the principles of the United Nations Global Compact (UNGC).
- The Mineral Resource and Ore Reserve Report, which presents the group's Mineral Resource and Ore Reserve in accordance with the South African Code for Reporting of Exploration Results, Mineral Reserves and Mineral Resources (SAMREC 2007 Edition), and the Australasian

Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2004). This report has been prepared, reviewed and confirmed by the Competent Persons as defined in terms of these codes.

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The Notice of Annual General Meeting which gives notice of the 68th annual general meeting of shareholders to be held on Thursday, 10 May 2012 at 11:00 (South African time).

The suite of annual reports will be furnished to the United States Securities and Exchange Commission (SEC) on Form 6-K.

These reports cover all operations and entities in which AngloGold Ashanti has a significant interest and which are under the management of the group, or in whose management it has significant influence. Certain joint ventures and other interests are discussed where relevant, to provide insight and context. Production is expressed on an attributable basis, unless otherwise stated. Capital is reported at 100% unless indicated otherwise. Safety performance is reported for each managed entity while the average number of employees is reported for subsidiaries and joint ventures.

Sustainability data covers all operations, exploration projects, joint ventures and subsidiary companies managed by AngloGold Ashanti.

For cross-referencing of information in the various reports, the following icons are used:

AngloGold Ashanti Annual Financial Statements 2011

Scope of report

Unless otherwise stated, $ or dollar refers to US dollars throughout this suite of reports.

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References to "group" and "company" are used interchangeably in the narrative of this report, except in the financial statements of the group and company.

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"Statement of financial position" and "balance sheet" are used interchangeably in the narrative of this report.

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To familiarise yourself with the terminology used in this report, please refer to Non-GAAP disclosures and the Glossary of terms and Non-GAAP metrics.

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Locations on maps are for indication purposes only.

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www

Annual Financial Statements 2011

Annual Integrated Report 2011

Sustainability Report 2011

Mineral Resource and Ore Reserve Report 2011

Online Report at www.aga-reports.com

www.aga-reports.com

Key features of the year
IMPROVEMENTS DELIVER
AND
OPTIMISE
Highlights of 2011
4.33
Moz
gold produced
** Excludes joint ventures*
$6.6
bn
gold sales*
61,242
employees and
contractors
07
08
09
Group – fatalities*
10
11
34
14
15
15
15
07
08
09
Group – AIFR*
(per million hours worked)
10
11
20.95
16.66
12.88
11.50
9.76
Safety performance
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Overview and strategy
Review of the year
Governance
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Other
** Excludes joint ventures not managed by the group*

Financial highlights of 2011

Financial performance

$1.6
bn
profit attributable
to equity
shareholders

336
US cents
adjusted headline
earnings per share

49
US cents
dividends per
share

07
08
09
(Loss) profit attributable to
equity shareholders
($m)
10
11
(668)
(1,195)
(320)
76
1,552

08
07
09
EBITDA
*
($m)
10
11
1,131
1,663
1,897
3,014
1,224
*
Excludes hedge buy-back costs

07
08
09
Adjusted headline earnings (loss)
per ordinary share
(US cents)
10
11

99
(283)
(14)
(473)
336
07
08
09
Cash flows from operating
activities
*
($m)
10
11
866
*
Excludes hedge buy-back costs
584
1,299
1,669
2,655
Net debt
($m)
07
08
09
10
11
1,318
1,283
868
1,288
610
07
08
09
Dividends per ordinary share
(US cents)
10
11
19
11
17
20
49
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Key features of the year
continued
Average number of employees
*
07
08
09
10
11
61,522
63,364
61,242
*
Includes contractors
62,046
62,895
Investment
Employment
Maximise margins
07
08
09
Total cash costs
($/oz)
10
11
357
444
514
638
728
07
08
09
Capital expenditure
*
*
Includes joint ventures
($m)
10
11
1,059
1,201
1,027
1,015
1,527
Operational highlights of 2011
$728
/oz
total cash costs
$1.5

bn
capital expenditure*
Gold production
(000oz)
07
08
09
10
11
5,477
4,982
4,599
4,515
4,331
20
operations in
10 countries
$1.5
bn
employee benefits
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Community highlights

Environmental performance

$1.2
bn
payments to governments*
$21
m
in community investment
07
08
09
Payments to governments
*
($m)
10
11
711
535
644
844
1,220
*
Includes direct and indirect taxes, royalties and dividends paid to governments
07
08
09
Community investment
($m)
10
11
8
8
11
16
21
Energy efficiency
(GJ/oz)
5.1
5.5
6.0
6.4
6.7
07
08
09
10
11
Greenhouse gas efficiency
(tCO
2

e/oz)
0.77
0.85
0.96
1.00
0.99
07
08
09
10
11
07
08
09
10
11
Water efficiency
(kL/oz)
9.47
10.02
11.11
11.34
12.43
100
% of
operations certified to
ISO 14001 environmental
management standard
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AngloGold Ashanti Annual Financial Statements 2011
Key features of the year

Argentina
Cerro Vanguardia
Australia
Sunrise Dam
Brazil
Serra Grande
AGA Mineração
Ghana
Iduapriem
Obuasi
Guinea
Siguiri
Mali
Morila
Sadiola
Yatela
Namibia
Navachab
South Africa
Vaal River
Great Noligwa
Kopanang
Moab Khotsong
Surface operations
West Wits
Mponeng
Savuka
TauTona
Tanzania
Geita
United States
Cripple Creek & Victor
Operations
Major exploration projects
Colombia
Gramalote
La Colosa
DRC
Kibali
Mongbwalu
Australia
Tropicana

1
1
2
2
3
3
4
4
5
5
6
6
7
7
8
8
9
9
10
10
11
11
12
12
13
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A truly global producer of gold
Headquartered in Johannesburg, South Africa, AngloGold Ashanti has 20 operations in 10 countries on four continents, as well as
several exploration programmes in both the established and new gold producing regions of the world.
ANGLOGOLD ASHANTI
– THE THIRD LARGEST
PRODUCER OF
Location of operations and major exploration projects

Geographic distribution
of shareholders
as at 31 December 2011 (%)
United States
47.9%
South Africa
27.9%
United Kingdom
9.4%
Rest of Europe
5.9%
Singapore
2.1%
Australia
1.8%
Ghana 1.7%
Rest of Americas
1.3%
Rest of the world
2.0%
Geographic distribution
of gold sales
South Africa
37.6%
United Kingdom
26.3%
North America
14.7%
Europe
9.1%
Asia
6.9%
Australia
5.4%
For the year ended 31 December 2011 (%)

AngloGold Ashanti employed 61,242 people, including contractors, in 2011 (2010: 62,046) and produced 4.33Moz of gold (2010: 4.52Moz), generating $6.6bn in gold income, excluding joint ventures (2010: $5.3bn). Capital expenditure in 2011 amounted to $1.5bn (2010: $1.0bn). As at 31 December 2011, AngloGold Ashanti had an attributable Ore Reserve of 75.6Moz (2010: 71.2Moz) and an attributable Mineral Resource of 230.9Moz (2010: 220.0Moz).

Focused on returns

AngloGold Ashanti endeavours to maximise the returns delivered to shareholders through the economic cycle, by producing gold safely, responsibly and efficiently.

Stock exchange listings

While AngloGold Ashanti's primary listing is on the Johannesburg Stock Exchange (JSE), the company is also listed on the London Stock Exchange (LSE), the New York Stock Exchange (NYSE), the Ghana Stock Exchange (GhSE) and the Australian Securities Exchange (ASX). At the end of December 2011, the group had 382,242,343 ordinary shares in issue. The market capitalisation at year-end was $16.2bn (2010: $18.8bn). Around 98% of the group's ordinary shares are considered to be free float, with 1.67% held by the Government of Ghana.

AngloGold Ashanti delisted from Euronext Paris on 23 December 2011 and from Euronext Brussels on 30 December 2011.

Our business

Exploration

The group's exploration programme covers greenfield, brownfield and marine exploration and is conducted either by AngloGold Ashanti or in collaboration with partners. Greenfield exploration teams search for new long-life, low cost mines and brownfield exploration is conducted in and around existing operations. The group has also established a joint venture to explore for marine mineral deposits on the continental shelf. This complements AngloGold Ashanti's existing terrestrial exploration and mining activities.

Operations

AngloGold Ashanti has surface and underground mining operations in the Americas, South Africa, elsewhere on the African continent and in Australia. Valuable by-products – silver, sulphuric acid and uranium – are produced in the process of recovering the gold mined at certain operations.

Marketing

Once doré, the unrefined gold bar, is produced at AngloGold Ashanti's processing plants, it is dispatched to various precious metal refineries where it is refined to a purity of at least 99.5%. This is in accordance with the standards of 'good delivery' as determined by the London Bullion Market Association. The refined gold bars are then sold to bullion banks or refiners. Gold has been a much sought after source of wealth over the centuries, be it as an investment, a store of value or as jewellery. AngloGold Ashanti campaigns actively to promote the demand for gold.

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Striving to be the leading mining company
AngloGold Ashanti's broad strategic direction is defined in its vision, mission and values and in its five core strategies, explained in more detail below and in the relevant sections of the company's Annual Integrated Report
.
These elements underpin Project ONE, the company's business framework, which is a consistent operating model that reaches every corner of the organisation, bringing together people and technical systems to realise AngloGold Ashanti's vision to be 'the leading mining company'. This operating model defines the technical, commercial and social aspects of the business, and prescribes how they interact in order to ensure delivery on the company's business goals. It sets the framework to ensure consistency and efficiency in all processes with the aim of enhancing operating performance and control.
AngloGold Ashanti's five core strategies are:

- People are the business – Providing the leadership and the supporting management processes to ensure that we have the right people, in the right roles, doing the right work to deliver against our goals;
- Maximise margins – Managing revenues to ensure that full value is realised from our products by delivering a quality product and managing costs to protect margins and returns on capital employed;
- Manage the business as an asset portfolio – Optimising asset and project portfolios to meet or exceed specified rates of return. To achieve this, each asset is regularly reviewed and ranked in both absolute terms and relative to its peer group;
- Grow the business – Developing a range of options for growth, including greenfield and brownfield exploration, new opportunities for promoting organic growth, value-accretive merger and acquisition opportunities and maximising the value of commodities other than gold within our portfolio; and
- Embrace sustainability principles – Developing business and social partnerships based on mutual value creation, while maintaining a focus on ensuring the safety and well-being of employees and managing environmental and other impacts.

AngloGold Ashanti's business strategy is reviewed regularly to determine progress against the backdrop of a dynamic operating and regulatory environment.

The key components of each of the five core strategies are set out below:

People are the business

AngloGold Ashanti recognises that ‘people are the business’ and through its:

- mission, defines a clear view of the organisation;
- vision, reflects a clear and consistent view of the organisation’s future;
- values, recognises that the process used to achieve results is as important as the results themselves; and
- Business Process Framework (BPF), a component of Project ONE, defines the policy, standards and operating framework necessary to establish a flexible and responsive work model within which people have the opportunity to be creative and realise their potential.
- Organisational model, ensures that the right person, does the right work, in the right way and at the right time.

Maximise margins

AngloGold Ashanti seeks to maximise margins by actively managing revenues and costs.

Full value is realised from its products by:

- offering exposure to spot prices;
- delivering products of a consistent quality, and on time;

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- working to maintain cost inflation below the industry average; and
- applying resource development strategies to maintain operating margins over the life cycle of an asset.

Project ONE has been implemented to standardise operating procedures and achieve key five-year goals.

The board reviewed these goals in late 2010 for the period 2011-2015 as follows:

- Safety – the long-term goal is to operate without accident or injury. AngloGold Ashanti aims to reduce the all injury frequency rate to less than 9 per million hours worked;
- Productivity – 20% improvement in oz/TEC;
- Environment – the long-term target is to operate without environmental incidents. The group aims to achieve a 30% reduction in reportable incidents by 2015;
- Production (attributable ounces produced) – between 5.4Moz and 5.6Moz, an improvement of 20% on base;
- Total cash cost per ounce – a 20% improvement in real IFRS total cash costs per ounce (adjusted for mining inflation); and
- Return on shareholders' equity (%) – 15% through the five-year period.

AngloGold Ashanti may not be able to reach these goals.

Manage the business as an asset portfolio

Through this strategy, AngloGold Ashanti optimises capital deployment by investing only in assets and growth opportunities which offer superior returns. Each asset and project is ranked during the business planning process. Rankings are both absolute and relative to the peer group, with the aim of:

- ensuring individual assets and projects meet or exceed specified risk-adjusted rates of return;
- identifying the strengths and weaknesses of the portfolio, with particular focus on portfolio risk;
- implementing strategies to identify optimal orebody capability;
- applying methods and design to ensure optimal operating performance;
-

ensuring the application of detailed planning and scheduling, together with the use of best-practice operating methods associated with each asset;

- optimising returns from existing assets and growth opportunities; and
- selling, at attractive valuations, those assets that no longer meet the company's criteria.

Grow the business

AngloGold Ashanti seeks to enhance shareholder value through:

- Greenfield exploration – leveraging its asset portfolio and landholdings to develop new projects, whilst continually reviewing and analysing potential opportunities;
- Brownfield exploration and project development – promoting organic growth and leveraging the existing infrastructural base;
- New projects – promoting organic growth and leveraging current positions;
- Mergers and acquisitions – selectively pursuing value-accretive merger and acquisition opportunities; and
- Incremental growth – maximising the value of other commodities, including uranium, within an existing and developing asset portfolio.

Embrace sustainability principles

AngloGold Ashanti's sustainable development framework addresses a number of interlinked issues which are critical to business sustainability:

- In a climate of increased resource competition, this framework enables countries and communities in which the company operates to derive sustainable economic benefits from the extraction of resources. AngloGold Ashanti seeks to achieve this by developing mutually-beneficial partnerships with host governments and communities and participating in the co-design of projects which will achieve local development goals.
- Environmental and natural resource management – among other inputs, mining requires energy, water and access to land. The company's ability to manage these resources effectively impacts directly on community relationships and on production costs.
- Improving the safety and health of employees. The long-

term business goal is to operate without illness or injury.

- The company's commitment to respect human rights – reflected in the implementation of the voluntary principles on security and human rights (VPSHR) in security management strategies as well as through the development of a human rights framework for the business, based on the UN guidelines on business and human rights.
- Effective stakeholder engagement is required to support management of the above priorities and the company is therefore working to implement a company-wide engagement standard to improve performance in this area.

Executive summary

In a year of record gold prices, better operating performance from some of the group's key assets and the first year of full exposure to spot prices, AngloGold Ashanti successfully met all three of its key 2011 financial objectives which were set out in the 2010 CFO's report. Taking each of these objectives in turn:

1. Ensuring that the benefits of the hedge book elimination are captured in improved earnings and cash generation

The 2011 earnings and cash flow metrics were well ahead of the levels seen in 2010, capturing the benefits of the hedge book elimination. Profit attributable to equity shareholders for 2011 increased 20-fold to $1.55bn. Adjusted headline earnings for 2011 of $1.3bn represented a 65% increase on the levels seen in 2010 of $787m*. Cash inflow from operating activities rose 59% in 2011 to $2.66bn from $1.67bn* recorded in 2010. Free cash flow in 2011 also rose 59% from $525m* in 2010 to $833m in 2011. These increases demonstrated the leverage AngloGold Ashanti offers to the average spot gold price, which rose year-on-year by 28%.

2. Maintaining our international investment grade credit ratings

During 2011, AngloGold Ashanti successfully maintained its international investment grade credit ratings from both Standard and Poor's and Moody's financial services. The liquidity and solvency metrics improved year-on-year, on the back of stronger earnings and improved cash generation.

3. Maintaining a prudent statement of financial position, while at the same time not compromising the project pipeline and returns to shareholders

The group's net debt** position at $610m on 31 December 2011 represents a 53% debt reduction, when compared with 31 December 2010 ($1.29bn). The strong cash generation helped the group meet its increased 2011 capital expenditure payments, including joint ventures, of $1.53bn and at the same time improve dividends declared to shareholders with respect to the year, by 162% as compared to 2010, from 145 SA cps (20 US cps) to 380 SA cps (49 US cps) . Return on net capital employed rose from 15% to 20% and return on equity rose from 20% to 25%. During the fourth quarter of 2011, AngloGold Ashanti obtained a A$600m four-year unsecured revolving credit facility on competitive terms from a syndicate of 11 banks to fund working capital and development costs at the group's Australian operations. None of the group's principal financing facilities** (which include the two rated bonds, 3.5% convertible bonds, $1bn syndicated revolving credit facility and A$600m syndicated revolving credit facility) mature for repayment until the second quarter of 2014.

The improved cash generation under current market circumstances, headroom under its debt facilities and longer debt tenor has placed the group in a position to meet its 2012 and 2013 project capital requirements.

Turning to the 2011 performance, some of the key financial metrics include:

- Gold production: 4.33Moz (4% below 4.52Moz recorded in 2010 due to unprecedented floods in Australia; higher safety stoppages and industrial action in South Africa);
- Average US dollar spot price: $1,572/oz (28% higher than the average spot price of $1,227/oz in 2010);
- Total cash costs: $728/oz (14% higher than $638/oz recorded in 2010 due to higher inflation, stronger fuel prices, increased royalty charges and lower units of production);
- Adjusted headline earnings: $1.3bn (65% higher than the $787m recorded in 2010 which excluded the impact of accelerated hedge buy-backs. Adjusted headline loss in 2010 after factoring in the cost of the accelerated hedge buy-backs was $1.76bn);

OBJECTIVES MET – A YEAR
OF RECORD EARNINGS

- Adjusted headline earnings per share: 336 US cps (58% higher than 212 US cps recorded in 2010)*;
- Profit attributable to equity shareholders: $1.55bn (20-fold increase as compared to the $76m recorded in 2010);
- Earnings before interest, taxes and depreciation: $3.0bn (58% increase on the $1.9bn recorded in 2010);
- Free cash flow: $833m (an increase of 59% on the 2010 level of $525m). This excludes proceeds from the sale of non-core assets of $35m (pre-tax) in 2011 and $134m in 2010;
- Net debt at year-end**: $610m (53% reduction when compared to the 2010 level of $1.29bn);
- Return on net capital employed: 20% (2010: 15%);
- Return on equity: 25% (2010: 20%); and
- Dividends declared per ordinary share: 380 SA cps or 49 US cps (162% increase on the 145 SA cps or 20 US cps declared in 2010).

* *Excludes accelerated hedge buy-back costs.*

** *Excludes mandatory convertible bonds.*

On 15 March 2012, Moody's Investors Service announced that it has upgraded AngloGold Ashanti Limited's credit rating from Baa3 to Baa2 with a stable outlook.

Production

Gold

Gold production of 4.33Moz for the year was 4% or 184,000oz lower than that of 2010. This decrease was primarily due to the high wall slip and flood-related work stoppages at the Sunrise Dam mine, the sale of Tau Lekoa in 2010, and the impact of safety-related stoppages and industrial action in South Africa, and was partly offset by improvements at Geita and the Americas operations.

South Africa's production decreased 9% or 161,000oz to 1.62Moz, of which 63,000oz related to the sale of Tau Lekoa during 2010. The balance of the production decrease occurred across most of the South African mines except for Savuka and Kopanang. The lower output was due mainly to strike action

and an increased number of government-imposed safety-related stoppages. At TauTona, production remained constrained as a result of increased seismicity in the area which halted production. Great Noligwa experienced lower production due to a combination of ore pass blockages and the closure of two haulages. This was partly offset by an increase in production at Savuka as the mine returned to production late last year following a seismic event in 2009.
At Kopanang, higher grades were mined during the year which marginally increased production.
Production from Continental Africa increased 5% or 78,000oz to 1.57Moz. Geita turned in another strong performance benefiting from higher grades mined in the Nyankanga pit, whilst at Iduapriem, an increase in volumes mined contributed to the higher production. These increases were partially offset by lower production at Yatela, Siguiri, Navachab and Obuasi where lower grades were recovered.
In the Americas region, production increased 6% or 49,000oz to 891,000oz. The increase was mainly due to better gold recovery from the heap leach pad at Cripple Creek & Victor, which benefited from better pad pH chemistry and the strategy of stacking higher grade ore closer to the pad liner.
At AGA Mineração, higher tonnage and grades contributed to increased production whilst the lower production at Serra Grande was mainly related to lower grades.
Australasia's production decreased 38% or 150,000oz to 246,000oz. The lower production at Sunrise Dam was due to flood-related work stoppages and ramp failure resulting from the excessive rainfall. Mining was suspended for prolonged periods while remediation work was undertaken.

By-products

Uranium production of 1.38Mlb was 6% lower than 2010 due to lower grades and lower gold production. Silver production of 2.96Moz was in line with the previous year.

Dividends declared
per ordinary share
(SA cps)
Full year dividends declared
Q4 2011
100
130
145
380
180
200
10
08
09
11

Income statement

An analysis of the abridged income statement for the year, with comments on significant variances, is presented as follows:

Figures in $ million	Notes	2011	2010
Gold income	1	6,570	5,334
Cost of sales	2	(3,946)	(3,550)
Loss on non-hedge derivatives and other commodity contracts	3	(1)	(702)
Gross profit		2,623	1,082
Corporate administration, marketing and other operating expenditure	4	(305)	(240)
Exploration costs	5	(279)	(198)
Special items	6	163	(126)
Operating profit		2,202	518
Net interest paid	7	(144)	(123)
Exchange gains and fair value adjustments on convertible bonds			

8
190
(53)
Share of equity accounted investments' profit
73
63
Profit before taxation
2,321
405
Taxation
9
(723)
(276)
Profit for the year
1,598
129
Other financial data
EBITDA (excluding hedge buy-back costs)
3,014
1,897
Adjusted headline earnings (excluding hedge buy-back costs)
1,297
787

Income statement commentary

Profit for the year increased from $129m in 2010 to $1,598m in 2011, mainly as a result of the higher spot gold price, the elimination of the loss on non-hedge derivatives and other commodity contracts (outlined in note 3 below), improved performance from Geita and the fair value gains on the convertible bonds.

1. Gold income

Gold income at $6,570m was 23% higher than in 2010. This was due to the increase in the average gold price received which rose from $1,159/oz to $1,576/oz (1) , in line with higher spot gold prices.

2. Cost of sales

Cost of sales increased by 11% from $3,550m to $3,946m in 2011:

- Total cash costs increased 9% from $2,778m in 2010 to $3,028m in 2011. Total cash costs per ounce increased from $638/oz to $728/oz (refer to graph below). This was mainly due to:
- lower production levels;
- stronger local operating currencies (particularly the Australian dollar) against the US dollar;
- inflation-related increases in salaries, consumables, power and fuel;
- higher royalties paid globally which related to higher gold prices and the profit-based royalty introduced in South Africa from 1 March 2010;
- other variances include higher costs at Geita

associated with mining in the Star and Comet Pits and maintenance on the SAG mill; at AGA Mineração, due to additional mining and transport costs pertaining to the Córrego do Sítio sulphide project, with treatment taking place at the Cuiabá plant; at Siguiri, where higher power costs were imposed by the government; and at Cripple Creek, where costs increased with deeper mining; and

- higher deferred stripping costs at Iduapriem due to a revision in the production plan.

All of these were partly offset by:

- lower deferred stripping costs mainly at Sunrise Dam due to the floods, and at Geita following the change in the life of mine stripping ratio; and
- higher income from by-products, mainly price related, and higher sales of silver and uranium.

(1)
Excludes hedge buy-back costs.

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- Rehabilitation costs and other non-cash costs increased from $109m to $229m as a result of changes to the life-of-mine profiles; additional environmental impact; a change in inflation and discount rate assumptions; a change in the design of tailings storage facilities; and a change in methodology following requests from some regulatory agencies to backfill open pits that have been mined out.
- Retrenchment costs of $15m were incurred mainly in the South African region.
- Amortisation of tangible and intangible assets increased from $692m to $770m in 2011. This increase is attributable to the reassessment of the useful lives of assets and the components of property, plant and equipment in accordance with revisions to the business plans, the higher tangible asset base and the impact of stronger local currencies.

3. Loss on non-hedge derivatives and other commodity contracts

The decrease in the loss on non-hedge derivatives and other commodity contracts from $702m in 2010 to $1m in 2011 is attributable to the elimination of the gold hedge book during 2010. The company now has full exposure to the gold spot price.

4. Corporate administration, marketing, and other operating expenditure

This expenditure increased from $240m in 2010 to $305m in 2011, and included costs associated with the business improvement initiative, Project ONE, inflation-related increases in corporate office costs, capacity building costs within the Continental Africa region and costs associated with global information technology.

5. Exploration costs

Expensed exploration costs (excluding equity-accounted joint ventures) increased from $198m in 2010 to $279m in 2011. Expensed exploration costs (including equity-accounted joint ventures) increased from $205m in 2010 to $313m in 2011. The expensed exploration costs consisted of greenfield expenditure of $98m, brownfield expenditure of $87m, expenditure of $19m on the De Beers marine venture, and prefeasibility expenditure of $109m. The increase is due to higher prefeasibility expenditure at La Colosa and Gramalote in Colombia, Tropicana in Australia, and Mongbwalu in the Democratic Republic of the Congo, as well as increased exploration activities in Guinea, the Solomon Islands and marine exploration areas.

6. Special items

Special items yielded an income of $163m in 2011 compared to an expense of $126m in 2010. This is made up as follows:

Figures in $ million	2011	2010
Income items		
Net impairment reversals of tangible assets	121	–
Losses recovered through insurance claims	3	24
Profit on disposal of assets and investments	2	43
Royalties received	79	8
	205	75
Expense items		
Impairment of assets, investments and receivables	(21)	(102)
Loss on disposal of assets	(8)	(25)
Indirect tax expenses and legal claims	(6)	(17)
Mandatory convertible bond transaction costs	–	(56)
Other operating costs	(7)	(1)
	(42)	(201)
Total special items	163	(126)

- Net impairment reversals in 2011 included a $135m reversal of the Geita cash generating unit impairment

due to an increase in the long-term real gold price, and
a significant increase in the life-of-mine Ore Reserve.
This was partially offset by the $9m impairment of the
TauTona VCR shaft pillar and ore pass and various other
minor asset impairments. In 2010, impairments related
mainly to the below 120 project level at TauTona and
Savuka mine development.

• Royalties received for 2011 consisted mainly of the
$38m royalty from Boddington, $35m from the sale of
the Ayanfuri royalty and the $5m royalty from Tau Lekoa.

• Other operating costs included the modification cost of
$7m for the Izingwe black economic empowerment
transaction.

AngloGold Ashanti Annual Financial Statements 2011
Financial review

2011 vs 2010 – analysis of total
cash costs
($/oz)

638
9
47
16
3
1
4
12
45
(17)
(26)
(4)
694
728

Exchange
rates
Inflation
Subtotal
Volume
Grade
Ore
stockpile
Abnormal
By-products
Royalties
Deferred
stripping
Other
Acquisition/disposal
Actual
2011
Actual
2010

Income statement commentary continued

7. Net interest paid

Net interest paid increased from $123m to $144m in 2011 due to the higher interest and fees paid on the rated and mandatory convertible bonds with the bonds being in issue for a full year in 2011 and an increase in the unwinding and discounts of long-term provisions and receivables.

8. Exchange gains and fair value adjustments on convertible bonds

In 2011, the fair value gain of $84m on the option component of the convertible bonds was due to the decline in volatilities and the share price which decreased the option value. In 2010, a fair value loss of $1m was recorded.

In 2011, the fair value gain of $104m on the mandatory convertible bonds was a result of the movement in the listing price of the bonds on the New York Stock Exchange. In 2010, a fair value loss of $55m was reported. The mandatory convertible bonds are carried at fair value.

9. Taxation

The taxation charge was substantially higher in 2011 at $723m compared with $276m in 2010. The increase was due to higher earnings, tax losses having been fully utilised in South Africa and Geita, and tax credits in 2010 not being repeated in 2011. These factors were partly negated by the recognition of a deferred tax asset in North America relating to tax losses which are now available for offset against taxable income.

Other financial data

EBITDA (excluding the cost of hedge buy-backs) increased from $1,897m in 2010 to $3,014m in 2011. The year-on-year increase of $1,117m is illustrated in the graph below:

Adjusted headline earnings (excluding the cost of hedge buy-backs) increased from $787m in 2010 to $1,297m in 2011. The year-on-year increase of $510m is illustrated in the graph below:

- The increase in adjusted gross profit was due to the improved margins resulting from the higher received gold price partly offset by higher operating costs and lower production;
- Corporate costs increased by $58m and exploration by $81m;
- Net interest paid was $21m higher (refer note 7 previously);
- Taxation was $507m higher (refer note 9 previously) when compared to 2010. This was primarily due to taxation benefits on the hedge buy-back in 2010, which were not repeated in 2011, and deferred taxation on net

impairment reversals; and

- Other items of $60m included the insurance pay-out for the interruption of operations at Savuka, lower retrenchment costs in 2011, equity income from associates and joint ventures, higher royalties received and lower indirect taxes.

2011 vs 2010 – Adjusted headline
earnings (excluding the cost of
hedge buy-backs)
($m)
787
1,117
(139)
(21)
(507)
60
1,297
Actual
2010
Actual
2011
Adjusted
gross
profit
Corporate
and
exploration
costs
Net
interest
Tax
Other

2011 vs 2010 – EBITDA
($m)
1,897
1,455
(250)
(112)
24
3,014
Actual
2010
Gold
income
(including
realised
loss)
Total
cash
costs

Other
Actual
2011
Retrench-
ment and
rehabilitation
costs
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Financial review
continued
– CFO’s review
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Other

Statement of financial position

An analysis of the abridged statement of financial position as at 31 December is presented and variations in balances are commented upon below.

Figures in $ million	Notes	2011	2010
Tangible and intangible assets	1	6,735	6,374
Cash and cash equivalents		1,112	575
Other assets	2	2,955	2,583
Total assets		10,802	9,532
Total equity	3	5,166	4,113
Borrowings	4	2,488	2,704
Deferred taxation		1,158	900
Other liabilities	5	1,990	1,815
Total equity and liabilities		10,802	9,532

Statement of financial position commentary

The statement of financial position improved significantly with net debt (excluding the mandatory convertible bonds) reducing from $1.29bn in 2010, to $610m in 2011. The significant increase in equity during the year was mainly due to increased earnings following the hedge book elimination in 2010, the subsequent full exposure to the spot gold price and improved

performance from Geita.
Significant events that impacted the statement of financial position were:

1. Tangible and intangible assets

The increase in tangible and intangible assets from $6,374m to $6,735m was mainly due to capital expenditure of $1,439m (excluding that of joint ventures) incurred during the year, an impairment reversal of $135m at Geita, partly offset by the exchange effects of local currencies against the US dollar of $425m, and an amortisation charge of $770m. Other movements included changes in estimates of decommissioning assets, impairments and deferred stripping costs.

2. Other assets

Other assets consists mainly of investments, inventories, trade and other receivables, non-current assets, deferred tax assets, cash restricted for use and assets held for sale. Other assets increased from $2,583m in 2010 to $2,955m in 2011. Significant movements included:

- an increase in the deferred tax asset of $59m mainly in North America;
- an increase in inventory of $239m following a build-up of stockpiles at various mines to provide flexibility;
- an increase in investments in associates and joint ventures of $80m with the granting of additional funding to the Kibali joint venture for project development, and to the Thani joint venture for exploration activities;
- an increase in cash restricted for use of $15m which is due to higher restricted cash balances mainly at the Tropicana project; and
- a net increase of $27m in current trade and other receivables owing to prepayments on capital projects.

This was all partly offset by:

- a decrease of $76m in non-current trade and other receivables owing to a decrease in VAT receivable, due mainly to an offset arrangement against corporate taxes payable at Geita (movement from non-current to current); and
- a decrease of $51m in other investments mainly due to the fair value adjustment on shares held in International Tower Hill Mines Limited.

3. Total equity

Total equity increased from $4,113m in 2010 to $5,166m in 2011.

Significant movements included:

- an increase in share capital and share premium of $62m (net of share issue expenses) due to the modification of the ESOP share scheme and an increase in the number of shares issued in terms of the share incentive scheme;
- profit for the year of $1,598m which was mainly due to the higher gold price received;

Notes:

1. During September 2010, the company issued $789m worth of mandatory convertible subordinated bonds due on 15 September 2013. The bonds are carried at fair value (refer to group note 26 for conversion features). Both the Moody's and Standard and Poor's ratings agencies have confirmed that they regard these bonds as equity in determining their ratings, and have reaffirmed AngloGold Ashanti's international investment grade credit ratings. These instruments have therefore been treated as equity and excluded from borrowings in the Non-GAAP debt metrics.
2. During February 2011, the R1.5bn FirstRand Bank Limited loan facility was fully repaid and cancelled. The loan was SA rand-based and interest had been charged on this loan at JIBAR plus 0.95% per annum.
3. During February 2011, the amounts drawn under the $1bn syndicated revolving credit facility were repaid, but the facility remains in place. The loan was US dollar-based and subject to debt covenant arrangements for which no default event occurred.
4. During December 2011, the group successfully obtained a four-year A$600m syndicated revolving credit facility.

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Financial review

continued

– CFO's review

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Figures in $ millions

Notes

2011

2010

Mandatory convertible bonds

1

Refer group note 26 on page 240

for conversion features

760

874

Rated bonds

$700m 10-year bonds

$300m 30-year bonds

996

995

3.5% Convertible bonds

Refer note 26 on page 241

for conversion features

652

623
FirstRand Bank Limited loan facility
2
Repaid and cancelled
–
107
Syndicated loan facility
3
$1bn
–
38
Syndicated loan facility
4
A$600m
–
–
2,408
2,637
Other loans and finance leases
80
67
Total
2,488
2,704

Statement of financial position commentary continued

Partially offset by:

- a decrease in other comprehensive income of $458m including foreign currency translation reserves, cash flow hedge reserves, available-for-sale reserves and actuarial gains and losses; and
- dividends paid to equity shareholders of $131m and to minorities of $27m.

4. Borrowings

Total long- and short-term borrowings decreased from $2,704m in 2010 to $2,488m in 2011. Borrowings and related facilities are summarised as follows:

This facility will be used to fund the working capital and development costs associated with the group's mining operations in Australia without eroding the group's headroom under its other facilities and exposing the group to account for foreign exchange gains (losses) each quarter. The facility matures in December 2015. This facility was undrawn at the reporting date.

5. Other liabilities

Other liabilities consists mainly of provisions such as environmental rehabilitation, pension and post-retirement benefits, liabilities held for sale, trade, other payables and deferred income, derivatives and taxation payable. Other

liabilities increased from $1,815m in 2010 to $1,990m in 2011.
Significant movements included:

- increases in environmental rehabilitation and other provisions of $193m (refer rehabilitation comments in the income statement). Other provision increases relate mainly to post-retirement benefit plan liabilities which increased due to a change in inflation and discount rate assumptions;
- an increase in taxation of $21m, due mainly to higher mining taxes in South Africa and Geita as a result of improved earnings and the utilisation of tax losses; and
- increases in trade, other payables and deferred income of $43m owing mainly to the higher level of accruals in line with the increased level of capital expenditure.

All of which were partly offset by:

- a decrease of $83m in derivatives which relates mainly to a drop in the value of the option component of the convertible bonds.

Statement of cash flows

An analysis of the abridged statement of cash flows is presented and significant variations in balances are commented upon below.

Figures in $ million	Notes	2011	2010
Cash generated from operations	1	2,923	1,714
Dividends received from equity-accounted investments		111	143
Net taxation paid		(379)	(188)
Cash utilised for hedge buy-back costs	2	–	(2,611)
Net cash inflow (outflow) from operating activities		2,655	(942)
Capital expenditure, including intangible assets	3	(1,409)	(973)
Net proceeds from the (acquisition) and disposal of tangible assets, investments, associates and joint venture loans	4	(168)	51
Interest received		39	32
Other investing activities		(26)	19
Net cash outflow from investing activities		(1,564)	(871)
Net proceeds from share issues	5	9	778
Net borrowings (repaid) proceeds			

6
(159)
674
Mandatory convertible bond transaction costs
–
(26)
Dividends and finance costs paid
(313)
(232)
Net cash (outflow) inflow from financing activities
(463)
1,194
Net increase (decrease) in cash and cash equivalents
628
(619)
Translation
(102)
105
Cash and cash equivalents at beginning of year
586
1,100
Cash and cash equivalents at end of year
(1)
1,112
586
(1)
The cash and cash equivalents balance at 31 December 2010 includes cash and cash equivalents included in the statement of financial position as part of non-current assets held for sale of $11m.

Statement of cash flow commentary

The increase in the closing cash position followed on from the higher earnings which in turn were primarily due to the higher gold price received during the year and improved performance from Geita.

Operating activities

1. Cash generated from operations increased by $1,209m from $1,714m to $2,923m in 2011, mainly due to the higher received gold price, the benefits of which were partly offset by the decline in gold sold and the rise in total cash costs. Movements in working capital resulted in a net outflow of $170m in 2011 compared with a net outflow of $299m the prior year. The lower level of working capital cash outflow was due to reduced levels of trade and other receivables.
2. The final tranche of the accelerated hedge buy-back was concluded during the last quarter of 2010, resulting in the elimination of the gold hedge book.

Investing activities

3. Capital expenditure increased by $436m from $973m to $1,409m (excluding joint ventures) in 2011. Capital expenditure during 2011 consisted of $456m relating to

project capital, $390m for ore reserve development and $563m for stay-in-business capital.

4. During 2011, net acquisition costs were $168m while in 2010, net proceeds from the sale of assets and investments was $51m. The most significant movements during the year were the acquisition of a non-controlling interest in First Uranium for $30m, and additional investments in associates and joint ventures of $115m. In 2010, the B2Gold and Red 5 investments were sold for $68m and $9m respectively, and additional shares were acquired in International Tower Hill Mines for $11m and in XDM Resources for $6m. The balance of the movements relate mainly to real estate activities in Brazil, investments in the environmental rehabilitation trust funds, and other sundry investment purchases and disposals.

Statement of cash flow commentary continued

Financing activities

5. Net proceeds from the issue of shares decreased from $778m to $9m in 2011. In 2011, the movements related to shares issued in terms of the employee share incentive scheme. In 2010, the most significant movement related to an equity offering which resulted in the issue of 18,140,000 ordinary shares at an issue price of R308.37, raising $773m (net of share issue costs), the proceeds of which were applied to eliminate the hedge book.
6. During 2011, net borrowing repayments were $159m, compared with net borrowing proceeds of $674m in 2010. Repayments include $50m on the $1bn syndicated revolving credit facility, and $107m on the R1.5bn FirstRand Bank Limited loan facility. No material proceeds were received during 2011.

The 2010 year included proceeds of $983m on the $700m and $300m rated bonds, $819m on the mandatory convertible bonds, $307m from FirstRand Bank Limited and $170m on the $1bn syndicated revolving credit facility. This was partly offset by repayments of $1,060m on the $1.15bn syndicated loan facility, $250m on the Standard Chartered term facility, $120m on the $1bn syndicated loan facility and $200m to FirstRand Bank Limited.

Other developments

- It was announced that with effect from the September 2011 quarter, AngloGold Ashanti plans to pay dividends quarterly rather than half-yearly.
- On 8 February 2012, the disposal of the group's interest in the AGA-Polymetal Strategic Alliance consisting of AGA-Polymetal Strategic Alliance Management Company Holdings Limited, Amikan Holding Limited, AS APK Holdings Limited, Imitzoloto Holdings Limited and Yeniseiskaya Holdings Limited to Polyholding Limited was completed. The consideration received for the disposal was $20m. These assets were classified as held for sale at 31 December 2011.
- On 2 March 2012, AngloGold Ashanti agreed to acquire

First Uranium (Pty) Limited (South Africa) (FUSA), a wholly owned subsidiary of Toronto-based First Uranium Corporation (FIUC) and the owner of Mine Waste Solutions (MWS), a recently commissioned tailings retreatment operation located in South Africa's Vaal River region and in the immediate proximity of AngloGold Ashanti's own tailings facilities, for a cash consideration of $335m. The transaction will be funded from cash reserves and debt facilities, and is subject to various conditions which are expected to be completed by end of the second quarter of 2012.

- The South African government announced in the budget speech on 22 February 2012 that the secondary tax on companies (STC) would be repealed with the introduction of a 15% withholding tax on dividends. Gold mining companies, such as AngloGold Ashanti, who had previously elected to be exempt from STC were subject to a higher gold formula of 43% and company (non-mining income) tax rate of 35%. It was also announced that the higher maximum gold formula would be removed and the lower gold formula rate of 34% would be applicable as well as the lower company tax rate of 28% relative to non-mining income. When this legislation is enacted, it is anticipated to have a material favourable impact on the taxation liability of the South African operations.

- In Ghana, the Minister of Finance and Economic Planning announced in December 2011 that the government is seeking to increase income tax rates for mining companies from the current 25% to 35% with effect from 1 January 2012. In terms of the stability agreement between AngloGold Ashanti and the government of Ghana which was ratified by Parliament on 18 February 2004 and amended in February 2007, the corporate tax rate during the duration of the agreement until 26 April 2019 for its Ghanaian operations, will be a maximum of 30%. The increase in the corporate tax rate to 30% (January 2012 to April 2019) and to 35% (beyond April 2019) is anticipated to have a material unfavourable impact on the taxation liability of the Ghanaian operations.

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AngloGold Ashanti Annual Financial Statements 2011
One year forecast – 2012
One-year forecast – 2012
Although AngloGold Ashanti believes that the expectations reflected in this section are reasonable, the company can give no
assurances that they will materialise or prove to be correct. Because these forecasts are based on assumptions or estimates that are
subject to risks and uncertainties, the actual results or outcomes could differ materially from those set out here. For a discussion of
such risks and uncertainties, refer to the section titled 'Risk management and risk factors', on page 113 of this report.
AngloGold Ashanti's gold production for 2012 is currently estimated at 4.3Moz to 4.4Moz. Total cash costs are estimated at $780/oz
to $805/oz. Both production and total cash cost estimates will be reviewed quarterly in the light of the safety-related stoppages
currently being experienced in South Africa and any other unforeseen factors.
Capital expenditure for 2012 is estimated to range between $2.2bn and $2.3bn.
Forecast
Expected
total cash
Capital
Production
cost
expenditure
for the year ended 31 December 2012
000oz
$/oz
(1)
$m
(2)
South Africa
South Africa
(3)
1,638 – 1,676
714 – 737
592 – 619
Continental Africa
Ghana
524 – 536
905 – 933
306 – 320
Guinea
203 – 208
1,056 – 1,090
53 – 55
Mali
216 – 221
979 – 1,010
49 – 51
Namibia

80 – 82
730 – 753
12
Tanzania
472 – 483
682 – 704
80 – 83
Democratic Republic of the Congo
–
–
370 – 388
Americas
Argentina
216 – 221
545 – 562
57 – 59
Brazil
469 – 480
706 – 728
228 – 238
United States of America
234 – 240
633 – 653
75 – 78
Australasia
Australia
249 – 255
1,236 – 1,275
308 – 323
Other
–
–
70 – 74
AngloGold Ashanti
4,300 – 4,400
780 – 805
2,200 – 2,300
(1)
Based on the following assumptions: R7.40/$, A$1.01/$, BRL1.70/$ and Argentinean peso 4.43/$; Brent crude at $110 per barrel.
(2)
Capital expenditure is managed in line with earnings and cash flows and may fluctuate accordingly. Forecast capital expenditure for operations with minorities
is reported at 100%. For entities which are equity-accounted, the forecast capital spend is the attributable share.
(3)
In South Africa, production assumes a stable supply of power from Eskom at 62.40c/Kwh.
Other illustrative estimates
Outlook 2012
Depreciation and amortisation
$880m
Corporate marketing, Project ONE and project development and capacity building costs

$315m
Expensed exploration (including equity-accounted associates and joint ventures)
$230m
Exploration prefeasibility costs (including equity-accounted associates and joint ventures)
$150m
Interest and finance costs (income statement)
(4)
$195m
Interest and finance costs (cash flow)
$140m
Number of shares qualifying for basic EPS at 31 December 2011
386m

(4)
Includes coupon on mandatory convertible bonds.

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Summarised group financial results – income statement

US Dollar million	2011	2010	2009	2008	2007
Gold income	6,570	5,334	3,768	3,619	3,002
Cost of sales	(3,946)	(3,550)	(2,813)	(2,728)	(2,458)
Loss on non-hedge derivatives and other commodity contracts	(1)	(702)	(1,533)	(297)	(792)
Gross profit (loss)	2,623	1,082	(578)	594	(248)
Corporate administration, marketing and other expenses	(278)	(220)	(164)	(144)	(144)
Exploration costs	(279)	(198)	(150)	(126)	(117)
Other operating expenses	(27)	(20)	(8)	(6)	(20)
Special items	163	(126)			

691 (1,538)
(13)
Operating profit (loss)
2,202
518
(209)
(1,220)
(542)
Interest received
52
43
54 66 43
Exchange gain (loss)
2
3
112 4
(1)
Dividend received from other investments
–
–
– – 2
Fair value adjustment on convertible bonds
188
(56)
(33)
25 47
Finance costs and unwinding of obligations
(196)
(166)
(139)
(114)
(120)
Share of equity accounted investments’ profit (loss)
73
63
94 (138)
35
Profit (loss) before taxation
2,321
405
(121)
(1,377)
(536)
Taxation
(723)
(276)
(147)
197 (101)
Profit (loss) after taxation from continuing operations
1,598
129

(268)
(1,180)
(637)
Discontinued operations
Profit from discontinued operations
–
–
–
25 1
Profit (loss) for the year
1,598
129
(268)
(1,155)
(636)
Allocated as follows:
Equity shareholders
1,552
76
(320)
(1,195)
(668)
Non-controlling interests
46
53
52 40 32
1,598
129
(268)
(1,155)
(636)
Summarised group financial results – statement of financial position
US Dollar million
2011
2010
2009
2008
2007
Assets
Tangible and intangible assets
6,735
6,374
5,996
4,493
7,041
Cash and cash equivalents
1,112
575
1,100
575
477

Other assets
2,955
2,583
2,691
2,992
2,190
Total assets
10,802
9,532
9,787
8,060
9,708
Equity and liabilities
Total equity
5,166
4,113
3,030
2,511
2,442
Borrowings
2,488
2,704
1,931
1,933
1,848
Deferred taxation
1,158
900
753
617
1,042
Other liabilities
1,990
1,815
4,073
2,999
4,376
Total equity and liabilities
10,802
9,532
9,787
8,060
9,708
Five-year summaries
– for the year ended 31 December
Overview and strategy
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Summarised group financial results – statement of cash flows

US Dollar million	2011	2010	2009	2008	2007
Cash flows from operating activities					
Cash generated from operations	2,923	1,714	1,345	632	983
Cash utilised by discontinued operations	–	–	–	(1)	(2)
Dividends received from equity accounted investments	111	143	101	78	65
Net taxation paid	(379)	(188)	(147)	(125)	(180)
Cash utilised for hedge buy-back costs	–	(2,611)	(797)	(1,113)	–
Net cash inflow (outflow) from operating activities	2,655	(942)	502	(529)	866
Cash flows from investing activities					
Capital expenditure	(1,393)	(973)	(1,019)		

(1,194)
(1,015)
Net (payments) proceeds from acquisition and disposal
of subsidiaries, associates and joint ventures
(117)
(44)
(354)
10
1
Net (payments) proceeds from disposal and acquisition of
investments, associate loans, and acquisition
and disposal of tangible assets
(62)
95
1,132
82
(13)
Interest received
39
32
55
67
35
(Increase) decrease in cash restricted for use
(19)
25
(10)
(6)
(25)
Other
(12)
(6)
1
–
2
Net cash outflow from investing activities
(1,564)
(871)
(195)
(1,041)
(1,015)
Cash flows from financing activities
Net proceeds from share issues
9
778
295
1,668
34
Net (repayments) proceeds from borrowings
(159)
648

43
239
323
Finance costs paid
(144)
(115)
(111)
(93)
(72)
Dividends paid
(169)
(117)
(56)
(58)
(144)
Net cash (outflow) inflow from financing activities
(463)
1,194
171
1,756
141
Net increase (decrease) in cash and cash equivalents
628
(619)
478
186
(8)
Translation
(102)
105
47
(88)
14
Cash and cash equivalents at beginning of year
586
1,100
575
477
471
Cash and cash equivalents at end of year
(1)
1,112
586
1,100
575
477
(1)
The cash and cash equivalents balance at 31 December 2010 includes cash and cash equivalents included in the statement of financial position as part of
non-current assets held for sale of $11m.

Five-year summaries

Ratios and statistics

2011
2010
2009
2008
2007
Earnings
Adjusted gross profit (loss)
(1)
$m
2,624
(1,191)
412 (384)
835
Adjusted gross margin
%
40
(51)
13
(16)
25
Headline earnings (loss)
$m
1,484
122
(852)
(30)
(648)
Adjusted headline earnings (loss)
(1)
$m
1,297
(1,758)
(50)
(897)
278
Adjusted headline earnings excluding hedge
buy-back costs
(1)
$m
1,297
787
708 19
278
EBITDA excluding hedge buy-back costs
(1)
$m
3,014
1,897
1,663 1,131 1,224
EBITDA margin excluding hedge buy-back costs

%
46
38
41 33 37
Interest cover
(1)
times
21
16
14 10 11
Earnings (loss) per ordinary share
Basic
US cents
402
20
(89)
(377)
(237)
Diluted
US cents
346
20
(89)
(377)
(237)
Headline
US cents
384
33
(236)
(9)
(230)
Adjusted headline
(1)
US cents
336
(473)
(14)
(283)
99
Dividends per ordinary share
US cents
49
20
17 11 19
Asset and debt management
Equity
(1)
$m
5,926
4,987

3,030
2,511
2,442
Net capital employed
(1)
$m
7,506
7,017
4,876
4,683
5,360
Net debt
(1)
$m
610
1,288
868
1,283
1,318
Net asset value – per share
(1)
US cents
1,540
1,299
828
702
867
Net tangible asset value – per share
(1)
US cents
1,485
1,248
779
661
718
Market capitalisation
(1)
16,226
18,767
14,555
9,795
11,878
Return on equity excluding
hedge buy-back costs
(1)
%
25
20
26
1
10

Return on net capital employed excluding
hedge buy-back costs
(1)
%
20
15
17
1
6
Net debt to equity
%
10
26
29
51
54
Other
Weighted average number of shares
million
386
372
361 317 281
Issued shares at year-end
million
385
384
366 357 282
Exchange rates
Rand/dollar average exchange rate
7.26
7.30
8.39
8.25
7.03
Rand/dollar closing exchange rate
8.04
6.57
7.44
9.46
6.81
Australian dollar/dollar average exchange rate
0.97
1.09
1.26
1.17
1.19
Australian dollar/dollar closing exchange rate
0.97
0.98
1.12
1.44

1.14
Brazilian real/dollar average exchange rate
1.68
1.76
2.00
1.84
1.95
Brazilian real/dollar closing exchange rate
1.87
1.67
1.75
2.34
1.78
(1)
Refer to Non-GAAP disclosure notes on pages 309 to 315.
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Five-year summaries
continued
– for the year ended 31 December
Overview and strategy
Review of the year
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Other

P
25
Summarised group operating results
2011
2010
2009
2008
2007
Underground operations
Metric tonnes milled
000
10,838
11,092
11,944
12,335
13,112
Yield
g/t
6.69
6.66
6.41
6.89
6.99
Gold produced
000 oz
2,334
2,374
2,461
2,734
2,948
Surface and dump reclamation
Metric tonnes treated
000
10,736
11,081
12,779
11,870
12,429
Yield
g/t
0.49
0.55
0.51
0.42
0.49
Gold produced
000 oz
171
196
208
161

197
Open-pit operations
Metric tonnes mined
000
158,686
159,352
167,000
175,999
172,487
Stripping ratio
(1)
5.66
5.02
5.58
5.24
4.48
Metric tonnes treated
000
26,518
26,028
25,582
25,388
25,312
Yield
g/t
1.77
1.95
1.96
2.12
2.34
Gold produced
000 oz
1,513
1,631
1,609
1,734
1,904
Heap-leach operations
Metric tonnes mined
000
71,087
67,194
57,456
54,754
59,720
Metric tonnes placed
(2)
000
21,725
21,963
19,887

23,462
22,341
Stripping ratio
(1)
2.46
2.17
1.94
1.43
1.77
Recoverable gold placed
(3)
kg
9,585
10,949
12,958
14,496
16,242
Yield
(4)
g/t
0.44
0.50
0.65
0.62
0.73
Gold produced
000 oz
313
314
321
353
428
Total gold produced
000 oz
4,331
4,515
4,599
4,982
5,477
– South Africa
1,624
1,785
1,797
2,099
2,328
– Continental Africa
1,570
1,492
1,585
1,631
1,655

– Australasia
246
396
401
433
600
– Americas
891
842
816
819
894
Average price received
(8)
$/oz sold
1,576
561
751
485
629
Total cash costs
$/oz produced
728
638
514
444
357
Total production costs
$/oz produced
950
816
646
567
476
Capital expenditure
$m
1,527
1,015
1,027
1,201
1,059
Monthly average number of employees
61,242
62,046
63,364
62,895
61,522
Productivity per employee
(5)
oz/TEC
9.32

9.15
9.40
9.94
11.23
All injury frequency rate (AIFR)
(6)
9.76
11.50
12.88
16.66
20.95
Number of fatalities
15
15
15 14
34
Fatality injury frequency rate (FIFR)
(7)
0.09
0.10
0.09
0.09
0.21
Definitions
(1)
Stripping ratio = (total tonnes mined – ore tonnes mined)/ore tonnes mined.
(2)
Tonnes placed onto leach pad.
(3)
Recoverable gold placed onto leach pad inventory.
(4)
Recoverable gold placed/tonnes placed.
(5)
Total ounces per total employees costed.
(6)
The total number of injuries (including fatalities) per million hours worked.
(7)
The total number of fatalities per million hours worked.
Comments
(8)
Average gold price received was negatively impacted by the hedge book during the three years from 2008 to 2010, during which period the process of
eliminating the hedge book was completed.

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Review of operations
EXTENSIVE
PROVIDES OPTIONS
South Africa
Vaal River
Great Noligwa
Kopanang
Moab Khotsong
Surface operations
Tanzania
Geita
United States
Cripple Creek & Victor
West Wits
Mponeng
Savuka
TauTona
Argentina
Cerro Vanguardia
Australia
Sunrise Dam
Brazil
Serra Grande
AGA Mineração
Ghana
Iduapriem
Obuasi
Guinea
Siguiri
Mali
Morila
Sadiola
Yatela
Namibia
Navachab
1
1
2
2
3
3
4
4
5
5
6
6
7
7

Introduction

In 2011, AngloGold Ashanti produced 4.33Moz of gold (2010: 4.52Moz) as well as 1.38Mlb of uranium, 2.96Moz of silver and 206.54t of sulphuric acid as by-products.

In all, 61,242 people, including contractors, were employed.

The group's operations are divided into the following regions:

- South Africa – includes operations in South Africa;
- Continental Africa – includes operations in Ghana, Guinea, Mali, Namibia and Tanzania;
- Australasia – includes the operation in Australia; and
- Americas – includes operations in Argentina, Brazil and the United States.

Increased gold production in the Americas and Continental Africa regions was insufficient to compensate for declines in South Africa and Australasia.

Regrettably there were 15 fatalities across the group's operations in 2011. The all injury frequency rate improved to 9.76 per million hours worked compared to 11.50 in 2010 and 20.95 in 2007.

In addition, the company conducts a focused global exploration programme and has five significant greenfield projects – Gramalote and La Colosa in Colombia, Kibali and Mongbwalu in the DRC, and Tropicana in Australia. In the course of processing the ore mined, by-products such as silver, uranium oxide and sulphuric acid occur at the Argentinean, South African and Brazilian operations respectively.

09

Group – total production costs

($/oz)

10

11

646

816

950

Gold production by region

(%)

South Africa

37%

Continental Africa

36%

Americas

21%

Australasia

6%

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AngloGold Ashanti Annual Financial Statements 2011

Review of operations

Gold production by type of mining

(%)

Underground

54%
Open pit
35%
Heap leach
7%
Surface
4%
09
Group – capital expenditure
($m)
10
11
1,027
1,015
1,527
09
Group – total cash costs
($/oz)
10
11
514
638
728
Group – gold production
(000oz)
09
10
11
4,599
4,515
4,331
$950
/oz
$1,527
m
4,331
000oz
$728
/oz

Attributable tonnes
Average
Attributable
treated/milled
grade recovered
gold production
(Mt)
(g/t)
(000oz)
Operation
2011
2010
2009
2011
2010
2009
2011
2010
2009
South Africa
1,624
1,785
1,797
Vaal River
Great Noligwa
0.5
0.7
0.9
5.58
5.99
5.73
94
132
158
Kopanang
1.5
1.6
1.6
6.47
6.13
6.74
307
305
336
Moab Khotsong
0.9
1.0
0.8
9.39
9.03
9.36

266
292
247
Tau Lekoa
(1)
–
0.6
1.2
–
3.32
3.32
–
63
124
Surface operations
10.7
10.2
9.7
0.48
0.54
0.53
164
179
164
West Wits
Mponeng
1.6
1.7
1.9
9.71
9.48
8.66
500
532
520
Savuka
0.2
0.1
0.2
6.69
5.30
5.45
49
22
30
TauTona
(2)
1.0
1.1
1.5
7.55

7.01
7.29
244
259
218
Continental Africa
1,570
1,492
1,585
Ghana
Iduapriem
4.3
3.4
3.4
1.44
1.70
1.72
199
185
190
Obuasi
(2)
2.0
2.6
4.6
4.82
5.16
5.18
313
317
381
Guinea
Siguiri (85%)
9.7
8.8
8.8
0.79
0.97
1.11
249
273
316
Mali
Morila (40%)
1.8
1.7
1.7
1.70
1.70
2.47
99

95
137
Sadiola (41%)
(3)
2.0
1.8
1.7
1.90
2.04
2.52
121
118
135
Yatela (40%)
(4)
1.1
1.2
1.1
1.04
1.23
3.62
29
60
89
Namibia
Navachab
1.4
1.5
1.3
1.46
1.80
1.58
66
86
65
Tanzania
Geita
3.9
4.7
4.5
3.98
2.36
1.89
494
357
272
Australasia
246
396
401
Australia

Sunrise Dam
3.6
3.6
3.9
2.16
3.40
3.22
246
396
401
Americas
891
842
816
Argentina
Cerro Vanguardia (92.5%)
1.0
1.0
0.9
6.23
6.11
6.51
196
194
192
Brazil
AGA Mineração
(2)
1.7
1.6
1.5
7.43
7.21
7.02
361
338
329
Serra Grande (50%)
0.6
0.6
0.5
3.59
4.05
4.52
67
77
77
United States
Cripple Creek & Victor
(4)
20.3

20.6
18.7
0.39
0.43
0.46
267
233
218
AngloGold Ashanti
4,331
4,515
4,599
(1)
Sold effective 1 August 2010.
(2)
The yields of TauTona, Obuasi and AGA Mineração represent underground operations.
(3)
Prior to 29 December 2009, AngloGold Ashanti's shareholding in Sadiola was 38%.
(4)
The yields of Yatela and Cripple Creek & Victor reflect recoverable gold placed/tonnes placed from heap leach operations.

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – operations at a glance
Total cash
Capital
costs
expenditure
($/oz)
($m)
Operation
2011
2010
2009
2011
2010
2009
South Africa
694
598
466
532
424
385
Vaal River
Great Noligwa
1,194
884
794
29
24
24
Kopanang
681
613
406
92
61
58
Moab Khotsong
689
588
424
147
120
104
Tau Lekoa
(1)
–
921
718

–
10
17
Surface operations
660
485
341
5
3
3
West Wits
Mponeng
546
453
329
172
122
109
Savuka
864
1,100
1,115
8
9
13
TauTona
818
700
559
79
75
57
Continental Africa
765
712
608
420
234
198
Ghana
Iduapriem
853
666
516
73
17
28
Obuasi
862
744
630

132
109
94
Exploration and other
–
–
–
–
1
2
Guinea
Siguiri (85%)
862
643
519
15
10
22
Non-controlling interests and exploration
–
–
–
3
2
4
Mali
Morila (40%)
(2)
810
715
527
1
1
4
Sadiola (41%)
(2) (3)
792
650
488
14
8
4
Yatela (40%)
(2)
1,543
807
368
1
2
1

Namibia
Navachab
1,038
727
622
48
14
20
Tanzania
Geita
536
777
954
58
38
19
Democratic Republic of the Congo
Kibali (45%)
(2)
–
–
–
73
30
–
Other
–
–
–
2
2
–
Australasia
1,431
982
662
102
40
177
Boddington (33.33%)
–
–
–
–
–
146
Sunrise Dam
1,367
957
646
27

29
31
Tropicana (70%)
–
–
–
73
10
–
Exploration and other
–
–
–
2
1
–
Americas
528
432
362
456
311
258
Argentina
Cerro Vanguardia (92.5%)
393
366
355
73
38
17
Brazil
AGA Mineração
525
407
339
259
142
84
Serra Grande (50%)
767
481
406
22
26
33
United States
Cripple Creek & Victor
564
493
376

67
73
87
Other
Non-controlling interests and exploration
–
–
–
35
32
37
Other
–
–
–
17
6
9
Sub-total
1,527
1,015
1,027
Equity-accounted investments included above
(88)
(42)
(8)
AngloGold Ashanti
728
638
514
1,439
973
1,019
(1)
Sold effective 1 August 2010.
(2)
Equity-accounted investments.
(3)
Prior to 29 December 2009, AngloGold Ashanti's shareholding in Sadiola was 38%.

In South Africa, AngloGold Ashanti has six deep-level mines and a surface operation.
(1)
They are:

- Vaal River operations – Great Noligwa, Kopanang, Moab Khotsong and the surface operation; and
- West Wits operations – Mponeng, Savuka and TauTona.

These operations produced 1.62Moz of gold in 2011, equivalent to 37% of group production (Vaal River operations 51%, and West Wits operations, 49%) and 1.38Mlb of uranium as a by-product. The South African operations employed an average of 32,082 people during the year.

Regrettably, there were nine fatalities during the year. The all injury frequency rate (AIFR) improved to 15.56 per million hours worked in 2011 from 17.72 in 2009.

Total cash costs in US dollar terms increased by 16% to $694/oz. Mponeng, with a total cash cost of $546/oz, was the lowest cost producer in the region.

Capital expenditure for the region totalled $532m, an increase of 25% on the $424m spent in 2010. The bulk of this was spent at Mponeng $172m, Moab Khotsong $147m, Kopanang $92m and TauTona $79m.

AngloGold Ashanti's Mineral Resource in South Africa totalled 97.63Moz at year-end and the Ore Reserve, 32.43Moz.

At a regional level, a review of the community investment strategy is underway together with the development of a revised socio-economic model in conjunction with key stakeholders (refer Sustainability Report
).

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Review of operations
– South Africa

Overview and strategy
Review of the year
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Other

South Africa
Vaal River
Great Noligwa
94,000oz
Kopanang
307,000oz
Moab Khotsong
266,000oz
Surface operations
164,000oz

West Wits
Mponeng
500,000oz
Savuka
49,000oz
TauTona
244,000oz
1
1
SUSTAINING
FROM OUR ASSETS
(1)
More than one surface operation, but collectively reported as one.

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31
AngloGold Ashanti Annual Financial Statements 2011
Review of operations – South Africa
09
South Africa – total cash costs
($/oz)
10
11
466
598
694
09
South Africa – gold production
(000oz)
10
11
1,797
1,785
1,624
09
South Africa – capital expenditure
($m)
10
11
385
424
532
09
10
11
37,425
35,660
*
Including contractors
32,082
South Africa – average number
of employees
*
$694
/oz
32,082
people employed
1,624
000oz
$532
m
South Africa – contribution
to production by mine
(%)
Mponeng

31%
Kopanang
19%
Moab Khotsong
16%
TauTona 15%
Surface operations
10%
Great Noligwa
6%
Savuka
3%
South Africa – contribution to
group production
(%)
South Africa region
37%
Rest of
AngloGold Ashanti
63%

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Review of operations
continued
– South Africa
Overview and strategy
Review of the year
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Other
Vaal River – Great Noligwa
Key statistics
Great Noligwa
2011
2010
2009
Pay limit
(oz/t)
0.58
0.36
0.43
(g/t)
13.14
11.69
14.90
Recovered grade
(oz/t)
0.163
0.175
0.167
(g/t)
5.58
5.99
5.73
Gold production
(000oz)
94
132
158
Total cash costs
($/oz)
1,194
884
794
Total production costs
($/oz)
1,443
1,129
990
Capital expenditure
($m)

29
24
24
Productivity (oz/TEC)
2.72
3.35
2.86
All injury frequency rate (AIFR)
(per million hours worked)
23.92
21.63
17.51
Average number of employees
2,967
3,315
4,739
Employees
2,884
3,225
4,612
Contractors
83
90
127
09
Gold production
(000oz)
10
11
158
132
94
09
Capital expenditure
($m)
10
11
24
24
29
09
Total cash costs
($/oz)
10
11
794
884
1,194
09
Average number of employees
*

10
11
4,739
3,315
2,967
*
Including contractors

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Description
Great Noligwa is a mature operation which adjoins Kopanang and Moab Khotsong and is located close to the town of Orkney, near the Vaal River. The Vaal Reef, the operation's primary reef, and the Crystalkop Reef, a secondary reef, are mined from a twin-shaft system over eight main levels at an average depth of 2,400m. Given the geological complexity of the orebody at Great Noligwa, a pillar mining method is employed.
The mine shares a milling and treatment circuit with Moab Khotsong and Kopanang.
Performance
Great Noligwa produced 94,000oz at a total cash cost of $1,194/oz in 2011, compared with 132,000oz at a total cash cost of $884/oz the previous year. The strategy at the operations has shifted from conventional mining to pillar extraction, given its limited remaining life and the fact that mining has reached boundary limits.
The mine faced a challenging year in 2011, with a combination of factors curtailing production and pushing costs higher. These included a lack of mineable face length caused by the intersection of unexpected geological features, followed by difficulties encountered in quickly re-establishing and equipping pillars. Ore-pass blockages caused by poor ground conditions further limited output. As with the other South African mines, Great Noligwa also felt the impact of Section 54 safety stoppages imposed by the state mines inspector, as well as power-price increases, the industry-wide wage strike and resultant payroll increase and also the general inflationary pressures affecting the mining industry.
An 81% improvement in contribution from uranium by-product output helped mitigate some of those headwinds, following an increase in the price for the nuclear fuel and opportunistic sales to take advantage of the higher prices.
Growth and improvement
Great Noligwa is a mature mine with little opportunity to significantly increase the production base. Growth initiatives in 2012 will consist mainly of vamping operations in old working areas and extraction of higher-grade pillars. The mine's Crystalkop reef will be used to test technology which, if successful, may be used on other group mines. In the meantime, the rollout of Project ONE at the mine aims to improve overall operating efficiencies by improving the capability and accountability of all crews and management, and enhancing planning and scheduling activities.
A high-grade block of ore, named Fish, within a large fault loss area, was initially identified in 2006. Access required extensive opening up, rehabilitation and re-equipping of old haulages in order to start development. Subsequent to initiation of access procedure, a seismic event caused

extensive damage. The area was modelled from a rock engineering point of view during 2010 and a recommendation was made that a second escape was required to enable safe mining. Additional capital for this work was approved at the beginning 2011 and this is expected to be completed during 2013.

Although reef metres improved from 2010 levels, improved flexibility is only expected to be realised in 12 to 18 months. Being a pillar mine, flexibility is partially created by development and partially by re-establishment of previously abandoned face length which often poses delays and difficulty when accessing old workings. Alternate access methods are being explored with the help of external experts. Holing into old workings revealed increased requirements for re-support of the holing areas due to deteriorated ground conditions, further delaying development. Given its age and the large database of information on the orebody, grade estimation is not a significant risk. As far as practically possible, however, geological drilling into pillars that were abandoned in past years will be undertaken.

Pillar mining introduces a constraint on the mine call factor mainly due to multiple ore handling stages before the product is delivered to the plant, as well as the effect of dilution in negotiating geological structures. Recovered grade remains fairly constant and is only disrupted by unforeseen anomalies, if and when they occur.

Sustainability

Tragically, one fatality was recorded in January 2011 during scraper winch operations.

The mine recorded significant safety achievements during 2011, including 500,000 fatality-free shifts during September. Commitment to providing a safe and productive workplace was reinforced when OHSAS 18001 and ISO 14001 certification was maintained. However, the all injury frequency rate was 23.92 per million hours worked compared with 21.63 the previous year.

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As with the other South African operations, the mine's 'three-pillar' strategy will focus on removing people from areas of risk, modifying behaviour and attitudes to risk and improving planning. Crews have also been initiated into the Simunye safety training programme (for further information on Simunye refer page 45). The introduction of this safety management programme is expected to assist in further improving safety through its requirements to ensure regular inspections, behaviour observations, group meetings and frequent workplace risk assessments.

Great Noligwa's management has held and will continue to hold regular meetings with labour unions to track progress towards reaching the employment equity target of 40% of management roles held by historically disadvantaged South Africans. The mine is more than halfway toward this goal and has agreed a plan to meet the target with labour unions.

Great Noligwa remained active in the region with various outreach projects and fundraising events among staff and in the local community.

Socio-economic development is an essential aspect of the South Africa region's business strategy, both from the perspective of compliance, to ensure the retention of mining licences and also because a downward trend in the region's gold production profile, together with a strategy of removing employees from high-risk areas, will inevitably lead to significant reductions in the labour force over the medium term. Following extensive stakeholder engagement, the region has designed a framework to integrate community development into core business activities, while providing support for national and international development policies and objectives, particularly those addressing youth unemployment. More information is provided in the country focus case study in the Sustainability Report
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– South Africa

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Vaal River – Kopanang

Key statistics

Kopanang
2011
2010
2009

Pay limit
(oz/t)
0.48
0.41
0.40
(g/t)
10.93
13.08
13.85
Recovered grade
(oz/t)
0.189
0.179
0.197
(g/t)
6.47
6.13
6.74
Gold production
(000oz)
307
305
336
Total cash costs
($/oz)
681
613
406
Total production costs
($/oz)
939
867
586
Capital expenditure
($m)
92
61
58
Productivity (oz/TEC)
4.79
4.67
5.63
All injury frequency rate (AIFR)
(per million hours worked)
23.18
21.86
22.71
Average number of employees
5,892
5,938
6,059

Employees
5,468
5,484
5,612
Contractors
424
454
447

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Description

Kopanang is located in the Free State province, roughly 170km south-west of Johannesburg and approximately 10km south-east of the town of Orkney on a lease area of 35km
2
. The
operation is west of neighbour Great Noligwa and bound to the south by the Jersey Fault. Gold is the primary output with Uranium Oxide as a by-product from a single shaft system to a depth of 2,600m.

Kopanang almost exclusively exploits the Vaal Reef, although minor amounts of gold are also extracted from the secondary Crystalkop Reef. Given the geologically complex orebody, scattered mining is used.

Performance

Kopanang produced 307,000oz at a total cash cost of $681/oz in 2011, compared with 305,000oz at a total cash cost of $613/oz the previous year. As with the other South African mines, Kopanang also felt the impact of Section 54 safety stoppages imposed by the state mines inspector, power-price increases, the sector-wide wage strike and resultant payroll increase, and also the general inflationary pressures affecting the mining industry. Progress was made in reducing the number of mine-wide safety stoppages through a forum comprising government, labour and management. During 2011, 20 shifts were lost compared with 29 in 2010. In addition, pipe failures underground, engineering work required to rehabilitate a portion of the shaft, along with a shortage of key underground mining skills, together limited the increase in production.

Despite these challenges and the inflationary pressure on mining operations, the cost increase was contained at only 11% with the help of an improved by-product contribution and a 6% increase in reef yield. The latter resulted from an improved mine-call factor, less reef dilution and higher mining grades compared with 2010. Geological drilling targets were achieved which improved confidence in planning for face length and reef metres. Reserve availability also increased, improving the flexibility of the operation. Overall productivity improved 3% from 2010, despite the skills shortage. Additional novices were employed and training increased in order to obviate this scarcity.

The greater emphasis placed on reef-end preparation and aggressive geological exploration drilling, especially noticeable in the second half of the year, will continue into 2012 and management believes this will lay the foundation for increased face-length availability in 2013 and 2014.

Growth and improvement

Production at Kopanang is expected to remain stable.

In addition, work is underway to realise further productivity
gains in coming years with continued focus on improving
mine-call factor, which rose by two percentage points in 2011.

09
Gold production
(000oz)
10
11
336
305
307
09
Capital expenditure
($m)
10
11
58
61
92
09
Total cash costs
($/oz)
10
11
406
613
681
09
Average number of employees
*
10
11
6,059
5,938
5,892
*
Including contractors

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This measure of efficiency in extracting available gold has been historically low at Kopanang and efforts to improve it are focused on retrieving 'old gold' from abandoned working areas, reducing fragmentation and improving sampling quality. Additional production crews will be used to sustain production targets while Simunye training continues. Pillar crews are expected to be in place by mid-year. Simunye is the safety training programme allied to Project ONE. For further information on Simunye, refer to page 45.
Life extension projects identified in 2011 include the Shaft Fault area, pillars and potential resources above 42 level, off-lease opportunities and the Ventersdorp Contact Reef (VCR). Additional information will be obtained from ongoing exploration to convert resources to reserve. Reef was intersected west of the current mining front, above 42 level, returning encouraging values of 16.35g/t. Incorporation of new sampling data from drilling and underground chip sampling resulted in 1.475Moz being added to resources.
The Shaft Fault remains a very prospective target area for new ounces and exploration will continue during 2012. Below 68 level drilling has commenced. The major structure, the Jersey Fault, has been intersected, resulting in more accurate modelling of the fault to identify reef target blocks.
Three surface drill rigs have also been mobilised to explore the Vaal Reef and VCR both on- and off-lease. This exploration plan will continue during 2012. The mining rights application for the Altona area has been lodged with the Department of Mineral Resources.
Six strategic thrusts – consistent daily blast, improving the quality of mining and the mine-call factor, meeting business expectations and life-of-mine extension, re-design of western mining front, and adoption of off-the-shelf technology to achieve productivity – have been identified to achieve targets and reduce unit costs. Major focus on the creation of mineable face length will improve mining flexibility.

Sustainability

Tragically, four fatalities occurred at the mine during the year. The first occurred in August when a rescue triage member was inundated by super-fine ore during silo maintenance.
In October, a stope team leader was fatally injured in an accident during water jet cleaning operations and in December a winch operator and an acting team leader were fatally injured in two separate fall of ground incidents. Specific new strategies for operating water jets and for cleaning ore boxes and silos for maintenance purposes have been employed.
Strategic plans to prevent falls of ground were also revised and rolled out. These accidents followed Kopanang's achievement of more than 1 million fatality free shifts and more than a year without a fatality related to a fall of ground.

As with the other South African operations, the mine's 'three-pillar' strategy will focus on removing people from areas of risk, modifying behaviour and attitudes to risk and improving planning. Crews have also been initiated into the Simunye training process. The introduction of the safety management programme is expected to assist in further improving safety through its requirements to ensure regular inspections, behaviour observations, group meetings and frequent workplace risk assessments.

Energy consumption will be addressed with the introduction of the cooling auxiliary project to reduce electricity usage by the refrigeration plants. This project also involves the implementation of compressed air valves to control pressure at the stations and to minimise power consumption during off-peak periods. In addition, water-jets will be modified to reduce the pumping load, and thus energy demand.

Management will continue to hold regular meetings with labour unions to track progress toward reaching the employment equity target of 40% of management roles held by historically disadvantaged South Africans, currently at about 32%.

Projects are on track to convert the Kopanang residence into single-room accommodation. By 2011, 468 rooms were in place with another 16 blocks expected to be converted to single-room accommodation during 2012.

Kopanang maintained its OHSAS 18001 and ISO 14001 certifications during the year.

Socio-economic development is an essential aspect of the South Africa region's business strategy both from the perspective of compliance – to ensure the retention of mining licences – and also because a downward trend in the region's gold production profile, together with a strategy of removing employees from high-risk areas, will inevitably lead to reductions in the labour force over the medium term.

Following extensive stakeholder engagement, the region has designed a framework to integrate community development into core business activities, while providing support for national and international development policies and objectives, particularly those addressing youth unemployment. More information is provided in the country focus case study in the Sustainability Report

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – South Africa
Vaal River – Moab Khotsong
Key statistics
Moab Khotsong
2011
2010
2009
Pay limit
(oz/t)
0.57
0.49
0.60
(g/t)
12.84
15.87
20.57
Recovered grade
(oz/t)
0.274
0.263
0.273
(g/t)
9.39
9.03
9.36
Gold production
(000oz)
266
292
247
Total cash costs
($/oz)
689
588
424
Total production costs
($/oz)
1,058
982
737
Capital expenditure
($m)
147
120
104
Productivity (oz/TEC)
5.03
5.61

5.79
All injury frequency rate (AIFR)
(per million hours worked)
20.48
19.72
28.82
Average number of employees
6,581
6,452
6,069
Employees
4,618
4,651
4,334
Contractors
1,963
1,801
1,735
09
Gold production
(000oz)
10
11
247
292
266
09
Capital expenditure
($m)
10
11
104
120
147
09
Total cash costs
($/oz)
10
11
424
588
689
09
Average number of employees
*
10
11
6,069
6,452
6,581
*

Including contractors

Description

Moab Khotsong is the newest gold mine in South Africa. It is situated near Orkney, Klerksdorp and Viljoenskroon, about 180km southwest of Johannesburg. Stoping operations began in November 2003, with the mine expected to reach full production in 2013. Given the geological complexity of the Vaal Reef, scattered mining is employed.

The Zaaiplaats orebody in the Moab Khotsong lease area presents a significant growth opportunity and capital has been allocated to support its development in phases.

Performance

Moab Khotsong produced 266,000oz at a total cash cost of $689/oz in 2011, compared with 292,000oz at a total cash cost of $588/oz the previous year. The 9% decline in production and the resultant increase in costs were due to Section 54 safety-related stoppages enforced by the state mine inspector, as well as complex geological structures which complicated normal mining operations.

As with the other South African mines, Moab Khotsong also felt the impact of power-price increases, the industry-wide wage strike and resultant payroll increase, and also the general inflationary pressures affecting the mining industry.

Notwithstanding a difficult operating environment, the mine achieved a strong development performance which helped maintain flexibility. Ore Reserve development and long-inclined borehole drilling (LIB) proceeded according to plan in 2011.

In order to obtain critical information on a timely basis, a comprehensive risk-drilling programme was revised to include macro drilling up to three cross-cuts ahead of the current development ends, thus improving grade prediction and development planning. This allowed more proactive mine design and the opening up of reef, while the development of new raises provided additional grade information. The active drilling programme employs five LIB drilling and ten hydraulic drilling machines to ameliorate the risk of intersecting dip features within the 12-month mining plan.

Moab Khotsong improved overall efficiency, evidenced in the improvement of its mine-call factor by two percentage points to 84.2%.

Growth and improvement

The Simunye safety training component of Project ONE commenced midway through 2011 and will continue in 2012, with the aim of improving productivity rates. (For further information on Simunye refer to page 45). The continued ramp-up of Project ONE, and specifically its work management component, are expected to assist in mitigating cost inflation at the mine. Project ONE was launched in September, with the development end on Section 26 chosen as the first site.

The key focus areas identified for Project ONE are the area mined in square metres, ore reserve development, reef development, tonnes hoisted and grade.

Project Zaaiplaats is designed to extend the operation's life to about 2037 by exploiting the Zaaiplaats block southwest of the current mine, unlocking 5.4Moz of gold. This will also provide a gateway for further opportunities. Phase 1, which was approved in August 2010 and will yield no gold, is currently underway. It will establish the infrastructure required for phase 2 which in turn will create a drilling platform to further increase the geological (structural) confidence of a bigger portion of the Zaaiplaats orebody, while delivering first production from the project to bridge the gap between current mining activities and access to the main portion of the Zaaiplaats orebody.

Phase 1, which will cost R165m, will conclude in 2012 with the establishment of the infrastructure to continue with phase 2. Phase 2 will follow with development of the eastern access. Redesign and supplementary studies will continue along the way, with changes incorporated from drilling information and practical experience of the use of trackless equipment.

In order to begin critical path development, an additional R136m was approved as 'early start' capital for phase 2.

During phase 3, scheduled for 2014, full approval of the remaining phase of the Zaaiplaats project will be sought.

Phase 1 is currently in the implementation stage and access development has been completed ahead of schedule.

Construction of two 800t ore-storage silos is in process and is expected to be completed in 2012. This crucial component of phase 1 will increase rock-handling capacity on 101 and 102 levels in anticipation of phase 2 and phase 3.

The Zaaiplaats project will use a modified approach to pre-development to facilitate drilling platforms for gathering orebody and structural information, together with the possibility of earlier gold production given the anticipated drilling outcomes. A mechanised development contract is expected to be negotiated in 2012.

Sustainability

Tragically, a fatality was recorded at Moab Khotsong as a result of a tramming incident. Despite this, the mine sustained a year-on-year improvement in the fatal injury frequency rate, from 0.13 per million hours worked in 2010 to 0.06 in 2011. This improvement aligns the mine's performance with industry milestones for 2013.

Moab Khotsong mine recorded 1.96m fatality-free shifts in August 2011, a new record for this operation. There were also 2.5m fall-of-ground fatality-free shifts, which milestone was achieved over a period of 18 months.

The mine also retained its OHSAS 18001 and the ISO 14001 certification during 2011.

As with other South African operations, the mine's 'three-pillar' strategy will focus on removing people from areas of risk, modifying behaviour and attitudes to risk and improving planning. Crews have also undergone Simunye training. The introduction of the safety management programme is expected to assist in further improving safety by requiring and ensuring regular inspections, behaviour observation, group meetings and frequent workplace risk assessments.

Regular meetings are held with unions and associations in order to support the equity employment process and promote the advancement of historically disadvantaged South Africans (HDSAs). The workplace skills plan and employment equity report were also signed off by all unions prior to submission to the Department of Labour. The percentage of HDSAs in management improved to 29% at the end of 2011.

An employment equity plan is in place to help achieve the 40% HDSA representivity target in each management category by 2014.

Moab Khotsong remained active in the neighbouring Matlosana area, donating a total of R430,000 to various charity organisations. Socio-economic development is an essential aspect of the South Africa region's business strategy, both from the perspective of compliance – to ensure the retention of mining licences – and also because a downward trend in the region's gold production profile, together with a strategy of removing employees from high-risk areas, will inevitably lead to reductions in the labour force over the medium term.

Following extensive stakeholder engagement, the region has designed a framework to integrate community development into core business activities, while providing support for national and international development policies and objectives, particularly those addressing youth unemployment.

More information is provided in the country focus case study in the Sustainability Report

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Review of operations
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– South Africa
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Vaal River and West Wits – Surface operations
Key statistics – Surface operations: Gold
Surface operations
2011
2010
2009
(1)
Pay limit
(oz/t)
0.010
0.010
0.007
(g/t)
0.209
0.290
0.225
Recovered grade
(oz/t)
0.014
0.016
0.015
(g/t)
0.48
0.54
0.53
Gold production
(000oz)
164
179
164
Total cash costs
($/oz)
660
485
341
Total production costs
($/oz)
683
516
355
Capital expenditure

($m)
5
3
3
Productivity (oz/TEC)
21.32
39.80
58.27
All injury frequency rate (AIFR)
(per million hours worked)
6.44
5.99
9.10
Average number of employees
(2)
745
374
234
Employees
745
374
228
Contractors
–
–
6
(1)
For the 2009 year, the West Wits surface operations were included in TauTona.
(2)
The number of employees increased from 2009 to 2010 as the West Gold Plant was classified as a dedicated surface sources plant and consequently all its employees were costed to surface operations.

Key statistics – Surface operations: Uranium

Surface operations
2011
2010
2009
Pay limit
(lb/t)
0.368
0.316
0.362
(kg/t)
0.167
0.143
0.164
Recovered grade
(lb/t)
0.635
0.622
0.584

(kg/t)
0.288
0.282
0.265
Uranium production
(000lb)
1,380
1,462
1,442
Capital expenditure
($m)
29
12
5
Average number of employees
199
213 221
Employees
172
185
194
Contractors
27
28
27

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – South Africa
09
Gold production
(000oz)
10
11
164
179
164
09
Uranium production
(000lb)
10
11
1,442
1,462
1,380
09
Total cash costs (gold)
($/oz)
10
11
341
485
660
09
Average number of employees
*
(uranium)
10
11
221
213
199
*
Including contractors
09
Capital expenditure (gold)
($m)
10
11
3
3
5
09
Capital expenditure (uranium)
($m)
10

11
5
12
29
09
Average number of employees
*
(gold)
10
11
234
374
745
*
Including contractors

Description

The surface operation (metallurgy) extracts gold from marginal ore dumps and tailings storage facilities at surface as there is more metallurgical capacity than reef mined. Uranium is produced as a by-product. In addition, backfill product is produced for mining operations. Operating units are: Noligwa Gold Plant, which takes feed from the Vaal River mines and processes marginal ore-dump material; Mispah plant, which also treats marginal ore-dump materials; Kopanang Gold Plant, which treats marginal ore-dump material and Kopanang reef; West Gold Plant, which treats marginal ore-dump material; East Gold Plant, which treats feed from the Sulphur Pay dam and environmental clean-up material; Mponeng Gold Plant, dedicated to reef from the Mponeng mine; Savuka Gold Plant, which services TauTona and Savuka and treats dump material; South Uranium Plant, which operates in reverse leach mode with Noligwa Gold Plant; and Nufcor, which undertakes Calcining of South Uranium Plant's final product. Metallurgy also has rail transport infrastructure, the Vaal River and West Wits Laboratories and tailings management facilities.

Performance

The surface operation produced 164,000oz of gold at a total cash cost of $660/oz in 2011, compared to 179,000oz at a total cash cost of $485/oz the previous year. Uranium production was 1.38Mlb compared with 1.46Mlb the previous year.

As with the other South African mines, the surface operations were also affected by power price increases, the wage strike and resultant payroll increase, as well as general inflationary pressures affecting the mining industry.

The failure of the Mispah mill further impacted production, motivating the redesign of the lubrication system on this and similar mills. The unexpected decline of grade in marginal ore dumps is a concern and has been met with increased focus on optimising mill use, while an additional dump was equipped for mining to improve flexibility. Poor reliability of oxygen and lime supply also affected production. An oxygen plant has now been built on site to ensure supply and a new lime-slaking facility has been constructed to facilitate the use of powdered instead of unslaked lime.

Despite these challenges, production met expectations given the continued success of Project ONE.

Growth and improvement

Project ONE – and in particular its business process framework component – has been rolled out at all plants in South Africa. As part of the second phase, processes are being optimised to ensure maximum benefits are derived. Data based process management is being used at all plants to determine the appropriate measures to be monitored to reduce variability. Encouraging results have been achieved at the South Uranium plant and Mispah plant. The methodologies employed have been implemented at all other plants.

There are three focus areas for growth and improvement, namely:

- Uranium Expansion Project to upgrade infrastructure to transport Kopanang ore to the South Uranium Plant to recover additional uranium. Completion is scheduled for July 2012;
- Replacement of the uranium solvent extraction section within the plant to ensure sustainable operations over the life of the operation. Completion is scheduled for the end of the third quarter 2013; and
- Uranium tailings storage facility (TSF) project to recover uranium and gold from existing tailings storage facilities, using new technology developed by AngloGold Ashanti. This will allow the profitable exploitation of all the Vaal River tailings storage facilities. A business plan has been compiled demonstrating positive returns and allowing this resource to be included in reserves. As a result, gold reserves increased by 3.2Moz and uranium by 92Mlb.

A project was initiated to conduct test work to improve understanding of each surface resource. The potential upgrade to material from marginal ore dumps is being investigated.

Sustainability

Following unseasonal rains, the water containment circuits were unable to manage the amount of water resulting in a number of overflows. A new water management regime was introduced to improve available stormwater dam capacity. Since its introduction, there have been no overflows. Later in the year, unseasonal late rainfall resulted in a water shortage which necessitated a stoppage of the East Gold Plant for three days. Short-term action minimised the impact. In addition, a pipeline is being installed which will make it possible to take some mildly saline water from neighbouring operations, currently discharged into the Koekemoerspruit, into AngloGold Ashanti's metallurgical circuit. A second project has been undertaken to increase the amount of well-field water pumped into the metallurgical circuit.

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – South Africa
West Wits – Mponeng
Key statistics
Mponeng
2011
2010
2009
Pay limit
(oz/t)
0.41
0.28
0.25
(g/t)
9.16
9.14
8.53
Recovered grade
(oz/t)
0.283
0.276
0.253
(g/t)
9.71
9.48
8.66
Gold production
(000oz)
500
532
520
Total cash costs
($/oz)
546
453
329
Total production costs
($/oz)
688
576
399
Capital expenditure
($m)
172
122
109
Productivity (oz/TEC)
8.38
8.72

8.11
All injury frequency rate (AIFR)
(per million hours worked)
15.39
15.93
14.31
Average number of employees
5,788
5,778
6,029
Employees
5,624
5,732
5,926
Contractors
164
46
103

Surface operations experienced 12 reportable environmental incidents during 2011 of which eight were due to dam overflows. The water management philosophy has been revised taking into consideration the infrastructure and operational management of the total water balance. The actions that were put in place ensured that water could be managed during the wet fourth quarter. The replacement of the Mponeng residue pipeline and improvements in operational management have reduced the overall risk of major pipe failures.

Metallurgy holds the following certifications:

- ISO 14001 – Environment;
- OHSAS 18001 – Occupational Health and Safety;
- ICMI – Internal Cyanide Management Institute Certification; and
- ISO/17025/IEC – International Standard for Testing Laboratories (Vaal River laboratory).

Community complaints were received regarding dust in the Vaal River area. A "best practice" guideline was developed regarding dust mitigation and is being implemented. The initial focus was on the western extension TSF which contributes most of the dust. Capital of $0.2m was made available for phase 1, involving the installation of wind curtains and water spray systems on this TSF. This has been completed. Phase 2 which involves the grassing of high-risk areas on the TSF is due for completion in 2012.

Socio-economic development is an essential aspect of the South Africa region's business strategy, both from the perspective of compliance – to ensure retention of mining licences – and also because a downward trend in the region's gold production profile, together with a strategy of removing employees from high-risk areas, will inevitably lead to reductions in the labour force over the medium term.

Following extensive stakeholder engagement, the region has designed a framework to integrate community development into core business activities, while providing support for national and international development policies and objectives, particularly those addressing youth unemployment.

More information is provided in the country focus case study in the Sustainability Report

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Description

Mponeng is located between the towns of Carletonville and Fochville on the border between Gauteng and the North West Province, southwest of Johannesburg. The operation, the world's deepest mine, extracts the Ventersdorp Contact Reef (VCR) at depths between 2,400m and 3,900m through sequential-grid mining. The Mponeng lease area is constrained to the north by the TauTona and Savuka mines, to the east by Gold Fields' Driefontein mine and to the west by Harmony's Kusasalethu.

Mponeng comprises a twin-shaft system housing two surface shafts and two sub-shafts. Ore is treated and smelted at the mine's gold plant.

Performance

Mponeng produced 500,000oz at a total cash cost of $546/oz in 2011, compared with 532,000oz at a total cash cost of $453/oz the previous year. The decline in production was due to a combination of factors which interrupted normal operations at various periods throughout the year and higher-than-anticipated temperatures in the deeper mining areas.

A R94.6m upgrade and expansion of the ice plant on surface, which contributed to higher costs, was necessitated by the increased cooling requirements as underground operations at Mponeng deepened. Work on this upgrade began in 2010 and was completed in 2011.

As with other South African mines, Mponeng also felt the effect of power-price increases, the sector-wide wage strike and resultant payroll increase, and also the general inflationary pressures affecting the mining industry. At Mponeng specifically, the operating teams contended with the breakdown of a winder and also trackless equipment used for the deepening project. An increase in the number of Section 54 safety stoppages, ordered by the state mine inspector, caused considerable disruption during the year. Management teams have intensified efforts to avoid these stoppages by continuing to improve overall safety at the mine and ensuring compliance with all relevant safety regulations. Improving development performance remains a key area of focus.

Growth and improvement

Mponeng hosts the most significant of the group's South African investment in its below 120 deepening project, which

will extend the life of this operation. This project, which will access the Carbon Leader and Ventersdorp Contact reefs below the current 120 level, is being tackled in a phased approach with the development of a decline from the existing infrastructure to gain quicker access to the ore and significantly improve payback, project returns and future expansion options.
The CLR portion of the project will ultimately access 11.3Moz and the VCR another 3.2Moz through to 2030. Phase 1 refers to the VCR below 120 project, currently being implemented to
09
Total cash costs
($/oz)
10
11
329
453
546
09
Average number of employees
*
10
11
6,029
5,778
5,788
*
Including contractors
09
Gold production
(000oz)
10
11
520
532
500
09
Capital expenditure
($/m)
10
11
109
122
172

develop four declines from 120 level to the 126/127 levels to exploit the VCR orebody. It includes the installation of the supporting infrastructure (refrigeration, backfill, decline equipping, etc) required to service a 10,000m^2/month production plan.

The feasibility study is underway for phase 2, which will focus on the CLR on two levels from 120 level down to 126 level. The access design showing best fit with existing infrastructure and schedule, as well as the best returns and potential for expansion, is the construction of a central ramp, supported by an extension of the SS2 shaft for long-term transportation of men and material. The rock will be trucked up the ramp from 126 and 123 level to 119 level and hoisted to surface through the SS1 shaft rock hoisting system. Phase 2 is expected to be mined at a rate of 12,000m^2 per month.

The dedicated decline ramp from 120 level will provide fast access to ounces and will minimise the dependence of phase 2 on phase 1 infrastructure, making phase 1 infrastructure available for a phase 3 project opportunity.

Phase 2 will be implemented following board approval which is anticipated during 2012.

At the existing Mponeng operation, additional exploration was undertaken to gain greater knowledge of the orebody and its geological structures in order to improve planning, scheduling and confidence in production targets. Along with this programme, a decision has been taken to minimise ongoing mining activities in the lower-grade eastern sections of the mine.

The grade mined at Mponeng was marginally higher than that achieved in 2010 following the decision to move crews from the eastern areas of the mine, where values were found to decline significantly. The mine-call factor improved marginally to 79.2%.

The introduction of Project ONE at Mponeng will focus on safety transformation to reduce injury rates and eliminate disruptive stoppages; improvement of compliance with mining cycles; improving blast frequency; and optimising vertical transport. Gains in these areas are expected to result in ongoing productivity improvements at the mine through improvements in face advance, mitigating occasional shortages in certain underground mining skills. Rail-bound drill rigs will also be introduced to accelerate development rates and – as with all the mines in the South Africa region – work crews will undergo the Simunye training programme.

New technologies that are introduced at Mponeng to increase productivity are the use of high pressure drill rigs and drill jigs that achieve better development advancement compared to conventional mining equipment. Ore handling improvements at Mponeng are achieved through the use of bigger hoppers that transport higher tonnage of ore and the use of front driven trains. Wi-fi communication was installed underground to assist with better scheduling of handling of material and ore to save time and cost.

Sustainability

Tragically, two fatalities were recorded at Mponeng. On 27 May 2011, a seismic event of 0.6 magnitude occurred, resulting in a fall of ground. On 11 August 2011, a seismic event of local magnitude 2.0 occurred leading to an extensive fall of ground. Management believes that the improved planning and scheduling that stem from Project ONE, as well as the more cohesive and productive teams resulting from the Simunye safety training programme, will help achieve further improvements in safety. As with the other South African operations, the mine’s ‘three-pillar’ strategy will focus on removing people from areas of risk, modifying behaviour and attitudes to risk and improving planning. Crews have also been initiated into the Simunye training process. The introduction of the safety management programme is expected to assist in further improving safety through its requirements to ensure regular inspections, behaviour observations, group meetings and frequent workplace risk assessments.

Simunye translates as ‘we are ONE’, indicating its relation to Project ONE and the desired training outcome of safe and productive teams who are united in a common purpose. The five-week training programme is mostly activity-based, with exercises that include elements of high-and-low rope activities, challenging and developing the resilience of the participants. A total of 68 crews had been trained by September. The positive impact of the training was immediately apparent as the teams that graduated from the process showed overall improvement in respect of safe planned work, individual and team performance and potential earnings. An early indicator of success came from the first crew that attended the training in Mponeng and achieved a noticeable 62% improvement in output (by September) compared to results before training. The programme is expected to take three years to complete.

During 2011, the all injury frequency rate improved to 15.39 per million hours worked, from 15.93 in 2010 and the mine also achieved 500,000 fatality-free shifts. Improved engagement with the entire workforce regarding every aspect of their responsibilities and daily tasks will be an ongoing responsibility for management.

West Wits – Savuka

Key statistics

Savuka		2011	2010	2009
Pay limit	(oz/t)	0.46	0.56	0.78
	(g/t)	10.36	17.86	26.74
Recovered grade	(oz/t)	0.195	0.155	0.159
	(g/t)	6.69	5.30	5.45
Gold production	(000oz)	49	22	30
Total cash costs	($/oz)	864	1,100	1,115
Total production costs	($/oz)	901	1,387	1,387
Capital expenditure	($m)			

8
9
13
Productivity (oz/TEC)
4.83
1.68
2.38
All injury frequency rate (AIFR)
(per million hours worked)
8.39
7.69
13.23
Average number of employees
815
981
1,054
Employees
785
952
1,019
Contractors
30
29
35

At Mponeng, the flow meters installed at each level help to minimise pumping during Eskom's high-demand times, thus assisting with reduced power consumption.

Work was undertaken to identify and develop key talent at the operation. This will assist in staff retention and improve productivity, while also assisting in achieving the key employment equity target of having 40% of all management positions filled by historically disadvantaged South Africans by 2014 from current levels of about 35%. The plan to achieve this goal has been signed off by labour unions and management at Mponeng.

Water and waste management in the West Wits region is another key area of focus, with the immediate goal being continuous improvement and full compliance with existing regulations. Construction of storm water diversion trenches, containment evaporation ponds, waste water control dams and the upgrade of the salvage yard were initiated in 2011. The only work completed in 2011 was the salvage yard upgrade and about 70% of the storm water diversion trenches.

Mponeng has the following certification:

- ISO 14001 – Environments; and
- OHSAS 18001 – Occupational health and safety.

Employees and contractors at Mponeng plan to undergo hazardous substance training during 2012. Also, during 2011 the majority of the cooling towers were converted from potable to service water use as part of the goal of cutting potable water consumption to 120,000kl a month. This was surpassed, with use now stabilised at between 80,000kl and 100,000kl a month. A similar focus will be placed on energy use in 2012, with targets set for the reduction of compressed-air and pumping costs.

Socio-economic development is an essential aspect of the South Africa region's business strategy, both from the perspective of compliance, to ensure retention of mining licences, and also because a downward trend in the region's gold production profile, together with a strategy of removing employees from high-risk areas, will inevitably lead to significant reductions in the labour force over the medium term.

Following extensive stakeholder engagement, the region has designed a framework to integrate community development into core business activities, while providing support for national and international development policies and objectives, particularly those addressing youth unemployment. More information is provided in the country focus case study in the Sustainability Report

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In addition, fundraising events were held by Mponeng staff to provide resources for various charities and organisations in the Fochville and Kokosi districts.

SR

Description

Savuka is situated on the West Wits line in the province of Gauteng, close to the town of Carletonville and approximately 70 kilometres southwest of Johannesburg. The Carbon Leader Reef (CLR) is mined at depths varying between 3,137m and 3,457m below surface and the Ventersdorp Contact Reef (VCR) at a depth of 1,808m below surface.

Savuka shares a processing plant with neighbouring TauTona.

Performance

Savuka produced 49,000oz at a total cash cost of $864/oz in 2011, compared with 22,000oz at a total cash cost of $1,100/oz the previous year. The mine was placed on care and maintenance during 2011 following a shaft accident that damaged underground infrastructure in May 2009. Limited operations continued throughout 2011 using previously developed reserves. Parts of the Savuka deposit will be accessed from the neighbouring Mponeng operation.

Growth and improvement

The mine's infrastructure was mothballed at the end of 2011. Ongoing maintenance is required in order to continue water pumping activities for AngloGold Ashanti's remaining mines in the immediate vicinity.

Sustainability

Savuka has received the following certifications:

- ISO 14001 – Environment; and
- OHSAS 18001 – Occupational health and safety.

Socio-economic development is an essential aspect of the South Africa region's business strategy, both from the perspective of compliance, to ensure retention of mining licences, and also because a downward trend in the region's gold production profile together with a strategy of removing employees from high-risk areas will inevitably lead to reductions in our labour force over the medium term.

Following extensive stakeholder engagement, the region has designed a framework to integrate community development into core business activities, while providing support for national and international development policies and objectives, particularly those addressing youth unemployment.

More information is provided in the country focus case study in the Sustainability Report
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SR
09

Gold production
(000oz)

10
11
30
22
49
09
Capital expenditure
($m)
10
11
13
9
8
09
Total cash costs
($/oz)
10
11
1,115
1,100
864
09
Average number of employees
*
10
11
1,054
981
815
*
Including contractors

Description
TauTona lies on the West Wits Line, just south of Carletonville in Gauteng, about 70km southwest of Johannesburg. Mining takes place at depths of 1,850m to 3,450m. The mine has a three-shaft system, supported by secondary and tertiary shafts, and is in the process of converting from longwall to scattered-grid mining. The change in mining method was necessitated by the increasingly complex geology being encountered and the unsuitability of the current method for mining through the Pretorius fault. This change is also expected to improve safety.
09
Gold production
(000oz)
10
11
218
259
244
09
Capital expenditure
($m)
10
11
57
75
79
09
Total cash costs
($/oz)
10
11
559
700
818
09
Average number of employees
*
10
11
4,293

4,609
4,507
*
Including contractors
West Wits – TauTona
Key statistics
TauTona
2011
2010
2009
(2)
Pay limit
(oz/t)
0.78
0.60
0.74
(g/t)
17.63
19.27
25.33
Recovered grade
(1)
(oz/t)
0.220
0.204
0.213
(g/t)
7.55
7.01
7.29
Gold production
(000oz)
244
259
218
Total cash costs
($/oz)
818
700
559
Total production costs
($/oz)
1,118
980
797
Capital expenditure
($m)
79
75
57
Productivity (oz/TEC)

5.13
5.34
5.16
All injury frequency rate (AIFR)
(per million hours worked)
13.36
19.03
15.84
Average number of employees
4,507
4,609
4,293
Employees
4,023
4,137
3,842
Contractors
484
472
451
(1)
Underground operation.
(2)
The 2009 year includes the results of the West Wits surface operation.

Performance

TauTona produced 244,000oz at a total cash cost of $818/oz in 2011, compared with 259,000oz at a total cash cost of $700/oz the previous year. As with the other South African mines, TauTona also felt the impact of the power-price increases, the industry-wide wage strike and general inflationary pressures affecting the mining industry.

A decision was taken early in 2011, following a significant seismic event, to cease mining of the Ventersdorp Contact Reef (VCR) shaft pillar and remove it from the immediate mine plan in the interests of safety. This decision contributed to the decline in output.

The increase in costs resulted from lower production, replacement of equipment and additional shifts needed to claw back some of the lost production.

Production crews were deployed to focus on increased sweeping and vamping of old production areas to capture valuable ore-chips and gold displaced after blasting and left behind after work areas were vacated. This helped improve the overall efficiency rate, or 'mine-call factor' of the operation. Increased geological drilling enhanced the overall knowledge of the orebody and contributed to the improved grade in the second half of the year.

Growth and improvement

In line with the rollout of the Project ONE business improvement initiative across the South African operations in 2011, continued focus will be placed on productivity improvements through improved scheduling and planning, as well as continued training of work crews through the Simunye initiative, the safety training component of Project ONE. For further information on Simunye refer to page 45.

One of the chief initiatives expected to be implemented in 2012 is a vertical transport optimisation project to accelerate the delivery of consumables and other essential items to work crews, in order to increase production time at the face. Similarly, management expects that the Carbon Leader transfer system will significantly reduce times for horizontal transport, or tramming, due to the reduction in tramming kilometres and elimination of inter-level transfers.

The following energy projects are currently being undertaken:

- Installation of a pre-cooling tower at the surface fridge plant – this project was started and completed in 2011. The pre-cooling tower results in improved power consumption in ambient temperatures, as the fridge plant does not have to be activated. This results in a saving of R1,100 for every hour the fridge plant does not have to operate.
-

Compressed air automation – this project is expected to be completed in the third quarter of 2012 and should also result in lower power consumption.

•

Energy recovery turbine – this project is expected to be completed by March 2012.

There will be continued emphasis on the management of seismicity to further improve safety and limit production interruption.

Following the success achieved in 2011, additional geological drilling will be undertaken to enhance knowledge of geological structures. Plans and schedules will be revised accordingly. At year-end, more than half the mine had converted to scattered grid mining and increased efforts were made to achieve development targets to improve future underground flexibility.

AngloGold Ashanti has also reached an agreement to drill in the IC2 block, an area belonging to Gold Fields that is adjacent to TauTona's existing workings and can be more quickly accessed from there. Drilling started in December 2011 and is expected to be completed by the end of 2012.

Scoping work is also underway to determine the viability of mining parts of the Savuka orebody from TauTona, by establishing a link between the two mines.

Sustainability

There were no fatalities in 2011. The all injury frequency rate improved significantly to 13.36 per million hours worked, as AngloGold Ashanti employees at all levels focused on implementation of the safety transformation plan and the basic tenets of Project ONE. The mine achieved more than 1 million shifts without a fatality and more than three years without a fatality related to falls of ground. This is a potent reminder of what is possible, even in one of the world's deepest mines.

As with the other South African operations, the mine's three-pillar strategy will focus on removing people from areas of risk, modifying behaviour and attitudes to risk and improved planning. Crews have also been initiated into the Simunye training process. The introduction of the safety management programme is expected to assist in further improving safety through regular inspections, behaviour observation, group meetings and frequent workplace risk assessments.

TauTona has received the following certification:

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ISO 14001 – Environment; and

•

OHSAS 18001 – Occupational Health and Safety.

AngloGold Ashanti has eight mining operations in its Continental Africa region:

- in Ghana, the Iduapriem and Obuasi operations;
- in Guinea, the Siguiri mine;
- in Mali, Morila, Sadiola and Yatela;
- in Namibia, Navachab; and
- in Tanzania, Geita.

Combined production from these operations increased by 5% to 1.57Moz of gold in 2011, equivalent to 36% of group production. Declines in production at the Siguiri, Obuasi, Yatela and Navachab operations were more than offset by increases at Geita, Iduapriem, Sadiola and Morila. Production at Geita rose by 38%.

Total cash costs increased by 7% to $765/oz, with Geita in Tanzania being the best performer on the cost front with a cash cost of $536/oz for the year. In all, these operations employed 16,539 people, including contractors, 778 more than in 2010.

Regrettably, three contractors were involved in fatal occupational accidents during 2011. The AIFR for the year was 3.03 per million hours worked, a significant improvement on the 6.09 recorded in 2009.

Total capital expenditure for the region was $420m, an increase of 79% on the $234m spent in 2010. The bulk of this was spent at the Obuasi and Iduapriem operations in Ghana, at Geita in Tanzania and Navachab in Namibia.

INITIATIVES
PRODUCING RESULTS

Mali

Morila
99,000oz

Sadiola
121,000oz

Yatela
29,000oz

Ghana

Iduapriem

199,000oz
Obuasi
313,000oz
Guinea
Siguiri
249,000oz
Namibia
Navachab
66,000oz
Tanzania
Geita
494,000oz
1
1
2
2
3
3
4
4
5
5

P
51
AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Continental Africa
The total attributable Mineral Resource for the Continental Africa region was 66.05Moz at year-end and the attributable Ore Reserve, 23.49Moz.
AngloGold Ashanti also has an active greenfield exploration programme, principally in the DRC, focused on its Mongbwalu concession and the Kibali joint venture with Randgold Resources and the DRC government. This is in addition to brownfield exploration being conducted in and around existing operations. For further information on the group's exploration programme in Continental Africa, see the Global exploration section of this report.
In 2011, the Continental Africa region progressed development of a transformation model to address sustainability issues that have previously affected the region.
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SR
09
Continental Africa – total cash costs
($/oz)
10
11
608
712
765
09
Continental Africa – attributable
gold production
(000oz)
10
11
1,585
1,492
1,570
09
Continental Africa – capital
expenditure
($m)
10
11
198
234
420
09
Continental Africa – average number
of employees
*
10

11
15,267
*
Including contractors
15,761
16,539
Continental Africa – contribution
to group production
(%)
Continental Africa
36%
Rest of
AngloGold Ashanti
64%
Continental Africa – contribution
to production by mine
(%)
Geita 31%
Obuasi
20%
Siguiri
16%
Iduapriem
13%
Sadiola
8%
Morila
6%
Navachab
4%
Yatela
2%
$765
/oz
16,539
people employed
1,570
000oz
$420
m

Ghana – Iduapriem
Key statistics
Iduapriem
2011
2010
2009
Pay limit
(oz/t)
0.03
0.04
0.04
(g/t)
0.92
1.47
1.45
Recovered grade
(oz/t)
0.042
0.050
0.050
(g/t)
1.44
1.70
1.72
Gold production
(000oz)
199
185
190
Total cash costs
($/oz)
853
666
516
Total production costs
($/oz)
1,075
868
579
Capital expenditure
($m)

73
17
28
Productivity (oz/TEC)
16.97
16.44
17.63
All injury frequency rate (AIFR)
(per million hours worked)
6.61
9.73
12.26
Average number of employees
1,543
1,483
1,447
Employees
741
729
727
Contractors
802
754
720
09
Gold production
(000oz)
10
11
190
185
199
09
Capital expenditure
($m)
10
11
28
17
73
09
Total cash costs
($/oz)
10
11
516
666
853
09
Average number of employees
*

10
11
1,447
1,483
1,543
*
Including contractors

Description

The Iduapriem mine, wholly owned by AngloGold Ashanti since September 2007, comprises the Iduapriem and Teberebie properties in a 110km^2 concession. Iduapriem is situated in the western region of Ghana, some 70km north of the coastal city of Takoradi and 10km southwest of the Tarkwa mine. Iduapriem is an open-pit mine and its processing facilities include a carbon-in-pulp (CIP) plant.

Performance

Gold production for the year totalled 199,000oz, 8% up on production in 2010, due in large part to the increase in volumes milled. Record monthly throughput of 404,000t was achieved in August 2011. This was despite a deterioration in the average grade over the year to 1.44g/t, which was 15% lower year-on-year.

A highlight of the year was the commissioning of the new tailings storage facility (TSF) in the first half of the year – a timely development given the declining capacity of the interim tailings storage facility.

A critical operating challenge was the repeated failure of the newly installed high pressure valves on the plant tailings discharge line going into the new TSF facility. The application of these high valves is unique to Iduapriem. This resulted in unnecessary production disruptions/delays, given the approximately 12 hours needed each time to replace the damaged valve. As a mitigation, a separate tailings pipeline is to be installed and is expected to be commissioned in May 1012. In the interim, some new design changes have been introduced to the valves which are being closely monitored.

Another challenge during the year was the heavy rainfall, which required plant throughput to be curtailed in order to manage the new TSF allowable freeboard (the maximum level to which the water is allowed to rise).

Total cash costs per ounce increased by 28% from the previous year to $853/oz, owing primarily to higher fuel and power costs. Total capital expenditure for the year was $73m, including $60m for the TSF and $2m relating to the Ajopa project.

Growth and improvement

Work began on the implementation of the BPF component of Project ONE in August 2010 at the CIP plant.

Performance relating to the process is being measured and monitored and has currently reached the stabilisation stage. Plant output is also being measured and recorded. Analysis and optimisation was initiated to identify the key causes of production losses in the plant. As a result, several control actions have emerged from this and these have been developed and championed by team leaders for the crushing and CIP plants.

The emphasis in 2012 will be to stabilise and minimise downtime at the crushing plant, to improve the primary crusher feeding rate.

In 2012, the BPF is expected to be introduced into the mining operation. While the mine has limited growth prospects on surface, the sustained increase in the gold price has led to renewed interest in evaluating the considerable low-grade resource in the Tarkwaian conglomerates beyond the economic limits of the existing pits.

A scoping study will examine the expansion of the open pit operation by increasing throughput. Long-hole drilling is also planned to determine if there is an economic resource sufficient to support underground mining.

The Ajopa project is now scheduled to start in mid-2012 and is expected to cost an estimated $12m. Ajopa hosts an ore reserve estimated at 4.97Mt at a grade of 2.05g/t, equivalent to around 363,000oz of gold.

Sustainability

For the third consecutive year, occupational injuries have continued to decline. The focus in the year was on contractor engagement in safety programmes, fatigue management and the implementation of risk-based medical surveillance. Emergency response planning and crisis management were reviewed in the year, while safety campaigns continued in order to focus and procure commitment from all employees.

Iduapriem's initiatives to support local communities include its locally supported alternative livelihood programme known as *'Hand-in-Hand'*. The programme includes an agricultural

Ghana – Obuasi
Key statistics
Obuasi
2011
2010
2009
Pay limit*
(oz/t)
0.19
0.19
0.21
(g/t)
5.85
6.60
7.26
Recovered grade*
(oz/t)
0.141
0.150
0.151
(g/t)
4.82
5.16
5.18
Gold production
(000oz)
313
317
381
Total cash costs
($/oz)
862
744
630
Total production costs
($/oz)
1,285
945
796
Capital expenditure
($m)

132
109
94
Productivity (oz/TEC)
5.68
5.61
6.72
All injury frequency rate (AIFR)
(per million hours worked)
2.37
2.86
4.73
Average number of employees
5,538
5,722
5,759
Employees
4,163
4,225
4,408
Contractors
1,375
1,497
1,351
** Underground operation*

livelihood project which supports farmers with production, processing and marketing of crops such as maize, palm oil, and vegetables. Also, local entrepreneurs are coached and supported to grow their businesses so they can participate in the mine's supply chain.

Iduapriem's basic education improvement project which focuses on youth and skills development, offers support to help improve the pass rate in the Basic Education Certificate Examination. The programme also includes a scholarship scheme which provides financial support to local students from host communities to pursue secondary and tertiary-level education. Together with sister mines in the Tarkwa municipal area and the University of Mines in Tarkwa, the mine runs a youth apprenticeship programme.

Iduapriem continues to provide assistance in repairing houses in the Teberebie village, while finalising land-for-land compensation.

A new cyanide sparging plant was commissioned in August 2011 as part of the infrastructure development required for compliance with the cyanide code.

An OHSAS 18001 certification audit was conducted during August 2011 and the next recertification will be concluded during 2014. An ISO 14001 recertification audit will be conducted during 2012.

P
55

Description

Obuasi, wholly owned by AngloGold Ashanti, is located in the Ashanti Region of Ghana, approximately 60km south of Kumasi. Mining operations are primarily underground, to a depth of 1.5km. Some surface mining in the form of open pit and tailings reclamation occurs. Obuasi currently treats sulphide ores from underground at the south plant, following the decommissioning of the tailings treatment plant in October 2010. The south plant also treats sulphide tailings and has a capacity of 360,000 tonnes per month.

Performance

Obuasi achieved its production targets in 2011, despite facing significant operating challenges. This achievement followed focused intervention from the multi-disciplinary taskforce appointed to effect the turnaround of the operation. Additional planning, design and scheduling of work is required to further improve operational performance.

Ore reserve development improved, from 8,409m in 2010 to 10,197m in 2011. Nevertheless, flexibility remains a key challenge for this operation. Underground tonnages came in at 1.84Mt (2010: 1.80Mt).

Production declined by just over 1%, as planned, to 313,000 ounces as the taskforce worked at formulating a strategy to establish an appropriate foundation for optimisation and growth to realise the full potential for the Obuasi operations.

The south treatment plant was stopped for a total of 51 milling hours in October 2011, owing to water levels on the south tailings storage facility.

Gains in efficiencies and volumes failed to translate into improved total cash costs, which were 16% higher year-on-year at $862/oz. The higher costs reflected the effects of lower grades and general inflation which affected the cost of mining inputs.

09
Gold production
(000oz)
10
11
381
317
313
09
Capital expenditure
($m)
10
11
94

109
132
09
Total cash costs
($/oz)
10
11
630
744
862
09
Average number of employees
*
10
11
5,759
5,722
5,538
*
Including contractors

Growth and improvement

The Obuasi taskforce has made good progress in putting measures in place to effect a turnaround at the operation. A 12-hour shift was introduced and fully rolled out at all underground and processing functions to provide more productive time at work. The BPF component of Project ONE has been fully rolled out in mining, processing and transport. A development contract is currently being finalised with the existing contractor, under a new framework and structure, and new equipment for development was purchased and is ready for use. Ageing infrastructure at the mine and plant is being repaired or replaced where necessary.

Although there is some indication of higher costs initially on implementation of the BPF, trends indicate that appropriate maintenance should result in cost reductions and improved performance of the mining fleet and infrastructure. In the medium term, this should have a positive impact on mining flexibility and lead to increased throughput and higher production.

The Anyankyirem surface resource at Obuasi and the underground prospect below 41 level have some potential for growth. Infill drilling at Anyankyirem has yielded some positive results, with a measured/indicated resource of 242,000oz at a head grade of 2.2g/t. Should this project come on stream, the oxide treatment plant would be recommissioned.

Underground drilling to explore the Obuasi Deeps below 50 level and the southern extensions of the current mining areas above 50 level continued in the year.

Sustainability

Regrettably, three contractor employees lost their lives in occupational accidents during 2011 at Obuasi mine. The Obuasi management team conducted thorough investigations to fully understand the circumstances that contributed to these incidents. Measures have been put in place to help ensure that such incidents are not repeated.

Good strides were made with employee safety and occupational health, with the Continental Africa region safety strategy being implemented and 22 safety standards executed. The emphasis has been on the creation and communication of a deliverable vision for fatality elimination by identifying and increasing the focus on high-potential near-fatal events. Through training and awareness creation, there has been an attempt at reinforcing safe behaviour, and the AIFR for the year was 2.37, an improvement of 17% on the previous year. This was bolstered also by the employee engagement process aimed at improving communication and performance, which was rolled out in phases during 2011.

The community and social development department also formalised its stakeholder engagement plan, with the formation of community consultative groups. During the year, implementation of the Voluntary Principles of Security and Human Rights (VPSHR) continued. Work on the VPSHR will progress in the year ahead and will include private security providers.

Environmental management efforts focused on achieving the environmental certification issued by the Environmental Protection Agency (EPA) and implementation of the accompanying schedule. This goal was realised in early 2012. Other key objectives for 2012 are EPA approval to start construction of a return water dam at the south plant and other process water treatment facilities, continued implementation of the certification schedule and an upgrade of facilities in compliance with the International Cyanide Management Code. The number of reportable environmental incidents increased to 14 (2010: 6), ten of which were as a result of high cyanide values in the hydrafill. The OHSAS 18001 certification was successfully completed during January 2012, and an ISO 14001 recertification audit will be held in 2012.

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Continental Africa
Guinea – Siguiri
Key statistics
Siguiri
2011
2010
2009
Pay limit
(oz/t)
0.01
0.02
0.02
(g/t)
0.51
0.66
0.71
Recovered grade
(oz/t)
0.023
0.028
0.032
(g/t)
0.79
0.97
1.11
Gold production
– 100%
(000oz)
293
321
372
– 85%
249
273
316
Total cash costs
($/oz)
862
643
519
Total production costs
($/oz)
984
701
595
Capital expenditure
($m)
18

12
26
Productivity (oz/TEC)
12.03
14.75
17.58
All injury frequency rate (AIFR)
(per million hours worked)
1.27
6.15
5.54
Average number of employees
3,666
3,170
2,973
Employees
1,718
1,531
1,492
Contractors
1,948
1,639
1,481
09
Attributable gold production
(000oz)
10
11
316
273
249
09
Capital expenditure
($m)
10
11
26
12
18
09
Total cash costs
($/oz)
10
11
519
643
862
09
Average number of employees
*
10

11
2,973
3,170
3,666
*
Including contractors

Description

Siguiri, a multiple open-pit oxide gold mine, is AngloGold Ashanti's sole operation in the Republic of Guinea. It is located in the district of Siguiri, around 850km northeast of the country's capital Conakry. Conventional mining activities are performed by contractors in multiple open pits using conventional techniques. On surface, Siguiri's gold processing plant treats about 30,000 tonnes daily.

AngloGold Ashanti holds an 85% interest in Siguiri and the balance of 15% is held by the Government of Guinea.

Performance

Attributable gold production declined by 9% to 249,000oz. Lower-than-anticipated grades had the most significant impact on production. Mining operations were also hampered in the year by a community protest which interrupted production for three days, while mining the Sanutinti push back hampered excavator productivity, with the wet ground conditions encountered resulting in increased mining costs. Other challenges were the lower grade in the saprolite stockpile, which also contained some hard oxide materials, causing delays in material supply.

Throughput tonnes in 2011 were 10% higher year-on-year at 9.7Mt (2010: 8.8Mt), helping to mitigate the impact of lower grades. Recoveries in the plant were marginally down to 89%, attributable mainly to the lower grades and higher throughput, and a leach tank maintenance programme.

The lower volumes drove costs up, with unit cash costs 34% higher at $862/oz (2010: $643/oz). Higher labour costs and fuel prices also contributed to increased cash costs.

Capital expenditure totalled $18m.

Growth and improvements

In mid 2011, a programme was initiated to accelerate the upgrade of the inferred oxide resource to an indicated resource. This programme aims to replace depletions in the Ore Reserve until 2013, and thereafter is expected to add a further 17% to reserves. An assay laboratory upgrade and expansion is planned for 2012.

The BPF component of Project ONE is being implemented across the operation after the successful implementation at the plant resulted in a 1Mt increase in throughput on an annual basis. A modular mining fleet management system was installed on trucks and primary loaders to improve productivity and reduce costs. The process is currently being implemented in the mining and geology department to reduce unit costs by working more efficiently.

A new growth strategy shows that by expanding the current plant, Siguiri could significantly increase production.

The expanded plant will have the capacity to treat 18Mt of material annually by 2017, reaching capacity in 2018.

To support this expansion strategy, significant exploration projects to find new reserves are underway.

Sustainability

The all injury frequency rate dropped to 1.27 per million hours worked from 6.15 in 2010.

Environmental management remains a critical area of focus and ongoing initiatives are in place to control dust and emissions, and also to ensure compliance with all the relevant legislation.

No reportable environmental incidents were recorded in the year.

A pipeline from the tailings facility, which previously contributed to the bulk of incidents, is expected to be replaced in 2012.

Siguiri also contributed to the management of dust by the watering of linking roads between villages at a total cost of $619,000. These initiatives support the target to reduce reportable incidents by 30% by 2015 from the 2010 baseline.

A number of challenges were encountered during the year, mainly with regard to the increasing number of illegal miners in the Siguiri mining areas and community protests which blocked access to the mine.

A sustainable development plan, which is aligned with the Millenium Development Goals, has been launched in conjunction with the Millenium Village NGO. A study underway should provide some additional guidance on alternative means of livelihood to counter the perception that the mine is the only source of employment in the area. Refer case study

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OHSAS 18001 recertification will be conducted during 2012.

The ISO 14001 certification was successfully completed and is valid until July 2012.

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Continental Africa
Mali – Morila
Key statistics
Morila
2011
2010
2009
Pay limit
(oz/t)
0.02
0.02
0.04
(g/t)
0.60
0.67
1.21
Recovered grade
(oz/t)
0.050
0.050
0.072
(g/t)
1.70
1.70
2.47
Gold production
– 100%
(000oz)
248
238
342
– 40%
99
95
137
Total cash costs
($/oz)
810
715
527
Total production costs
($/oz)
863
766
583
Capital expenditure
– 100%
($m)

3
3
10
– 40%
1
1
4
Productivity (oz/TEC)
42.00
36.04
40.70
Average number of employees
– 100%
820
891
1,053
Employees
435
476
518
Contractors
385
415
535
09
Attributable gold production
(000oz)
10
11
137
95
99
09
Attributable capital expenditure
($m)
10
11
4
1
1
09
Total cash costs
($/oz)
10
11
527
715
810
09
Average number of employees
*

10
11
1,053
891
820
*
Including contractors

Description

The Morila mine is situated 180km southeast of Bamako, the capital of Mali. The operation treats low-grade stockpiles while the plant, which incorporates a conventional carbon-in-leach process with an upfront gravity section to extract the free gold, has annual throughput capacity of 4.3Mt. Since mining was concluded in 2009 with the depletion of the orebody, operations at Morila currently involve processing of the stockpile which stood at 1.8Mt as at year-end.

AngloGold Ashanti has an effective 40% stake in Morila, as does Randgold Resources (which manages the mine). The Government of Mali owns the remaining 20%.

Performance

In line with improvements, attributable gold production rose 4% to 99,000 ounces. Tonnages were 4% higher, reaching 4.5Mt. The plant was also more effectively utilised in 2011, after the primary crusher breakdown in January 2010. However, crushing and milling improvements will be difficult to sustain given the limits of the carbon-in-leach operation. Total cash costs increased by 13%, with direct operating costs adversely affected by large price increases for diesel and reagents.

Growth and improvements

A large part of stay-in-business capital of $1m was expended on process enhancements at the plant, mainly in order to maintain capacity. Feasibility studies were undertaken during the year to investigate possible extensions to and reclamation of the tailings storage facilities. During the year, work by the mineral resources team on the tailings storage facility retreatment project indicated that the mine's life could be extended by up to seven years to 2020. A final decision has not yet been taken in this regard.

Sustainability

Safety statistics for Morila are reported by Randgold Resources, the operator, and are not included in AngloGold Ashanti's statistics.

Closure preparations continue, including implementation of the social plan. An employee assistance fund has been created and is managed by the unions. An agri-business project aims to sustain livelihoods post closure, although some land ownership issues still require resolution. Management is in negotiations with the local authorities and government to this end. Other pilot projects include animal husbandry, poultry farming, honey production and fish breeding, along with the establishment of a micro credit facility (CAMIDE).

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Continental Africa
Mali – Sadiola
Key statistics
Sadiola
2011
2010
2009
Pay limit
(oz/t)
0.02
0.04
0.04
(g/t)
0.53
1.28
1.46
Recovered grade
(oz/t)
0.055
0.060
0.074
(g/t)
1.90
2.04
2.52
Gold production
– 100%
(000oz)
295
287
354
– 41%
121
118
135
Total cash costs
($/oz)
792
650
488
Total production costs
($/oz)
830
698
571
Productivity (oz/TEC)
15.53
15.82

23.14
Capital expenditure
– 100%
($m)
34
20
10
– 41%
14
8
4
All injury frequency rate (AIFR)
(per million hours worked)
2.44
1.65
2.31
Average number of employees
– 100%
1,844
1,771
1,532
Employees
846
790
705
Contractors
998
981
827
09
Attributable gold production
(000oz)
10
11
135
118
121
09
Attributable capital expenditure
($m)
10
11
4
8
14
09
Total cash costs
($/oz)
10
11
488

650
792
09
Average number of employees
*
10
11
1,532
1,771
1,844
*
Including contractors

Description

The Sadiola mine is situated in western Mali, some 77km south-southwest of the regional capital Kayes. The mine is a joint venture between AngloGold Ashanti (41%) and IAMGOLD (41%) and the government of Mali (18%). Mining activities take place in five open pits. On-site surface infrastructure includes a 4.9Mt per annum carbon-in-leach gold plant where the ore is eluted and smelted. Sadiola's future lies in the expansion of the Sadiola main pit and a new plant, construction of which is planned to start in 2012.

Performance

Gold production increased to 121,000oz in 2011 with tonnes treated increasing to 2Mt from 1.8Mt, countering a 7% decline in grade recovered to 1.90g/t. Higher stripping ratios and lower grades encountered during the year point towards the need for mining higher volumes.

Total cash costs were 22% higher at $792/oz (2010: $650/oz), driven by increases in fuel prices and higher dollar prices for a number of consumables.

Growth prospects and improvements

Productivity initiatives focused on a number of activities, from truck and shovel utilisation to haul road optimisation, along with the implementation of the fleet management system which provides a dispatch and high-level data capture system for analysis.

In the plant, a crusher has been installed to pre-treat feed material which should enhance throughput and reduce delays owing to damage caused by rocks and other hard material through the plant.

The BPF component of Project ONE went live at Sadiola in the fourth quarter of 2011. The operation is currently stabilising and with better planning, resourcing and scheduling, it is anticipated that plant availability will improve, which should have a positive impact on production. Sadiola's focus will be on mining the FE3 and FE4 pits in 2012. Mining is then expected to extend into the Tambali and level 3 pits.

Preparatory work on the detailed design of the plant and operational readiness for the Sadiola Sulphide Project has begun. This project will give access to the deeper sulphide material and includes construction of a new plant.

The Environmental Study and Impact Assessment (ESIA) has been approved for the project and work on the associated powerline is currently in progress. Long-lead items, including mining equipment, have been ordered and are expected to start arriving on site in 2012. Operations at the Sadiola Sulphide Project are expected to begin towards the end of 2012. The project is awaiting final board approval in 2012.

Sustainability

An increase in finger injuries prompted a finger safety campaign at Sadiola. A comprehensive and integrated safety programme focused on leadership, the reinforcement of risk assessments in the planning phases and on refresher training for safety officers.

Community engagement processes proceeded well during the year and with the Integrated Development Action Plan project in particular. No reportable environmental incidents were recorded. The mine maintained its OHSAS 18001 certification in 2011. ISO 14001 recertification is scheduled for 2012.

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Continental Africa

Mali – Yatela

Key statistics

Yatela		2011	2010	2009
Pay limit	(oz/t)	0.02	0.01	0.04
	(g/t)	0.55	0.45	1.52
Recovered grade	(oz/t)	0.030	0.036	0.106
	(g/t)	1.04	1.23	3.62
Gold production – 100%	(000oz)	73	150	222
– 40%		29	60	89
Total cash costs	($/oz)	1,543	807	368
Total production costs	($/oz)	1,623	883	455
Productivity	(oz/TEC)	8.89	20.39	

30.80
Capital expenditure
– 100%
($m)
2
5
2
– 40%
1
2
1
All injury frequency rate (AIFR)
(per million hours worked)
1.52
2.28
5.54
Average number of employees
– 100%
943
878
803
Employees
323
308
298
Contractors
620
570
505
09
Attributable gold production
(000oz)
10
11
89
60
29
09
Attributable capital expenditure
($m)
10
11
1
2
1
09
Total cash costs
($/oz)
10
11
368

807
1,543
09
Average number of employees
*
10
11
803
878
943
*
Including contractors

Description

Yatela is 80% owned by the Sadiola Exploration Company Limited, a joint venture between AngloGold Ashanti and IAMGOLD, giving each a 40% stake in Yatela. The balance of 20% is owned by the government of Mali.

The Yatela mine is situated in western Mali, some 25km north of Sadiola and approximately 50km south-southwest of the regional capital Kayes. Ore extraction has been conducted from a number of pits including the Yatela main pit, Alamoutala, four Alamoutala satellite pits, KW18 and the North-west Extension.

Mining in most of these pits has been completed. For the remaining years of the life of mine, the focus will be on a final cutback in Yatela Main pit (Pushback 8) as well as a new pit north of the Yatela Main pit. The ore mined is treated on heap-leach pads together with carbon loading. The carbon is then transported to Sadiola for elution and smelting.

Performance

The mine plan was adjusted in 2011 to allow for the completion of the Yatela main pit. Mining, which has now been completed, was then advanced in the Alamoutala main and satellite pits. As Yatela approaches closure, the grade of the ore has declined incrementally. The increase in tonnages mined failed to compensate for the lower grades, which had a knock-on effect on gold production which declined to an attributable 29,000oz.

Total cash costs rose to $1,543/oz as a result of higher input costs, including efforts to extend the life of mine and the hauling of material over a relatively long distance from Alamoutala to the Yatela plant.

Growth prospects and improvements

Yatela plans to mine at two pits, the Yatela main pit and Yatela North during 2012. Mining in the main pit was delayed in 2011 with the re-optimisation of the main pit in order to reduce stripping ratios on the one hand, and maintain practical mining widths on the other. With only three years' life of mine remaining, there is an intense focus on optimising any residual opportunities.

Sustainability

Management has focused on putting in place steps to foster sustainable development in surrounding communities as the mine approaches closure. Voluntary retirements were encouraged during the year, and the only positions which have been filled are those critical to production targets. The temporary labour complement is also being reduced by 5% annually, and no contracts are being renewed. A closure consultant was appointed in 2011. The rehabilitation target to date is 312ha of which 214ha have been rehabilitated. This is below target as a result of changes in the mine plan and the unavailability of equipment.

The all injury frequency rate (AIFR) was 1.52 per million hours worked in 2011. Intensive efforts remain focused on safety campaigns and risk assessments. The mine maintained its ISO 14001 certification in 2011. ISO 14001 recertification is scheduled for 2013.

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Continental Africa
Namibia – Navachab
Key statistics

Navachab		2011	2010	2009
Pay limit	(oz/t)	0.06	0.07	0.05
	(g/t)	2.00	2.53	1.55
Recovered grade	(oz/t)	0.043	0.052	0.046
	(g/t)	1.46	1.80	1.58
Gold production	(000oz)	66	86	65
Total cash costs	($/oz)	1,038	727	622
Total production costs	($/oz)	1,208	786	663
Capital expenditure	($m)	48	14	20
Productivity	(oz/TEC)	7.00	10.46	

9.33
All injury frequency rate (AIFR)
(per million hours worked)
2.00*
25.60
26.30
Average number of employees
790
687
578
Employees
790
687
578
Contractors
–
–
–
2011 only includes medical treatment cases and lost-time injuries and excludes all first aid and dressing cases.
09
Gold production
(000oz)
10
11
65
86
66
09
Capital expenditure
($m)
10
11
20
14
48
09
Total cash costs
($/oz)
10
11
622
727
1,038
09
Average number of employees
*
10
11
578
687
790

*
Including contractors

Description

The Navachab gold mine is situated near the town of Karibib some 170km northwest of the capital Windhoek and 171km inland of the town of Swakopmund on the southwest coast of Africa. Navachab, which began operations in 1989, is an open-pit mine with a 120,000t/month processing plant consisting of crushing, milling, carbon-in-pulp (CIP) and electro-winning facilities.

Performance

Gold production of 66,000oz was 23% lower than the 86,000oz produced the previous year, largely as a result of the reduced volumes of concentrate supplied by the DMS plant. The reduced level of gold production resulted in a 43% increase in total cash costs to $1,038/oz.

A mining fleet has been contracted for a three-year period to complete the required near-surface waste stripping of the main pit expansion cut back to extract ore and increase mining volumes. Although the start of this contract was delayed, waste stripping began during the year, resulting in a 16% increase in tonnes mined.

Growth and improvement

The BPF component of Project ONE was rolled out at Navachab during the second half of the year in an effort to generate improved efficiencies across the operation.

Work has begun on a prefeasibility study, scheduled for completion by mid-2012, to determine the viability of achieving planned production targets as well as optimal mine and process options. The proposed expansion is expected to improve economies of scale and focus on cost control and continuous improvement initiatives. It is also expected to create additional jobs.

Exploration during the year focused on pit expansion drilling so as to increase confidence in the orebody, to follow up on geochemical anomalies and to optimise asset use.

Sustainability

Navachab remains committed to achieving ‘zero injuries’.

The annual safety plan was implemented, supported by a road show, safety awareness campaigns and observer training, which is ongoing. There were no fatalities during 2011.

The AIFR improved dramatically, declining from 25.60 per million hours worked in 2010 to 2.0 in 2011.

In alignment with group and regional initiatives, Navachab is in the process of developing a sustainability strategy which will include a focus on the relationship with the Namibian government. Towards year-end, a sustainability workshop was held to explore mine, community and national sustainability risks and opportunities, to feed into the sustainability strategy.

Navachab received ISO 14001 certification during 2011. The OHSAS 18001 certification audit was completed and non-conformances confirmed for audit recertification.

Corporate social investment in 2011 focused on education, the sponsorship of a science fair and a Spring School for Grade 12 pupils in the community. Several small-scale job creation projects continued.

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AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Continental Africa
Tanzania – Geita
Key statistics
Geita
2011
2010
2009
Pay limit
(oz/t)
0.06
0.07
0.09
(g/t)
2.06
2.38
3.08
Recovered grade*
(oz/t)
0.116
0.069
0.055
(g/t)
3.98
2.36
1.89
Gold production
(000oz)
494
357
272
Total cash costs
($/oz)
536
777
954
Total production costs
($/oz)
767
981
1,121
Capital expenditure
($m)
58
38
19
Productivity (oz/TEC)
18.11
14.14

10.87
All injury frequency rate (AIFR)
(per million hours worked)
3.60
5.38
5.56
Average number of employees
3,541
3,265
3,186
Employees
1,721
1,874
1,990
Contractors
1,820
1,391
1,196
Open-pit operation.
09
Gold production
(000oz)
10
11
272
357
494
09
Capital expenditure
($m)
10
11
19
38
58
09
Total cash costs
($/oz)
10
11
954
777
536
09
Average number of employees
*
10
11
3,186
3,265
3,541

*

Including contractors

Description

The Geita gold mine is located in the Lake Victoria goldfields of the Mwanza region of Tanzania, about 120km from Mwanza and 4km west of the town of Geita. The mine is wholly owned and managed by AngloGold Ashanti. The Geita gold deposit is mined as a multiple open pit operation with underground potential and is currently serviced by a 5.2Mt per annum carbon-in-leach (CIL) processing plant.

Performance

Geita produced 494,000oz at a total cash cost of $536/oz in 2011, compared with 357,000oz at a total cash cost of $777/oz the previous year. The turnaround in Geita operating performance continued in 2011, following the rollout of the Project ONE business improvement initiative as a pilot site. Exceptional progress continues to be made in all areas, not least of all fleet reduction and improved plant availability and recoveries. In 2011, over 55.8Mt were mined, compared with 45.5Mt the previous year. The mine call factor, a measure of efficiency in extracting the gold available, was 99%.

The overall production performance for the year was further aided by higher grades mined at the Nyankanga Cut 6 and operation of the ball mill in single stage, which offset extended downtime of the SAG mill during unscheduled shutdowns in May and June to repair the feed end and during October to replace the mill gearbox.

The fleet rationalisation programme continued to deliver productivity improvements in engineering stores, fuel and labour cost. This included completion of the larger light-weight truck tray project, the resultant phasing out of aged trucks and reducing the fleet from 34 to 27 trucks, and manpower rationalisation resulting from improved training and performance. Improved drill and blast performance contributed to improved mining performance and significant cost reductions. Average broken stocks have increased from 150,000bcm to 500,000bcm while the number of drilling rigs decreased from 14 to 8. Powder factors reduced from 0.95kg/bcm to 0.72kg/bcm while achieving improved material fragmentation. Continued progress was made on the reagent optimisation started in 2010, with improved gravity recovery and optimisation of the CIL circuit further contributing to lower reagent consumption. The tyre life optimisation programme also achieved success through improved tyre management, equipment operator training and improved haul road conditions.

Mining operations were undertaken in three areas. Mining recommenced at the Star and Comet satellite pit, using contractors, after production was stopped in early 2010. Nyankanga pit cutback 5 was completed and cutback 7 began. Cutback 6 was the main source of ore for 2011 and is expected to continue to be so in 2012. Geita Hill pit cutback 1 was completed in late 2011 with mining progressing in cutback 2.

Growth and improvement

From the base year 2010, production and productivity have already increased by more than 20%. The target is to maintain production at 500,000oz a year and focus on improving employee productivity through focused specialised training to improve employee capability in role. The success achieved at Geita is largely due to the implementation of the BPF component of Project ONE. The operation is now strongly cash positive, with a robust and detailed plan focusing on stability and delivery. The key area of focus is asset reliability, with the team on site receiving strong support from the teams conducting the group-wide asset integrity audit. Capital expenditure has been approved, among others, for the replacement of the SAG-mill.

Work is also ongoing to create opportunities for mine-life extension from surface and underground sources, as well as for on-lease growth by establishing sustainable satellite- and refractory-ore open-pit projects that complement proposed underground projects. As ever, emphasis will be placed on cash flow margins and returns on invested capital.

Key initiatives to reduce real costs which have been incorporated in Geita's strategy include the implementation of the fleet rationalisation, reagent optimisation, tyre life optimisation and contracting mining for satellite pits.

Continuing implementation of the Requisite organisation model, a human resources methodology assigning specific roles and accountabilities for all levels of works, is expected to lead to improved productivity.

Other cost containment and production improvement initiatives include: improvement of mining practices to reduce ore loss to the waste dump; stabilising and improving SAG-mill feed once a new mill is installed, from 612tph, to 650tph; optimising the gravity circuit to increase gold recovery through improved availability of the plant; achieving higher fleet productivity by raising shift output; and optimising liner design.
Challenges include scarce and critical skills, particularly engineers, geologists and technicians. An internal pipeline of skills has been created, with 15 people a year enrolled in a graduate training programme and 60 people on an integrated technical mining training programme. Succession planning, talent management and increased focus on placing Tanzanians in key roles and reducing expatriate recruitments are areas of focus for management.
Over the past two years detailed geological work has been undertaken in Nyankanga, Geita Hill and Star & Comet pits in order to better understand controls of mineralisation in each pit. In Nyankanga, mineralisation is associated with the Nyankanga main fault zone while at Geita Hill pit, mineralisation is associated with the axial planar cleavage of a large synform-antiform fold pair. In the Star and Comet pit, mineralisation is controlled by the contact between quartz feldspar porphyry and banded iron formation and a major shear zone cross cutting the middle of the pit.

Sustainability

Geita recorded an AIFR of 3.60 per million hours worked in 2011, an improvement on the 5.38 recorded in 2010.
Continued focus is placed on high-potential incidents analysis and follow-up remedial action. Geita demonstrates that safety is its first value through management leadership, the holding of regular safety meetings, training, development of standards and safe-work procedures and risk management through conducting frequent risk assessments.
Emergency response and health facilities were improved during the period and additional equipment purchased to ensure emergency preparedness.
Fatigue has been identified as a critical safety area to be proactively managed. The fatigue programme started in 2009 was upgraded in 2010, and training on fatigue management continued throughout 2011.
A revised Geita sustainability strategy, in line with the broader AngloGold Ashanti and Continental Africa region's strategies, is expected to be completed in 2012. Key components include alignment with Millenium Development Goals, enhanced stakeholder engagement through improved communications, focused community projects to

deliver sustainable value and partnering with government on issues including formalisation of artisanal and small-scale mining. Phase 7 of Nyankumbu Girls Secondary School started in September 2011, while the school's construction is scheduled for completion in 2013. Construction of bus stops serving the Geita community is expected to start in 2012.

The Geita town water project will begin once environmental approval has been granted in 2012. Completion of the front end of the project, from the treatment plant and pumping station to the water reservoir, is expected in July 2012.

No reportable environmental incidents were recorded during the year. A budget of $2.6m for cyanide destruction infrastructure has been approved for 2012. In the meantime, a tailings dilution system is being used to reduce the levels of cyanide at discharge points. Weak acid dissociable (WAD) cyanide at the pool has remained as low as 0.01ppm.

Geita's Cyanide Code compliance audit was held in December, with compliance targeted by the end of 2012.

The approval and procurement of a new incinerator for the disposal of hazardous material took place in 2011 and the facility is expected to be commissioned in 2012. ISO 14001 certification for the environmental management system was maintained during the year.

During the year, the company engaged with local miners' union, Tamico, and the International Chemical Engineering and Mining Union Federation (ICEM) to improve the relationship with the workforce at Geita. The parties concluded there was a need to renegotiate the existing recognition agreement to improve union access to the mine. The access agreement negotiations with Tamico commenced in 2012.

PLANS IN PLACE
TO REALISE

Argentina
Cerro Vanguardia
196,000oz
Brazil
Serra Grande
67,000oz
AGA Mineração
361,000oz
United States
Cripple Creek & Victor 267,000oz
1
1
2
2
3
3

In the Americas region, an important growth area for the company, AngloGold Ashanti has:

- in Argentina, the Cerro Vanguardia mine;
- in Brazil, two business units, AngloGold Ashanti Córrego do Sítio Mineração (AGA Mineração) and the Serra Grande operation; and
- in the United States, the Cripple Creek & Victor (CC&V) mine.

Combined production from these operations increased by 6% to 891,000oz of gold in 2011, increasing its contribution to group production to 21% (2010: 19%).

Total cash costs increased by 22% to $528/oz. Total capital expenditure for the region was $456m, an increase of 47% on the $311m spent in 2010. The bulk of this was expended at AGA Mineração, CC&V and Cerro Vanguardia projects.

The stronger real and scarce mining skills along with accelerating inflation across the South American jurisdictions presented significant cost pressures during the year.

In all, 7,389 people, including contractors, were employed, 807 more than in 2010.

Regrettably, two contractor employees lost their lives in occupational accidents during 2011. The first was in Brazil where a worker was run over by a tractor on a construction site, and the second was in Colombia where a worker was inundated by a naturally occurring landslide after unusually heavy rainfall. An all injury frequency rate of 6.33 per million hours worked (2010: 5.66) was achieved in 2011.

The total attributable Mineral Resource for the Americas region was 49Moz at the end of 2011 and the attributable Ore Reserve 11Moz.

A far-reaching greenfield exploration programme is underway in the Americas region, most notably in Colombia, South America, where AngloGold Ashanti has extensive land holdings. Two significant greenfield discoveries – Gramalote and La Colosa – together account for 18Moz of the Americas' Mineral Resource.

Exploration activities are conducted by either AngloGold Ashanti teams or together with joint venture partners, in Canada, Brazil and Argentina. See the Global exploration section of this report.

Americas – contribution to
group production
(%)
Americas
21%
Rest of
AngloGold Ashanti
79%
09
Americas – total cash costs
($/oz)
10
11
362
432
528
09
Americas – capital expenditure
($m)
10
11
258
311
456
Americas – attributable
gold production
(000oz)

09
10
11
816
842
891
09
10
11
5,884
6,582
*
Including contractors
7,389
Americas – average number
of employees
*
Americas – contribution to
production by operation
(%)
AGA Mineração
40%
Cripple Creek & Victor
30%
Cerro Vanguardia
22%
Serra Grande
8%
$528
/oz
7,389
people employed
891
000oz
$456
m

Argentina – Cerro Vanguardia
Key statistics
Cerro Vanguardia
2011
2010
2009
Pay limit
(oz/t)
0.11
0.13
0.15
(g/t)
3.86
4.36
5.02
Recovered grade
(oz/t)
0.182
0.178
0.190
(g/t)
6.23
6.11
6.51
Gold production
– 100%
(000oz)
212
209
208
– 92.5%
196
194
192
Silver production
– 100%
(000oz)
2.9
2.8
2.2
– 92.5%

2.7
2.6
2.0
Total cash costs
($/oz)
393
366
355
Total production costs
($/oz)
580
517 487
Capital expenditure
($m)
79
41
18
Productivity (oz/TEC)
17.64
20.64
22.83
All injury frequency rate (AIFR)
(per million hours worked)
1.59
8.08
9.34
Average number of employees
1,644
1,242
1,069
Employees
1,065
883
753
Contractors
579
359
316
09
Attributable gold production
(000oz)
10
11
192
194
196
09
Capital expenditure
($m)
10
11

18
41
79
09
Total cash costs
($/oz)
10
11
355
366
393
09
Average number of employees
*
10
11
1,069
1,242
1,644
*
Including contractors

Description

AngloGold Ashanti has a 92.5% stake in Cerro Vanguardia with Fomicruz (the province of Santa Cruz) owning the remaining 7.5%. Located to the northwest of Puerto San Julián in the province of Santa Cruz, Cerro Vanguardia consists of multiple small open pits with high stripping ratios. Shallow underground mining began in 2010 to access high-grade material and accounts for about 19% of production. The orebodies comprise a series of hydrothermal vein deposits containing gold and large quantities of silver, produced as a by-product. The metallurgical plant has a daily capacity of 3,000t and includes a cyanide recovery facility.

Performance

Cerro Vanguardia was the group's lowest cost producer in 2011. Attributable gold production of 196,000oz was marginally higher than the previous year total of 194,000oz and met operating targets. Total cash costs of $393/oz were lower than projected at the beginning of the year due to improved efficiencies at the mine and also the positive impact of higher-than-forecast silver production and prices. Ensuring a consistent supply of feed to keep the plant running at capacity was a principal focus during the year, as was the consolidation of the fledgling underground operation. Two mine portals were opened in the Mangas Centro and Mangas Sur pits during the year and more than 6Mt of underground development achieved.

Meeting production goals was complicated somewhat by the introduction of import restrictions by the federal government which delayed the delivery of some spare parts and capital equipment. In addition, accelerating inflation in Argentina pushed costs higher for both consumables and the payroll. These factors continue to pose a significant challenge in Argentina and may present additional hurdles to purchasing, recruitment and labour relations in the year ahead.

Construction of the new heap leach was delayed from the third quarter of 2011 to the first quarter of 2012, principally owing to construction delays caused by unseasonably inclement weather. The delay curtailed production but was mitigated by additional output achieved by rescheduling some open pit operations as well as optimising capacity of the underground operation. The heap leach project will allow Cerro Vanguardia to exploit additional sources of low-grade ore previously excluded from the mine plan.

Growth and improvement

The continued success of the brownfield exploration programme added 513,000oz to the mine's resource base during 2011. About 34,000m of diamond drilling and 19,000m of reverse circulation holes were done during the year with the aim of expanding the resource at depth and to the north and west of the concession.

Given the continued inflationary challenges facing companies in Argentina, the potential reduction in unit costs that will accompany additional production, makes further expansion of the operation an attractive option. The mine continued work on the underground and heap leach projects which will add incremental production in coming years.

Given the continued success of the brownfield exploration team in identifying new, high-grade sources of ore in the vein structures at the mine, the Americas team is investigating further expansion possibilities. These include increasing the size of the plant and further expanding the scale of the heap leach footprint.

To improve the knowledge of the orebody and to provide more certainty of both grade and tonnage, the Gabriela, Lucy, Cuncuna, Rocio, El Lazo, Loma del Muerto, Osvaldo 4 and Liliana veins were drilled.

Focus will remain on the recruitment of skilled workers in an increasingly competitive environment for human resources as more mining development occurs nationally and regionally. Maintenance and planning strategies will also be adapted to cope with the more complex set of import restrictions.

Sustainability

Cerro Vanguardia’s safety performance improved further during 2011, and the mine recorded its ninth straight year with no fatality. The AIFR improved markedly from 8.08 to 1.59 per million hours worked, a new record for the mine. The safety transformation programme was launched during the first half of the year with several initiatives developed to reinforce safety awareness.

Seminars, workshops and ongoing training of employees at all levels are aimed at ensuring a reduction in reportable environmental and safety incidents. At Cerro Vanguardia, close attention will be paid to the management of underground water in order to prevent pollution as this portion of the mine's development increases.

AngloGold Ashanti enjoys a constructive relationship with its host community of Puerto San Julián (PSJ). A recent survey conducted by a well-known university indicates that although more than 70% of the town's residents hold a positive view of the company. More can be done to further improve this position by continued engagement and the facilitation of investment in the community. Several social investments projects, driven by the PSJ Development Agency, were carried out during 2011. These included the purchase of a fishing vessel to promote the San Julián fishing industry, the reopening of the San Julián cinema and theatre room as well as local microfinance for sustainable productive projects. This multi-stakeholder group has developed a common vision for PSJ and helps to ensure that Cerro Vanguardia's community investments lead towards sustainable economic development.

Brazil – AngloGold Ashanti Córrego do Sítio Mineração (AGA Mineração)

Key statistics

AGA Mineração		2011	2010	2009
Pay limit	(oz/t)	0.13	0.13	0.11
	(g/t)	4.41	4.40	3.82
Recovered grade*	(oz/t)	0.217	0.210	0.205

(g/t)
7.43
7.21
7.02
Gold production
(000oz)
361
338
329
Total cash costs
($/oz)
525
407
339
Total production costs
($/oz)
823
651
486
Capital expenditure
($m)
259
142
84
Productivity (oz/TEC)
17.41
18.32
15.45
All injury frequency rate (AIFR)
(per million hours worked)
4.05
2.62
4.19
Average number of employees
3,825
3,426
2,964
Employees
2,715
2,486
2,249
Contractors
1,110
940
715
Underground operation
09
Gold production
(000oz)
10
11

329
338
361
09
Capital expenditure
($m)
10
11
84
142
259

09
Total cash costs
($/oz)
10
11
339
407
525
09
Average number of employees
*
10
11
2,964
3,426
3,825
*
Including contractors

Description

AngloGold Ashanti Córrego do Sítio Mineração (AGA Mineração) comprises two operational units, namely the Cuiabá and the Córrego do Sítio complexes. The Cuiabá complex includes the Cuiabá and Lamego mines and the Cuiabá and Queiroz plants. In operation for 26 years, the Cuiabá mine is principally a cut-and-fill mine accessed by ramp and shaft. Lamego is a new mine developed to mine an underground sulphide ore.
The first stage of the processing of the ore from Cuiabá and Lamego mines is in the gold plant at the Cuiabá complex, where concentrate is produced. The material is then transported 15km by aerial ropeway to the Queiroz plant where milling, flotation, roasting, leaching, precipitation and refining occur. Total capacity of the complete circuit is 1.65Mt/year and recoveries of 93% are achieved.
The Córrego do Sítio operation comprises one surface (oxide) and two underground (sulphide) mines, as well as a heap leach pad and sulphide plant, the latter originally acquired from Eldorado late in 2008 and since refurbished.

Performance

At AGA Mineração, production in 2011 was 361,000oz, 7% higher than the prior year. The higher output followed the ramp-up at Lamego and the start of production from Córrego do Sítio. Production was, however, negatively impacted by lower tonnage at Cuiabá, due mainly to geotechnical and fleet availability issues.
Cash costs of $525/oz were 29% up on the previous year, mainly due to labour cost inflation and higher energy consumption following the commissioning of the refrigeration

plant in Cuiabá. Other factors were the stronger Brazilian real, lower volumes and higher unit costs from new Córrego do Sítio sulphide production. An improved price received for sulphuric acid, a by-product at the Cuiabá complex, had a positive impact on costs during the year.

The cost and availability of specialised mining skills remained key challenges in Brazil, where a surfeit of mining and engineering projects exacerbated an already tight labour market and inflated salaries. This trend is likely to continue for some time with additional mining and infrastructure projects set to proliferate in Brazil in coming years, along with additional development of iron ore capacity and preparations for the next FIFA World Cup in 2014 and the Olympic Games in 2016.

Project ONE implementation is ongoing and the BPF stabilisation phase was completed at Cuiabá, with benefits achieved in maintenance and production to counter the low availability of the fleet of heavy mechanised equipment. Renewed focus was placed on training to improve safety and productivity in high-dip areas, while trial mining using the sub-level bench method was successfully piloted and will now be extended to other areas of the mine. This change also mitigated geomechanical instability and is expected to result in improved productivity in 2012 and 2013.

Given the increased mining depth to more than 1,100m at Cuiabá by the end of 2011 and the resultant rise in working temperatures, a refrigeration plant was commissioned to service the deeper areas of the mine.

At Lamego, where tonnages improved by 15%, the drill method was changed to cross-cut instead of driving the ramp down to the mine's deepest levels so as to improve knowledge of the orebody at depth. Now, more than 2.5 years of reserves are estimated to be available at current production rates, following development of ore drives from level 3.1 to level 4 at the Carruagem orebody. This enables a high level of mining flexibility.

While the scheduled maintenance shutdown at the pyrometallurgy plant at Queiroz was undertaken during the year, there was an unexpected shutdown of Plant A to undertake screening of the catalyst bed and removal of the roasters. Three new flotation cells were added to the Cuiabá plant and the wall of the tailings dam was lifted to cope with incremental production.

At Córrego do Sítio, the underground sulphide mine was developed and the orebodies prepared for the start of production during 2011. This mine had reached production capacity of 40% by year-end. The underground mine produced 171,000t in 2011. The metallurgical plant was commissioned in January 2012. The oxide heap leach plant improved its productivity 18% by increasing bench heights on the heap leach by 1m to 7m.

Growth and improvement

Both greenfield and brownfield exploration drilling campaigns continued, with the focus on increasing the gold resource base. At the end of 2011, the latest exploration drilling campaign added 817,000oz to the resource, taking AGA Mineração's resource base to 11.4Moz.

It is anticipated that the stabilisation of Project ONE will aid continued improvements in equipment availability, which in tandem with mining method changes, will aid the drive to increase production from Brazil. This yielded cost savings and productivity improvements, optimisation of the heavy mechanised equipment fleet, and improved operational training. Cost reduction initiatives, including power-saving projects, will be a key focus area of management in 2012 and beyond.

Commissioning and mine ramp-up of the Córrego do Sítio project proceeded during the year and full production at Lamego mine was achieved in 2011. Scoping studies are in progress for both mines to determine further expansion opportunities. At Córrego do Sítio, additional sources of oxide and sulphide ores will enable an expansion.

The underground sulphide operation is ramping up and is expected to reach full production by the end of 2012. One of the principal operating challenges is to control dilution from the sub-level stoping by a greater focus on grade control, while keeping the ramp-up on track with the development of ramps and ore drives to ensure appropriate flexibility.

The Lamego project was completed at the end of 2011, with only minor changes to civil infrastructure required at a cost of some $2m. Meanwhile, further work is planned to improve knowledge of the upside in the oxide and sulphide endowment.

At Lamego, the first underground mine to achieve Project ONE BPF stabilisation, management focused on improvements to equipment reliability as well as better planning and scheduling. The success of crews in using the business improvement framework to realise significant improvements in productivity without increased capital expenditure, have demonstrated the possibility of increased throughput. The establishment of an operational control centre at the mine has further helped streamline operations.

At Cuiabá, work is underway to stabilise production in narrow veins and to investigate use of satellite orebodies to further boost production. Management also began investigating mining at depths greater than those envisaged in the current mine plan, beginning with a drilling campaign below the 24 level and the formation of a team to conduct improved geological mapping of the mine. Increased infill drilling will also be undertaken to facilitate the change of mining method, while brownfield exploration drilling will be conducted to determine the viability of restarting mothballed mining operations previously closed during periods of low prices and of locating satellite orebodies. Among the latter is the Nova Lima Sul project which envisages the development of smaller deposits close to current operations, which will use spare capacity at the Queiroz plant.

Sustainability

The safety performance at AGA Mineração deteriorated when compared to 2010, recording an all injury frequency rate of 4.05 per million hours worked. Regrettably, a contractor died when he was run over by a tractor at the tailings facility construction site.

Following a culture survey undertaken during the year, a safety behaviour plan was launched at all of AngloGold Ashanti's Brazilian operations. Initiatives include improvements to the new employee induction course, a review of on-the-job training processes, and standardisation of safety processes. Also a new approach to incident investigation and analysis was established during the year. A proactive safety indicator to evaluate the quality of processes has been developed and AngloGold Ashanti Brazil has set targets to take all injury frequency rates to zero by 2020.

AGA Mineração has had no reportable environmental incidents for five years. The company was awarded the PMGA – Environmental Management Minas Gerais Award.

The company also holds the following certifications:

- ISO 14001 – Environment;
- OHSAS 18001 – Occupational Health and Safety;
- ISO 17025 – Laboratory analysis;
- NBR 16001 – Social responsibility – 1st Brazilian mine company;
- International Cyanide Management Code; and
- ISO 9001 – Quality (Laboratory and smelter house).

The Brazilian operations support environmental education programmes and social investments in the communities where it operates. The company has an open-door policy with communities, communicating operational and environment-related information. Communities are informed in advance of the funds allocated to community investments and the host communities themselves participate in the selection of the projects. The company also invites all stakeholders, including communities, companies, suppliers, employees, NGOs and local government, to participate in an annual forum to promote discussion regarding social policy and practices. The aim of this dialogue is to identify opportunities for improvement.

Brazil – Serra Grande
Key statistics
Serra Grande
2011
2010
2009
Pay limit
(oz/t)
0.11
0.09
0.11
(g/t)
3.89
3.20
3.92
Recovered grade
(oz/t)
0.105
0.118
0.132
(g/t)
3.59
4.05
4.52
Gold production
– 100%
(000oz)
134
155
154
– 50%
67
77
77
Total cash costs
($/oz)
767
481
406
Total production costs
($/oz)

1,149
690
542
Capital expenditure
($m)
45
52
67
Productivity (oz/TEC)
12.98
15.88
17.51
All injury frequency rate (AIFR)
(per million hours worked)
3.48
7.22
8.99
Average number of employees
1,339
1,268
1,289
Employees
1,039
965
864
Contractors
300
303
425
09
Attributable gold production
(000oz)
10
11
77
77
67
09
Capital expenditure
($m)
10
11
67
52
45
09
Total cash costs
($/oz)
10
11
406

481
767
09
Average number of employees
*
10
11
1,289
1,268
1,339
*
Including contractors

Description
Serra Grande is owned equally by AngloGold Ashanti and Kinross Gold Corporation. AngloGold Ashanti manages the operation located in central Brazil, in the state of Goiás, about 5km from the city of Crixás. Serra Grande comprises three mechanised underground mines: Mina III, Mina Nova (which includes the Pequizão orebody) and Palmeiras – and an open pit on the outcrop of Mina III orebody. One dedicated metallurgical plant treats ore from these different sources. Annual capacity of the processing circuit, which has grinding, leaching, filtration, precipitation and smelting facilities, is 1.15Mt.
Performance
Attributable production in 2011 was 67,000oz, compared with 77,000oz in 2010. The reduction was due primarily to higher-than-expected dilution and the resultant impact on mined grades. This was partly offset by a 5% increase in the total ore mined at the operation to 1.33Mt, with strong performance from the open pit and the Palmeiras underground mine in particular.
To improve the grade mined at Serra Grande, an action plan was compiled and new operational control measures for dilution and close monitoring of the drilling and blasting processes were implemented. Total dilution for all Serra Grande's mining operations started in 2011 at more than 30% and closed the year with significant reduction to 18%. Other factors which contributed to the decline in production included delays in development which in turn slowed the preparation of production stopes. Poor availability of drill rigs, as well as heavy machinery and the equipment fleet, hampered underground drilling and overall operational performance.
In the plant, recoveries were curtailed by problems encountered in the grinding and filtering circuits. Each of these issues has been addressed with specific action plans developed to ensure they do not re-occur. Project ONE implementation is on track to support the operations.
Total cash costs increased by 59% to $767/oz as a result of reduced production as well as continued inflationary pressure on all mining-related inputs in Brazil and the impact of the stronger Brazilian real, which appreciated by 5% against the dollar in 2011.
Growth and improvement
The 'fast-track exploration plan' at Serra Grande added 380,000oz to the inferred resource at this mature operation. About $20m will be invested in this campaign in the coming two years with the aim of adding a total of 1Moz to resources to further extend the life of the operation.
A priority for Serra Grande's management is to facilitate closer

co-operation between the geology, mine, plant and maintenance teams so as to reduce variability and so increase both underground mine output and plant throughput. This is a key benefit that will follow Project ONE's BPF stabilisation on site and will assist in maintaining the required feed to the mill while also rebuilding the strategic stockpile which was depleted in 2010. Optimisation of the gravity circuit is planned to be completed in mid-2012, with expected further improvements in recoveries.

An operational control centre has been established on site to improve maintenance and enhance the general skill level of operators in order to achieve better operational performance and reduce breakdowns.

Pequizão and Palmeiras are the most recent discoveries and are the newest underground mines. Importantly, they have the highest grade reserves of all the Serra Grande operating areas but currently have modest development programmes, given that focus was previously on Orebody IV at Mina III. The focus now is on developing an optimal mine sequencing plan to make the best possible use of these higher grade areas.

In the longer term, beyond 2013, the focus of the exploration effort will shift to increasing the operation's mineral endowment to increase mine life.

Cost saving will also continue to receive attention, with benefits still flowing from the ongoing programme which began in 2005 to develop alternative sources of supplies.

A new programme called MSG2020 will also evaluate technical alternatives in mine design, sequencing and metallurgical processes to seek improvements in production and returns on invested capital.

Sustainability

The operation's all injury frequency rate of 3.48 per million hours worked in 2011 compares with 7.22 in 2010. No lost time injuries have been reported for an impressive 19 months and no fatalities for more than three years.

Following a culture survey undertaken during the year, a safety behaviour plan was launched at all Brazilian operations. Initiatives include improvements to new employee induction, a review of on-the-job training processes, and standardisation of safety processes. A new approach to incident investigation and analysis was established in 2011. A proactive safety indicator to evaluate the quality of processes has been developed and AngloGold Ashanti Brazil has set targets to reduce all injury frequency rates to zero by 2020.

There have been no reportable environmental incidents at Crixas for seven years. Serra Grande was the first mining company to receive an environmental award by the environmental agency in the state of Goiás. The company also holds the following certifications:

- ISO 14001 – Environment;
- OHSAS 18001 – Occupational health and safety;
- International Cyanide Management Code; and
- ISO 9001 – Quality (Laboratory and smelter house).

The Brazilian operations support environmental education programmes and intensive social investments in the communities where it operates. The company has had a positive and constructive relationship with its host community in Crixas for some time. During 2011, the company extended its engagement with local communities and also provided support for 11 cultural projects focused on education, sport and the preservation of Crixas' cultural heritage.

There is an open-door policy with communities, communicating operational and environment-related information. Communities are informed in advance of the funds allocated to community investments and the host communities themselves participate in the selection of projects.

All stakeholders, including communities, companies, suppliers, employees, NGOs and local government to participate in an annual forum are invited to promote discussion regarding social policy and practices. The aim of this dialogue is to identify opportunities for improvement.

United States – Cripple Creek & Victor
Key statistics
Cripple Creek & Victor
2011
2010
2009
Pay limit
(oz/t)
0.007
0.007
0.008
(g/t)
0.24
0.23
0.28
Recovered grade
(oz/t)
0.011
0.013
0.013
(g/t)
0.39
0.43
0.46
Gold production
(000oz)
267
233
218
Total cash costs
($/oz)
564
493
376
Total production costs
($/oz)
720
610
475
Capital expenditure
($m)
67
73
87
Productivity (oz/TEC)
44.31
42.40

49.46
All injury frequency rate (AIFR)
(per million hours worked)
19.80
12.26
15.80
Average number of employees
581
646
562
Employees
454
403
367
Contractors
127
243
195
09
Gold production
(000oz)
10
11
218
233
267
09
Capital expenditure
($m)
10
11
87
73
67
09
Total cash costs
($/oz)
10
11
376
493
564
09
Average number of employees
*
10
11
562
646
581
*

Including contractors

– Americas

Description

AngloGold Ashanti holds a 100% interest in Cripple Creek & Victor (CC&V) Gold Mining Company's Cresson Project, located in the state of Colorado in the United States. A surface mining operation provides ore to a crusher and valley-leach facility, one of the largest in the world. Production here began in 1994. Production from the mine life extension (MLE1) project, which involved expanding capacity at the heap-leach pad, began in 2011 and is expected to continue until 2016 at current mining rates. Further life extension and production expansion projects are planned.

Performance

Production at CC&V increased by 15% to 267,000oz in 2011 at a total cash cost of $564/oz, compared with 233,000oz at a total cash cost of $493/oz the previous year.

Major construction of the MLE1 project was completed during the year and this contributed to production as ore was placed closer to the liner on the new section of the pad. An all phase 5 pad liner was placed in 2011, a county road was relocated and additional adjacent land was purchased in support of the project.

Operations continued to be affected by a severe drought in the Colorado River Basin. The lack of water reduced percolation through the pad, curtailing production and productivity. Despite the lower volumes, cash cost targets were achieved by a team that continues to make significant improvements in order to maintain the competitiveness of one of the gold industry's lowest-grade mines. Total tonnage mined was increased from 180,000t a day to more than 200,000t a day to offset a higher strip ratio and decreasing grades.

Commodity inflation was the primary driver of the year-on-year increase in cash costs along with higher diesel consumption as mining occurred deeper in the Cresson pit and waste hauls were longer. Development and mining progressed on the Wild Horse Extension of the orebody which is expected to provide new ore at shallower depths, while additional working faces in the existing mining areas are expected to be available in the future.

Growth and improvement

CC&V's Ore Reserve increased by 1Moz in 2011. Exploration in the concession area immediately surrounding the operation will continue. The feasibility study on the mine life extension 2 (MLE2) project was initiated by the Americas project team during the year. This expansion includes the addition of a mill and a second valley heap leach facility. Selective mining of mill-grade ore is to take place to feed the new plant and is expected to generate improvements to productivity, operating unit costs and production. The mill's processing stream in MLE2 should allow a marked improvement in recoveries from the heap leach.

Sustainability

CC&V has a strong safety record with no fatalities in 2011, maintaining its long-term fatality-free record. The all injury frequency rate deteriorated to 19.80 from 12.26 per million hours worked in 2010, mainly due to an increase in relatively minor incidents of strains and sprains. The Environmental Observation Programme continued in its second year and encouraged all employees to submit observations of safe as well as unsafe activities, unsafe conditions, near-miss incidents and environmental concerns. These observations are reviewed weekly by the management team and appropriate actions taken to resolve each issue.

The Project ONE and Safety Transformation initiatives were rolled out with standards being implemented as they are finalised. As part of the improvement initiatives, management is engaging all employees in soliciting, developing and implementing improvement ideas related to safety and production. This effort includes regular, scheduled meetings with top management and the hourly paid workforce.

In October, CC&V received recognition of continued certification at the "Gold" level in the Environmental Leadership Programme sponsored by Colorado Department of Public Health and Environment (CDPHE). Additionally, a CC&V staff member received the "24-Carat Gold Award" in the Colorado Environmental Leadership Programme in recognition for his work with the Victor community garden, recycling programmes at CC&V and in the community, as well as his efforts on sustainability issues.

CC&V is active in the local community, and along with the Victor Lowell Thomas Museum holds public mine site tours, with all income generated donated to the museum. The increase in visitors to the museum has increased Victor's foot traffic, leading to additional sales for local businesses, thus improving the town's viability and sustainability.

The newly formed Victor DREAM is organised into four committees: organisation, economic revitalisation, design and promotions. The committees have continued to meet and work towards positive projects for Victor. CC&V has been involved with DREAM from the beginning, participating in all committees and the steering committee.

In September, AngloGold Ashanti presented a donation of gold mined from CC&V to the Colorado Governor in support of the "Share in the Care", Colorado's initiative both to restore the crumbling internal structure and to regild the iconic gold dome of the Statehouse.

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AngloGold Ashanti's sole operating mine in Australasia is Sunrise Dam in Australia, while development of the Tropicana project, also in Australia, proceeds apace.
Production from Australasia declined by 38% to 246,000oz in 2011. This was equivalent to 6% of group production. This unforeseen decline in production was due to work stoppages caused by the high-wall slip and floods following excessive rainfall which resulted in operations both underground and at the open pit being affected for approximately six months.
Total cash costs increased by 46% to $1,431/oz, while in local currency, total cash costs rose 30% to A$1,386/oz, due primarily to lower production and the cost of remedial work.
In all, an average of 509 people, including contractors were employed at the Sunrise Dam operation, 3% more than in 2010.
Total capital expenditure for the region more than doubled to $102m, the bulk of which ($73m) was spent on the Tropicana project, which is scheduled to begin production in 2013. Most of this was spent on the main access road, operational readiness and accommodation.
The Tropicana gold mine is being developed by AngloGold Ashanti (70%) and joint venture partner, Independence Group (30%). AngloGold Ashanti is managing the Tropicana project and has also undertaken an extensive exploration programme in the area that covers some 13,500km
2
of tenements along
a 600km strike length. This area in Western Australia is considered one of the most prospective for new gold discoveries in Australia.
At year-end, the attributable Mineral Resource for Australasia totalled 7.45Moz and the attributable Ore Reserve 4.26Moz.
Review of operations
– Australasia
1
Overview and strategy
Review of the year
Governance
Financial statements
Other
Australasia – contribution to
group production
(%)
Australasia
6%
Rest of
AngloGold Ashanti
94%
FOR GROWTH

Western Australia
Sunrise Dam
246,000oz
1

P
85
Australia – Sunrise Dam
Key statistics
Sunrise Dam
2011
2010
2009
Pay limit
(oz/t)
0.10
0.14
0.08
(g/t)
3.00
4.32
2.45
Recovered grade*
(oz/t)
0.063
0.099
0.094
(g/t)
2.16
3.40
3.22
Gold production
(000oz)
246
396
401
Total cash costs
($/oz)
1,367
957
646
Total production costs
($/oz)
1,553
1,038
751
Productivity (oz/TEC)
40.29
66.77
73.52
Capital expenditure
($m)
27
29
31
All injury frequency rate (AIFR)

(per million hours worked)
19.40
13.65
8.94
Average number of employees
509
494
455
Employees
101
93
99
Contractors
408
401
356
Open pit and underground
AngloGold Ashanti Annual Financial Statements 2011
Review of operations – Australasia
09
Gold production
(000oz)
10
11
401
396
246
09
Capital expenditure
($m)
10
11
31
29
27
246
000oz
$27
m
09
Total cash costs
($/oz)
10
11
646
957
1,367
09
Average number of employees
*
10

11
455
494
509
*
Including contractors
$1,367
/oz
509
people employed

Description

The Sunrise Dam gold mine is located in the northern goldfields of Western Australia, 220km northeast of Kalgoorlie and 55km south of Laverton. The mine consists of a large open pit which is now in its fifteenth year of operation, and an underground mine which began in 2004. Mining is conducted by contractors and the ore is treated in a conventional gravity and carbon-in-leach (CIL) processing plant, which is owner-managed.

Performance

Sunrise Dam produced 246,000oz at a total cash cost of $1,367/oz in 2011, compared with 396,000oz at a total cash cost of $957/oz the previous year. There were two significant events during 2011 that negatively impacted production.

A major flood occurred in February, when 220mm of rain fell in two storms, less than five days apart. This was the highest rainfall recorded in the 129 years of records for the Laverton district. In April, a wall failed in the southeastern portion of the open pit, which prevented access to the open pit working areas. A new access ramp was constructed, which took approximately six months. No injuries were sustained in either event, or in the work required to re-establish production. The two events described above necessitated a substantial change to the mine plan and production schedule for 2011, with a consequential change to the annual gold output.

The flood event impacted underground production for approximately four months. During this period the mining contractor worked on remedial activities to repair damage and rehabilitate flooded areas, thus full costs were incurred. Production from the open pit was interrupted for approximately six months while the new access ramp was constructed.

Again the open pit mining contractor was fully occupied for most of the period, undertaking stockpile relocation, construction of the new access ramp and waste dump and tailings dam rehabilitation work. The impact of the flood event and the pit wall failure together reduced planned production by about 100,000oz. The considerable remedial work negatively impacted cash costs per ounce.

The underground operation returned to full production in the second half of 2011, and by the fourth quarter had achieved an ore production rate of 1.5mtpa on an annualised basis, which is close to the budgeted rate. This was achieved through much improved short- and medium-term planning in line with the business process framework principles of Project ONE.

Growth and improvement

An extensive mineralised system below the currently mined Cosmo and adjacent Dolly underground domains was discovered in 2011. Initial drill testing of these targets highlighted significant opportunity for a new mineralised domain, named Vogue. The mineralisation is an extension of the Cosmo and Dolly gold system that extends beyond the existing mine infrastructure by up to 400m and to depths of at least 800m below surface. It is hosted within volcanic rocks and structures equivalent to those that host the Cosmo, Western Shear and GQ mineralisation.

Dimensions of the Vogue mineralisation are significantly larger than Cosmo and Dolly, with an opportunity for either extensive bulk or selective mining zones, close to existing underground mine infrastructure. A conceptual study was completed at the end of 2011 and a prefeasibility study into the expansion of the Sunrise Dam underground mine has commenced, with a substantial exploration commitment that is expected to span two to three years.

Production at Sunrise Dam has been steadily declining from a peak in 2007 when the main high-grade ore zone was mined in the base of the open pit. Since then, in line with the mining plan, open pit production has been declining and underground production steadily increasing. Production from underground will not reach the previous highs of the open pit as volumes of high-grade ore do not reach the same concentration as previously encountered in the base of the open pit. A plan was implemented in 2011 to increase production in the period 2012 – 2014.

There are four main areas of focus for this plan:

- the Crown Pillar between the base of the pit and the underground mine contains high-grade ore. The pillar itself contains many pathways for water so by mining and replacing it, an engineered cemented backfill will improve water management in the event of flooding and high-grade, low-cost gold production will result;
- a study was undertaken during 2011 on the most suitable mining method for the GQ orebody. A substantial tonnage will now be mined via more productive and cost effective long hole open stoping methods and alternative mine design options are currently being assessed to optimise the extraction of areas of narrow, high grade mineralisation that extend beyond bulk mining zones within GQ;
- the underground production improvement project will focus on underground stope production, trucking, bogging, maintenance and retention of skilled people, using the “analyse and improve” processes of Project ONE. The objective is to lift ore production with minimal additional people and equipment. Management expects that this will improve mining costs and have the added benefit of lowering the cut-off grade and bringing more material into reserve; and
- the Vogue discovery is an extremely broad domain of high- and low-grade gold mineralisation. There are some well drilled areas at the top of the Vogue deposit where the potential exists for higher-grade coherent zones similar in scale to Cosmo. A preliminary resource estimate will be completed in early 2012 and ore reserve development could begin in mid 2012 to enable production to start in 2013/2014.

Other key capital projects underway at Sunrise Dam include the installation of an underground dewatering/pumping system designed to enable the volumes of water encountered in the flood of February 2011 to be removed from the underground mine within 14 days. Another capital project in the

underground mine consists of the construction of an underground workshop to service and repair the underground mobile fleet. This is expected to have a payback period of less than three years as equipment will no longer have to travel all the way to surface for services and maintenance work.
Installation of two primary ventilation fans (Cosmo and GQ) with remote control system will improve energy efficiency.

Sustainability

Sunrise Dam continues to maintain a lost-time injury frequency rate (LTIFR) below the Australian industry average. At the end of 2011, Sunrise Dam recorded an AIFR of 19.40 per million hours worked.

In 2011, the focus was on identifying or creating employment and economic development opportunities suitable for indigenous communities in the region. Focus was also on youth development programmes, which entailed educational assistance, traineeships and apprenticeships and employment at the mine.

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88
AngloGold Ashanti's investment in greenfield exploration and projects in recent years has begun to bear fruit. To date, five greenfield projects are being advanced and developed further. They are:

- In Colombia, in the Americas region:
  - Gramalote; and
  - La Colosa.
- In the DRC, in the Continental Africa region:
  - Kibali; and
  - Mongbwalu.
- In Australia, in the Australasia region:
  - Tropicana.

Of these, Tropicana is the most advanced.

Americas – Colombia

Gramalote

Description

The Gramalote project, a joint venture between AngloGold Ashanti Limited (51%) and Vancouver-based B2Gold, is located 110km northeast of Medellin in the municipality of San Roque, which is in the department of Antioquia, Colombia. The project, managed by AngloGold Ashanti, is expected to be the group's first operating gold mine in Colombia, establishing its operating credentials in the country.

Key statistics – Gramalote (100%)

		2011
Number of employees (including contractors)		246
Mineral Resource (inclusive)	Moz	4
Ore Reserve	Moz	Undefined as yet

Progress

Year 2010 marked the return as operator and project manager for AngloGold Ashanti after it took over a stake from B2Gold to undertake the prefeasibility and feasibility analyses. AngloGold Ashanti immediately accelerated the drilling programme to improve knowledge of the orebody and increased the project's resource.

During 2011, a total of 30,683m of drilling was undertaken and the resource increased by 83% to 4Moz as drilling was undertaken on satellite areas adjacent to the main Cerro Gramalote orebody. This work built on the foundation created by B2Gold, which had completed an earlier scoping study on the project.

GROWTH PROJECTS

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Since September 2010, when AngloGold Ashanti assumed control of the project, 33km of drilling has been completed. The initial scoping study envisaged production of between 250,000oz and 300,000oz of gold a year, though the recent resource upgrade, continued exploration success and favourable metallurgical testwork suggest the potential to increase the scale of the project.

Gramalote has several inherent advantages, most notable a benign climate, good infrastructure and good access to water and power. In addition, the area’s relatively flat topography presents good opportunities for tailings storage. Most importantly of all, however, is a high level of community support for the project during the initial exploration and prefeasibility study-phases.

Also, the relationship with artisanal and small-scale miners who operate in the general area and in the proposed project area is positive, with ongoing negotiations on relocation and new activities sought by these miners.

The successful development of Gramalote offers an ideal opportunity for AngloGold Ashanti to establish its project development credentials to the host community and to the broader Colombian population. This will demonstrate that it can successfully, sustainably and safely develop a modern mining operation that improves the livelihoods of host communities and provide a long-life operation with predictable income flow for employees, local municipalities and the Colombian government.

The project will also help establish the necessary legal precedent for the country’s nascent large-scale gold mining industry, an important potential source of foreign direct investment for the country and substantial fiscal revenues, in line with the government’s economic growth objectives.

Almost $30m was spent on the prefeasibility study in 2011, which included exploration on only about 10% of the 30,000 hectare concession area. This study is expected to be completed during 2012, and will be followed immediately by the full feasibility study which is expected to be completed in 2013. Construction is envisaged to begin in 2014 and first production in 2016.

Given the increase in the resource and the continued potential for more ounces to be added as drilling continues, trade-off studies are underway to determine the optimal size of the project.

Sustainability

Much of Gramalote’s support stems from the promise of economic development it will provide for a community with 35% of its inhabitants in poverty and 12% in extreme poverty. About 14% of San Roque’s inhabitants are unemployed. In addition, the project has established a corporate social responsibility programme which includes supporting existing

activities and social infrastructure.
The possible relocation of the artisanal miners and some agricultural activities will be undertaken following international standards. Initial negotiations with artisanal miners and discussions of possible relocation have been able to successfully establish trust with the population. Relationships with the regional environmental authority have been very positive and are based on the mutual interest of building a successful, sustainable mining operation in the region.

La Colosa

Description

The exploration rights at the La Colosa project are wholly held by AngloGold Ashanti. This gold project is located 14km from the town of Cajamarca, in the department of Tolima, in Colombia. La Colosa, which lies in steep terrain in Colombia's central Cordillera province, is the largest greenfields discovery made by AngloGold Ashanti, with the resource currently at 16Moz. Exploration drilling at site resumed toward the middle of 2010 after a two-year hiatus to receive or renew permits necessary to continue work on this gold porphyry deposit.

Key statistics – La Colosa

		2011
Number of employees (including contractors)		550
Mineral Resource (inclusive)	Moz	16
Ore Reserve	Moz	Undefined as yet

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90
Progress
Crucially, key capacity was built with a world-class team assembled to: develop the appropriate sustainability model for La Colosa; build the technical case for the project; execute its development and work closely with all stakeholders to secure the necessary permits and approvals.
The year in review marks significant progress for this project, which lies in a 600km
2
concession and has the potential to
provide a quantum-leap in production for AngloGold Ashanti. It lies in land designated under Colombian law as a 'forest reserve', a legal term for a tract of land designated for forestry use. Nevertheless, extraction permits, following a revised permitting process, are required to reclassify land needed for mining development.
The prefeasibility study currently underway is scheduled for completion in 2014. It will define the extent and size of the resource, conduct metallurgical testwork, weigh the alternatives for mining and processing infrastructure, purchase land necessary for access and infrastructure development and conduct the necessary social and environmental impact baseline studies.
An international geotechnical and tailings review panel, with world-class independent experts, was established in 2009 to ensure design, construction, and operating and closing use of these facilities endeavour to use industry best-practice and technology.
Indicative capital expenditure on the project is about $3.4bn with a total cash cost initially estimated at around $495/oz. These figures will be updated on completion of the prefeasibility and feasibility studies ahead of construction which is scheduled to start at the end of 2015. First production is targeted for late 2019.
About 47,619m of drilling was completed during 2011, with resources increasing by 30% to 16Moz. The year ended with five rigs working on site, following an increasingly encouraging set of drill results – higher-than-average grades over significant widths marked each quarter. In particular, results like 202.4m @ 2.27g/t Au from 236m, in the fourth quarter, were among several that compared favourably to the deposit's average grade of about 1g/t and provided continued confidence in the potential for expansion of the previously defined mineral system. Almost $64m was spent on the prefeasibility study during the year.
At a time when many of the world's newest gold deposits are built in remote regions, La Colosa lies less than 6km from a national highway, close to Colombia's main power grid.
Sustainability
The logistical advantages posed by the project's steep

topography are obvious, while the mineral potential is increasingly impressive. Nevertheless, the challenge at La Colosa relates to securing an unequivocal social licence to operate and to showing the economic and social benefits of the project to the local community. AngloGold Ashanti will be sensitive to the needs of local communities – specifically as these pertain to security of the water supply and minimising the environmental impact. Already, even in the early stages of the project, part of the water required for the exploration phase has been drawn from rainfall and recycled by a system developed by the AngloGold Ashanti team on the ground. Drill platforms are built from, rather that dug into, the mountain to further minimise the impact.

While water use is of concern in this mostly agricultural region, infrastructure location will also be analysed to minimise water use and reduce impacts on critical water sources. In addition, preliminary figures demonstrate that there would be no material impact on agricultural or domestic use by the project.

The in-country team continues to work on a broad awareness and education campaign to show the benefits of responsible mining, while explaining how impacts are mitigated and compensated for to achieve a net positive impact.

Continental Africa – DRC

Kibali

Description

The Kibali gold project is a joint venture between AngloGold Ashanti and Randgold Resources, with each owning a 45% stake and Société des Mines d’Or de Kilo-Moto (SOKIMO), a state-owned gold company, which owns the balance.

Kibali, acquired with the purchase of Moto Goldmines in 2009, lies in the north-eastern DRC, adjacent to the town of Doko, a staging point for the project and 180km by road from Arua, on the Ugandan border. Jersey-based Randgold, also AngloGold Ashanti’s partner at the Morila gold mine in Mali, is the operator and project manager at Kibali.

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Pre-development work on the project began in early 2011, and first gold production is scheduled for around the beginning of 2014. Full production is expected in 2015.

Key statistics – Kibali

		2011
Number of employees (including contractors)		688
Mineral Resource (inclusive)	Moz	8.38
Ore Reserve	Moz	4.52
Capital expenditure	$m	73

Progress

By the end of 2011, the construction crew had started mobilising on site, a process expected to be completed during the first quarter of 2012. Long-lead plant and equipment items were secured, key contractors selected and a development management team assembled.

The relocation programme for nearby villages – a critical component of Kibali's pre-development phase – progressed smoothly through the year, with two of the 14 villages affected already resettled in the new model village of Kokiza by December. Five local contractors are building houses at the rate of 300 per month, thereby assisting with local economic development in the region.

The final feasibility study and integrated execution plan for the project is due to be presented to AngloGold Ashanti's board for approval in the first half of 2012. Until then, AngloGold Ashanti has agreed to continue to fund its share of the critical path items needed to ensure the timeline for the project was not compromised. Final capital, production and cost estimates will accompany the announcement of the project's final approval.

The Kibali mine will comprise an integrated open pit and underground mining operation, feeding a larger 6Mt a year processing plant which will include a full flotation section for treating sulphide ore. The complex will ultimately be supplied by four hydropower stations supported by a thermal power station for low rainfall periods and back-up. The core capital programme is scheduled to run over the next four years.

Phase 1 of the project, required to deliver the mine's first gold production, will cover the metallurgical facility, one hydropower station and back-up thermal power facility, construction of a tailings storage facility, relocation of villages, open-pit mining and all shared

infrastructure. This phase will run over a two-year period.
Phase 2, which will run concurrently with Phase 1 but will extend over four years, will focus primarily on development of the underground mine and include a twin-decline and vertical shaft system, along with three hydropower stations. This is expected to bring the underground operation into first production by the end of 2014, with steady state production targeted for the end of 2015.

The project's community development plan also seeks to support food security initiatives with a view to reducing community dependence on artisanal and small-scale mining.

The project has an improved environment adjustment plan, which is the legal permit required before mining commences. An environmental and social impact assessment, however, has been undertaken to comply with new environmental legislation, and to provide guidance for the development of an integrated environmental management plan that allows the mine to be constructed and operated responsibly and minimises future liability for shareholders.

Mongbwalu

Description

The Mongbwalu gold project in the northeastern DRC, is a venture between AngloGold Ashanti, which owns an 86.22% stake and SOKIMO, the state-owned gold company, which owns the balance. The deposit lies about 48km northwest of the town of Bunia, a staging point for the project. Preparatory work at the project has been completed, and first gold production is scheduled for the beginning of 2014.

Belgian mining companies operated on a relatively small scale in the area for about 50 years before leaving in 1961, while SOKIMO began mining in 1966.

The area around Mongbwalu has historical recorded gold production of about 2Moz of gold. The venture holds 18 tenements which, at the end of the year, covered an extensive area of 5,487m^2. About 600 people are currently employed on site.

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Key statistics – Mongbwalu

		2011
Number of employees (including contractors)		603
Mineral Resource (inclusive)	Moz	2.06
Ore Reserve	Moz	Undefined as yet

Progress

The preliminary scoping work envisaged an initial underground mine in the Adidi area of the resource, with the necessary infrastructure designed to generate cash flow to fund further exploration and expansion activities within the demarcated area belonging to the venture.

The feasibility study for the project was completed in March 2011, after which the business and technical development teams conducted the normal optimisation process through the balance of the year. Approval by the venture board is expected in March 2012, when the final feasibility study and integrated execution schedule is to be presented.

The project is a beachhead for AngloGold Ashanti in the highly prospective Kilo greenstone belt. The initial project will be designed and built with a view to increasing its size as the aggressive regional exploration programme identifies new sources of ore. Capital and cost estimates for the project will be released along with the announcement of its approval.

Upgrading of staff accommodation on site was undertaken during the year. Substantial progress was also made on the construction of the 60km road to Bunia and a hydropower plant was refurbished.

Regional exploration continued on the 5,487km^2 Kilo concession. The brownfield exploration team continued drilling in support of the project on the Adidi and Kanga Mineral Resource. Greenfield exploration activities continued on five targets, namely Lodjo, Issuru, Dala, Alosi Camp 3 and Petsi. An IP survey was completed for Camp 3 (Kilo Central) while diamond drilling continued at Pili Pili (Pluto North-Issuru). Trenching and soil sampling continued in Kilo Central and Kilo North.

Sustainability

A concerted focus was placed on sustainability issues to support environmental and community development over the life of the project, which promises to be an important source of economic and social development both for the immediate region and for the DRC as a whole.

Crucial to this process are the health and environmental baseline assessments commissioned during the year to determine risks and benefits of developing and operating a new, modern mine in the area. The venture contributed support to staff at the Mongbwalu hospital and also to the area's schools, benefitting 60 teachers and more than 2,000 students.

Equipment and materials were also provided to assist in rebuilding the area's primary schools which were damaged in the country's recent conflict. Funds were committed for the rehabilitation of 12 water sources in the area.

At the request of the community, a bridge over the Tili river was rebuilt and assistance provided for the refurbishment of the city offices.

During the year, a literacy and microsavings programme commenced that now reaches throughout the concession and includes mostly women's groups but also small groups of artisanal miners saving in order to create new opportunities. In addition, these groups receive business training. It is envisaged that as they save and develop solidarity they will create enterprises that may grow along with the regional economy. One such group has already

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purchased a flour mill and another has begun raising animals. The venture also held workshops on women's issues and on artisanal mining.

Australasia – Australia

Tropicana

Description

The Tropicana project, an unincorporated joint venture between AngloGold Ashanti Australia Ltd (70%) and Independence Group NL (30%), is located 330km east-northeast of Kalgoorlie in Western Australia. The project is managed by AngloGold Ashanti on behalf of the joint venture partners.

Key statistics – Tropicana

		2011
Number of employees (including contractors)		132
Mineral Resource (inclusive)	Moz	4.49
Ore Reserve	Moz	2.74
Capital expenditure	$m	73

Progress

The project development approval was obtained in November 2010 at a total attributable capitalised development cost of A$530m to establish a new 6Mt a year gold mine with a life of about a decade. Ongoing exploration success is expected to add to the operation's life.

First gold production is anticipated in late 2013. Elevated production from higher grade zones is expected for about the first five years. The average total cash cost of the life of the project is currently estimated at A$590-A$710/oz.

Lycopodium Minerals was engaged in early 2011 to provide engineering, procurement and construction management services to develop the infrastructure and processing plant. Macmahon has been awarded the mining contract and is responsible for the design and establishment of the infrastructure required to support mining operations.

By 31 December 2011, the project had progressed to schedule and within the approved budget. All regulatory approvals have been obtained. The necessary infrastructure, including access road, airstrip, accommodation village and telecommunications services were at advanced stages of development. Full transportation access to the site has

been achieved.
Engineering and design for processing plant and infrastructure was approximately 75% complete at the end of the year. Procurement of all equipment was 90% complete and the delivery of the equipment was in line with the project schedule.
Construction of the processing plant began in late 2011 with bulk earthworks for the plant site and internal access roads and concrete works scheduled to commence in early 2012.
A new Mineral Resource estimate was completed for Tropicana at year-end, with a 1.05Moz increase bringing the total resource to 6.41Moz (100% basis). The increase was attributable to drilling in the Havana Deeps area, between the site's Tropicana and Havana pits. Exploration drilling has continued in the area.

OF
EXPLORATION OPTIONS
Total expensed exploration for 2011 amounted to $313m of which $98m was spent on greenfield exploration, $87m on brownfield and $19m on marine exploration. This includes $109m spent on prefeasibility studies.

The main objective of AngloGold Ashanti's greenfield exploration team is to make significant, high-value gold discoveries in new and existing regions, while brownfield exploration focuses on incremental additions to known orebodies and new discoveries in defined areas around existing operations.

Greenfield exploration countries
Greenfield strategic alliances
Pre-2011 100% AngloGold Ashanti
Pre-2011 joint ventures

New 2011 joint ventures

2011 100% AngloGold Ashanti
Blue-sky – AngloGold Ashanti/De Beers
marine exploration joint ventures

Canada
Baffin Is JV

Superior JV

Melville Project

USA
Drum Mountain Project

Nome, Alaska

Colombia
Western Cordillera JV

Rio Dulce

Quebradona JV

Anaima - Tocha

Chaparral JV

Salvajina

La Llanada

Argentina
Santa Cruz (El Volcan)

Brazil
Falcão JV

Juruena

Santana JV

(South Carajas Block)
Guinea
Siguiri Blocks 1-4

Gabon
Dome JV

Ogooue

Amiga JV

DRC
AGK JV Kilo Project

South Africa
South African Sea Areas

Tanzania
Oryx JV

Mkurumu JV

Ethiopia
Stratex Afar JV

Gordoh JV

Djibouti
Stratex Afar JV

Eritrea
Akordat North

Kerkasha JV

Egypt

Wadi Kareem JV

Hodine JV

Saudi Arabia

China
Jinchanggou CJV

Solomon Islands
Kele & Mase JV

New Georgia

Vangunu JV

Australia
Cornelia Range

Tropicana JV

Viking

Gawler JV

New Zealand
Sea Field Resources

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Location of AngloGold Ashanti greenfield exploration

Greenfield exploration

An expansive greenfield exploration programme was undertaken in 17 countries during 2011. A total of 213,441m of diamond, reverse circulation and aircore drilling was completed in testing existing priority targets and in the delineation of new targets in Australia, Colombia, Brazil, Argentina, the Solomon Islands, Gabon, Guinea, Egypt, Ethiopia, Democratic Republic of the Congo (DRC) and Canada. This compares with 276,346m drilled the previous year. Significant airborne geophysical surveys were undertaken in Colombia.

Greenfield activities are undertaken through joint ventures, strategic alliances and wholly owned ground holdings. The principal objective of the greenfields exploration team is value creation through the discovery of new long-life, low-cost mines that maximise shareholder value. Discoveries and ground positions that do not meet certain investment criteria are joint-ventured or divested to maximise AngloGold Ashanti's return on its exploration investment.

For 2012, expensed exploration of $230m is planned (including expenditure at equity-accounted joint ventures), with $108m planned for greenfield exploration, $102m allocated for brownfield exploration and a further $20m for the De Beers joint venture focusing on marine exploration.

A further $150m of expenditure is allocated to prefeasibility studies at the La Colosa and Gramalote projects in Colombia, as well as to feasibility studies on the Central Mongbwalu deposit in the DRC, and associated expenditures.

Strategic context

The five core strategic focus areas translated into the exploration strategy and execution of the business plan are summarised below:

People are the business – greenfield exploration, which is active in 17 countries, is undertaken by a highly diverse group of personnel in terms of age, gender, culture, nationality and technical skills. This depth has created a mobile workforce capable of global deployment. An integral part of the greenfield exploration team's strategy is to provide employment for local personnel at all levels, assisting in engagement of communities from the earliest stages of exploration.

Maximise margins – in line with the exploration strategy, the objective is to achieve a greater than 25% return on investment. This requires new and significant discoveries every four to five years and a portfolio composition that maximises potential returns from projects not meeting the investment criteria. Discovery costs of less than $25 per ounce are targeted for AngloGold Ashanti discoveries and are calculated on the basis of total investment in exploration net of divestments.

Significant additional value can be ascribed to AngloGold Ashanti's tenement positions in world-class districts that include the Colombian Cordillera, Birimian terrane in Guinea and the fertile greenstone terranes of eastern DRC.

Asset portfolio management – the greenfield exploration team maintains a balanced portfolio and a pipeline of projects at the various stages of exploration, from project generation to resource definition. This ensures a continuous opportunity flow through the pipeline in order to spread risk. Importantly, this requires diversification across new frontiers, emerging regions and known terranes. The range of ownership and partnership structures employed by AngloGold Ashanti helps achieve the desired variety of targets envisaged in this strategy. Important components for new discoveries and effective resource targeting include securing new search spaces and strategic landholdings whilst maintaining a balanced portfolio.

Grow the business – the greenfield exploration portfolio includes strategic world-class holdings in Colombia, Guinea, the DRC, Australia and the Arabian-Nubian Shield. Following the discovery and ongoing incremental size increases at La Colosa, Gramalote, Tropicana-Havana and Mongbwalu, the company has moved a number of projects forward in the discovery pipeline. Projects with emerging potential include Hutite (Egypt), Saraya and Koun Koun (Guinea) and Quebradona (Colombia).

In the Middle-East and North Africa, AngloGold Ashanti and its strategic alliance partner, Thani Investments, have made significant progress in building a regional tenement portfolio in Egypt and Eritrea. The Thani Ashanti Alliance Company has also applied for tenements in Saudi Arabia and Ethiopia and conducted exploration in joint venture with Stratex International in Ethiopia and Djibouti.

The strategic landholdings and the robust portfolio of projects from early to advanced stages position the company for significant growth through exploration.

Deliver sustainable outcomes – Greenfield exploration is committed to the integration of Project ONE into the business unit to ensure the strategy is supported by an appropriate organisational design and cross functional relationships within operating regions. The safety transformation programme is an integral part of the deployment of Project ONE with leadership and safety training programmes being crafted and progressively rolled out across the business unit through to the end of 2013.

Critical to operating a safe global business has been the development of a three-year intervention strategy to address safety performance, serious injuries and fatalities. The strategy focuses on aligning the Safety Transformation component of Project ONE with the implementation of AngloGold Ashanti safety standards.

During 2011, greenfield exploration in Guinea increased options for potential discoveries in Blocks 2 and 3. In the DRC, regional exploration work over the Kilo Greenstone Belt started to unlock potential, while in North Africa the Thani Ashanti strategic alliance made exceptional progress in Egypt and Ethiopia. In Colombia, exploration drilling at Quebradona confirmed the potential for copper-gold porphyry mineralisation which, coupled with the world-class La Colosa deposit in the greater Anaima-Tocha project area, represents an exceptional value proposition.

Significant achievements for 2011 included the delineation of additional pre-inferred gold ounces in Guinea and the resumption of drilling at the Quebradona project in Colombia (see table alongside).

Considerable progress was also made in advancing AngloGold Ashanti's greenfield exploration portfolio elsewhere in 2011. Following the company's entry into four new regions in 2009, 2011 saw rapid progress in the delineation of exploration targets, licence applications and associated approvals and exploration activities including drilling, airborne and ground geophysics and diamond drilling.

Encouraging drilling and trench results have been received from Egypt, Guinea, the DRC and the Solomon Islands.

Before any further expansion of the exploration portfolio can be considered, the focus has shifted to prioritising expenditure on projects with potential for significant near-term discoveries. At the same time, projects that have not met requirements will be monetised. This process is already underway in Canada, Gabon, China and elsewhere.

Project pipeline

AngloGold Ashanti holds a total of 97,531km^2 of high-priority greenfields tenements globally from which there is a robust project pipeline. This is illustrated for a number of key regions (this does not reflect the full extent of the project portfolio).

In the Americas, the principal area of focus has been to advance exploration on a number of key projects in Colombia. This has included further mapping and airborne surveys over the Anaima-Tocha project area, covering some 600km^2 predominantly to the north of La Colosa. It is anticipated that a number of drill-ready projects will be explored in 2012 once permits have been obtained. Elsewhere in Colombia, the completion of airborne magnetics and radiometrics and further mapping has resulted in new targets being defined and drilled at Quebradona (AngloGold Ashanti/B2Gold joint venture). Here a total of 4,711m was drilled targeting porphyry gold-copper mineralisation.

Elsewhere in Colombia, exploration among others was undertaken on the Rio Dulce and La Llanada tenement groups.

In Canada, exploration continued on properties forming part of the Superior joint venture with Laurentian Goldfields, where drill testing of targets generated by lake sediment geochemistry was completed in late 2011 in the Goldpines South joint venture. On the Baffin Island joint venture with Commander Resources, exploration work was limited to mapping and IP surveys on specific targets.

In Brazil, early stage exploration comprised of mapping and regional geochemical programmes, was undertaken on the wholly-owned Juruena Belt tenements. The Falcão joint venture with Horizonte Minerals commenced drill testing of greenstone hosted gold mineralisation, using a combination of aeromagnetic interpretations and gold-in-soil geochemistry to target initial drill holes. A total of 15 diamond holes for a total of 3,663m were completed in 2011. The drill testing produced some encouraging early results but no ore grade intercepts.

In sub-Saharan Africa, greenfield exploration programmes were undertaken in the DRC, Guinea, Gabon and Tanzania, with a number of prospects in Guinea and the DRC exhibiting potential. In Guinea, the greenfields exploration teams are exploring the regional tenements that comprise a combined area of 1,685km^2. Regional geochemical programmes have defined a number of significant gold-in-soil anomalies with strike lengths of up to 10km.

At Saraya and Saraya South, located in Block 2 to the west of the Siguiri, ore-grade intercepts were returned for multiple holes. Similarly, at the Koun Koun prospect, located in Block 3 to the east of the Siguiri operations, drilling beneath robust gold-in-soil anomalies has returned ore grade intercepts in a deeply weathered profile.

In the DRC, AngloGold Ashanti holds an 86.22% interest in Ashanti Goldfields Kilo (AGK), while the remaining 13.78% is held by the state-owned gold company SOKIMO. Of the 7,443km

2
previously held under exploitation licences by
SOKIMO, 5,447km
2
have been transferred to AGK under the
terms of an agreement with the government, with 399km
2
pending transfer at the end of the year. Significant progress
was made with regional soil geochemistry programmes that
are expected to provide significant coverage over much of

Global exploration
Prefeasibility
Resource definition/
conceptual studies
Drill
testing
Drill target
definition
Target
generation
Project
generation
Early-stage exploration
Mid-stage exploration
Late-stage
Exploration
4-5 years
3-4 years
2-3 years
1-2 years
Konga
Mase / Kele JV
New Georgia JV
Solomon Islands
Hutite
Hodine (Anbat)
Egypt
Mont Tsi, Northwest
Kilo (AGK)
DRC
Saraya, Kounkoun
Blocks 2/3
Blocks 2/3/4
Guinea
Analma-Toche, Quebradona
Colombia Regional
Iceberg, Sidecar, Dragonfly
Beaker, Animal
Tropicana JV, Viking
Havana Deeps, Boston Shaker

the landholding during 2012. This, combined with detailed geologic mapping and structural interpretation, has enabled the ranking and prioritisation of drill targets. During 2011 a total of 4,009 diamond metres were drilled, with some encouraging results. A total of 789 trench samples were taken at a number of prospects, some of which returned promising gold grades.

In Gabon, AngloGold Ashanti is conducting exploration on an exclusive basis on the Ndjole and Mevang properties in partnership with Silver Bull Resources (formally Dome Ventures). The work has comprised regional geochemical sampling programmes and completion of a diamond drilling programme on the Ndjole licence.

In the Middle East and North Africa, exploration is conducted through a regional strategic alliance with Dubai-based Thani Investments. Since the inception of the alliance in mid-2009, significant progress has been made on advancing exploration projects on the Wadi Kareem and Hodine concessions in Egypt. The Hutite project, located on the Hodine concession, is an orogenic gold deposit where the alliance has to date completed 54 diamond holes for a total of 12,352m. Visible gold and significant intercepts have been returned from many of the completed diamond holes. Mineralisation extends over a strike length greater than 1.6km.

In Eritrea, AngloGold Ashanti is currently reviewing its investment. Exploration in partnership with Stratex International was conducted for epithermal gold mineralisation in the Afar depression of Ethiopia where the first-phase drill programme intersected encouraging low- to moderate-tenor gold mineralisation.

The alliance has continued with project generation activities in Saudi Arabia and a number of licence applications have been made.

In the Solomon Islands, where AngloGold Ashanti is in joint venture with XDM Resources, an extensive land position is held over the New Georgia Island chain. Work has been focused on specific epithermal and porphyry targets, including Vulu, Mase and Konga. The potential for substantive epithermal gold mineralisation appears limited in the Vulu area. Exploration will now focus on the broader region in anticipation of securing additional land access agreements. The joint ventures collectively cover 1,707km^2 in the New Georgia Belt, effectively consolidating the entire island chain. Exploration activities in 2011 included drilling 4,911m, trenching, field mapping, soil and rock chip sampling, spectral studies and airborne electromagnetic surveying.

In China AngloGold Ashanti is in the process of divesting its 70% interest in Gansu Longxin Minerals CJV located in the Gansu Province of western China. All active exploration activities have been concluded in China.

The Tropicana joint venture (AngloGold Ashanti 70%, Independence Group NL 30%) is systematically targeting a belt of tectonically reworked Archaean and Proterozoic rocks on the eastern margin of the Yilgarn Craton, Western Australia. Greenfields exploration in the Tropicana joint venture during

Operations
Advanced projects

United States
Cripple Creek & Victor

Colombia
La Colosa

Gramalote JV

Brazil
Serra Grande

AGA Mineração

Argentina
Cerro Vanguardia

Guinea
Siguiri

Mali
Yatela

Sadiola

Morila

Ghana
Iduapriem

Obuasi

Namibia
Navachab

South Africa
Vaal River
Great Noligwa

Kopanang

Moab Khotsong

Surface operations

West Wits
Mponeng

TauTona

Savuka

Tanzania
Geita

DRC
Kibali JV

Mongbwalu

Australia
Sunrise Dam

Tropicana JV

1
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Location of AngloGold Ashanti brownfield exploration

2011 focused on regional aircore drilling and reverse circulation/ diamond drilling of seven priority targets. A number of prospects have been identified for further work including the Iceberg prospect, located 35km south of the Tropicana Gold Mine, where aircore and RC drilling identified mineralisation. Best results include 20m @ 1g/t Au from 32m.

The wholly owned Viking project covers the interpreted southeast extensions of the Tropicana belt. Exploration during 2011 included airborne magnetics/radiometrics, regional auger sampling and aircore drilling of selected targets. Several auger anomalies have been identified for drill testing.

In Australia, a total of 2,231 Aircore/RAB holes were drilled for 102,278m, 109 reverse circulation holes for 15,945m and six diamond holes for 1,032m. In addition, 18,417 surface auger samples were collected, 30,861-line kilometres of aeromagnetic and radiometric surveys were flown and 1,223 line kilometres of ground gravity data were acquired.

Brownfield exploration

AngloGold Ashanti continues to actively drive the creation of value by growing its major asset, namely its Mineral Resource and Ore Reserve. The drive is based on a well defined and active brownfields exploration programme, innovation in geological modelling and mine planning and continual optimisation of its asset portfolio.

South Africa

A total of 14 surface holes were drilled during the year, five at Moab Khotsong, three at Mponeng and six shallower surface holes to the west of Kopanang.

Borehole MMB5 completed its deflection drilling programme early in the year. Borehole MGR8 continued advancing (Deflection 9) and intersected the Vaal Reef in the last quarter. Deflection drilling continues. In MGR6 drilling of the long deflection is still in progress. MHH2 was started and advanced to a depth of 709m. Percussion drilling of the pilot hole was completed at MCY6 and diamond drilling will start on completion of MGR8.

UD51 advanced to 2,436m. Heavy losses of drilling fluids experienced during the year have been resolved by inserting casing into the hole. UD59 started drilling and advanced to 1,132m. Rigging was completed for UD60 and the casing is being inserted.

A series of shallow surface holes to the west of Kopanang started drilling in the third quarter. KGD1, targeting the Vaal Reef on the farm Grootdraai, advanced to a depth of 1,168m. The Vaal Reef was faulted out and a long deflection is now being drilled. KGD2, targeting the VCR also on Grootdraai, was drilled to 519m and has been completed. The drill site has been rehabilitated. KGD3 started drilling and advanced to a depth of 292.5m. KDPL1, targeting the Vaal Reef on the farm De Pont Landing, advanced to a depth of 719.1m. The hole is currently being recovered after the rods were dropped. Boreholes, KWH1 and KWH2 both started late in the year and reached depths of 63m and 103m respectively.

Continental Africa

Tanzania

At Geita, Mineral Resource drilling over the Nyankanga, Geita Hill, Geita Hill East, and Star and Comet areas was completed during the year. Assay results proved the down dip potential underground extension of the Nyankanga deposit, which still remains open at depth. A good example of this potential was drilled from Cut 8 and recorded 24.2m @ 22.17g/t Au from 262.5m.

Reconnaissance drilling (20,158m RC and DD holes) to support a growth strategy was undertaken on three induced polarisation (IP) targets, namely Nyankumbu, Nyakabale West and Mgusu and 14 electromagnetic (EM) targets which include Kibugwe 17A, 17B and 17C, Nyamikoma, Lwenge, Bugulula, Kukuluma East, Area 3 North, Bukolwa, Kanza, Mzingama and P30.

Diamond drilling was conducted at Kukuluma, Matandani and Area 3 deposits in the Kukuluma Terrain in order to help define an optimal processing route.

During 2011 a total of 87km of IP surveys were conducted at Nyakabale East, Kalondwa Hill and Star & Comet Extension areas.

Intensive geological and structural mapping was undertaken at Ridge 8, Star & Comet and the P30 area. An initial mapping phase commenced at the Kukuluma and Matandani pits; with reconnaissance mapping completed for the portion of the Kukuluma Terrain surrounding Kukuluma, Matandani and Area 3 deposits.

Guinea

At Siguiri in Guinea, brownfields exploration activities in 2011 focused on the Block 1 licence area with a total of 153,955m drilled during the year.

Mineral Resource drilling of oxide material concentrated on Kozan, Sintroko and Sokunu. Fresh rock drilling focused on the Sintroko, Tubani Extension and Kozan pits to define sulphide ore continuity below the current pit outlines.

A reconnaissance exploration programme in Block 1 continues to discover new geochemical anomalies, with a total of 5,211 geochemical surface samples collected during the year.

A new discovery was made at Silakoro Project, on a previously unexplored trend, of a potential oxide Mineral Resource situated 2km west of the processing plant. Significant drill results included 23.38m @ 1.13g/t Au from 6m and 19.92m @ 9.77g/t Au from 6m.

IP surveys were completed over the Sokunu East reconnaissance target as well as over the Seguelen Mineral Resource as a type-deposit for further targeting. A gravity survey was completed over a promising shallow oxide target at Silakoro.

Ghana

Surface exploration resumed on the Obuasi concession during 2011 to evaluate any shallow mineralisation potential at the Anyankyerim deposit and results to date are positive. Mineral Resource upgrade and extension drilling achieved a total of 4,413m.

Underground drilling to explore the Obuasi Deeps below 50 level and southern extensions of the current mining areas above 50 level continued during the year with a total of 3,771m achieved.

A
joint Obuasi-UWA-CET three-year research project commenced mid-year, with the primary deliverable being an integrated 4D model for controls on the geometry of mineralisation within the Obuasi system. The study is expected to enhance delineation of the Obuasi Deeps Mineral Resource and guide exploration strategies in the Ashanti belt and the greater Birimian.

A total of 13,067m was drilled into the old Teberebie Leach Pads during the year at the Iduapriem Gold Mine. Reduced drill rig availability has postponed a planned underground scoping study drilling programme until the first quarter of 2012.

Democratic Republic of the Congo

Exploration work progressed at Mongbwalu during 2011 with 26 diamond core holes completed for 6,446m and 18 RC holes for 2,755m. These were predominantly Mineral Resource drilling and metallurgical holes at Kanga, and mine dewatering holes at the Adidi Mine in support of the continued growth of the project. Six water monitoring holes were also completed and equipped.

A core re-logging exercise was completed during 2011 with 366 diamond holes re-logged to support the re-estimation of the overall geological Mineral Resource and increase the structural understanding of the deposits. A resistivity survey was undertaken over the Nzebi and Adidi faults in support of this work.

At Kibali exploration drilling during 2011 connected the Sessenge deposit to KCD (9000 lode) and confirmed over two kilometres of continuous down plunge mineralisation. The first deep hole, DDD532 (1,346m) has confirmed mineralisation a further 450m down plunge from the existing block model. The lower 5000 and 9000 lodes were not intersected as the hole deviated. A second deep hole is currently underway.

The geological model identifies the potential lateral continuation of the 9000 lode and possible link between KCD and Gorumbwa. A programme of five diamond drill holes for 3,980m has been approved which will also test the 3000 lode extension towards Durba hill where access was previously not possible due to the presence of Sokimo infrastructure. This drilling is scheduled to take place during 2012.

Mali

During 2011 a total of 68,184 RC metres and 3,628 diamond core metres were drilled on the Sadiola Concession.

Additional drilling in 2011 involved the sterilisation around the Sadiola Sulphide Project (SSP) for planned infrastructure.

Preliminary results from multi-element analysis revealed potential for economic molybdenum and work is ongoing to assist with a desk-top study to investigate the financial benefit from potentially recovering molybdenum by-product.

Exploration over the Yatela Concession followed an aggressive programme based on a short life of mine to identify and test any additional oxide opportunities in 2011, with 21,888m RC and 1,805m of diamond drilling completed. A comprehensive termite mound sampling programme across the concession at 200 x 50m spacing together with ground gravity and IP geophysics surveys were carried out concurrently with the drilling to aid further target generation. Results to date indicate promising shallow oxide intercepts at the Badji target to the northwest of the Yatela Mine, and only narrow mineralisation at KW18. Drilling to follow up on mapping targets north of Alamoutala North satellite pit also returned encouraging results.

Namibia

Exploration programmes at Navachab completed 259 holes totalling 39,085m of drilling during 2011. Of this drilling, 48 holes (23,370m) were completed in the Main Pit NP2 down plunge, HW and FW vein areas and 135 holes (10,270m) were completed in the HME waste dump condemnation area. Off mine drilling focused on the Anomaly 16 Valley and Okatjimukuju target areas with 41 RC holes drilled for 7,638m and 5 DD holes totalling 944m. This drilling tested geophysical targets generated at Anomaly 16 and exploration of the down plunge extension of the higher grade LS/LM ore zone as well as the western limb of the anti-formal structure. Promising assays to date indicate the continuation of the higher grade mineralisation on the LS/LM contact and the continuation of mineralisation in the LS at Anomaly 16. A total of 20 holes (2,008m) were drilled at EPL3275 Okatjimukuju target areas following up on gold in soil geochemical anomalies.

Americas

Argentina

At Cerro Vanguardia, the drilling programmes for Mineral Resource expansion and extension continued during the year. Follow up drilling for vein extensions laterally and at depth was successful, identifying bonanza zones in the Lucy vein at depth with LYDDH1616 being a good example and returning 2.7m @ 30.7g/t Au and 286.35g/t Ag from 326m. Exploration and Mineral Resource modelling to identify heap leach material was active during the year. Initial drilling was completed based on geophysical surveys and target identification work at the El Volcan project during the year.

Brazil

The Mineral Resource development drilling programmes continued at the Cuiabá and Lamego mines. The surface drilling programmes at the Córrego do Sítio project to expand the oxide Mineral Resource were successful, especially at the Rosalino and Anomaly 1 targets. Results from Anomaly 1 indicate the potential of a large oxide deposit close to São Bento. No estimate of the gold content is possible at this stage but a coherent 1,200m anomaly has been defined with oxide mineralisation down to 200m. Borehole FCSII0283 is a good example of the better mineralisation and intersected 6.31m @ 16.2g/t from 37.4m.

Underground drilling at the Córrego do Sítio started during the year to develop the São Bento and Sangue do Boi sulphide orebodies. Exploration work in the Nova Lima area, beyond the production centres, included completing the deep drilling programme at Raposos that identified a second mineralised zone called Santa Catarina in addition to the main ES and EW orebodies. Regional exploration programmes were conducted at the Pari, Mariana, and Bento Rodriques projects.

At Serra Grande, the first year of the fast track exploration programme was successfully completed. The programme focused on Mineral Resource addition along the main orebodies and regional areas. Pequizão, Mina Nova, Mina III and Structure northwest/Cajueiro were the main targets. Geophysical surveys were conducted to support exploration for the Mina III and Palmeiras Mine down plunge extensions. Soil sampling campaigns were done to define targets at Cajueiro, Structure northwest and Boa Vista (Votorantim Metais joint venture) regional targets.

Colombia

Exploration at the Gramalote area was focused on infill drilling to support the new Mineral Resource estimation for the

Gramalote Central deposit. Drilling programmes were also conducted for the satellite targets at Monjas Oeste, Monjas Este, El Limon, El Topacio and Trinidad. As part of the prefeasibility study, geotechnical drillholes were completed around the proposed pit limit to support highwall design and condemnation drilling started for the potential waste dump and tailings storage facilities.

At La Colosa, the Mineral Resource development drilling programme ramped up to five drills by the end of the year with 47,619m completed. A number of boreholes intersected thick mineralised packages to the north and have resulted in the orebody being extended. The best example of these boreholes was COL138 which intersected 240m @ 3.14g/t from 242m. The geological model was updated during the year to support the new Mineral Resource estimation and drilling support was provided to infrastructure selection studies.

United States

The drilling programme for Mineral Resource expansion and to improve high grade definition within the Mineral Resource area continued at Cripple Creek and Victor. In the expansion drilling, an increase in grade and tonnage was particularly noticeable for the Grassy Valley and WHEX areas where holes such as GR-952 intersected 74.7m @ 11.0g/t Au from 38m. A significant conversion of Inferred Mineral Resource to Indicated Mineral Resource occurred during the year.

A drilling programme to provide additional samples for metallurgical test work of high grade material was completed.

Australasia

Australia

At Tropicana, near-mine exploration has continued at the site, using up to four diamond and reverse circulation rigs, with extensive infill drilling being completed at Boston Shaker and Havana South Prospect. This has enabled identification of significant additions to the Ore Reserve. The Ore Reserve estimate increased to 56.4Mt at a grade of 2.16g/t Au, containing 3.91Moz Au, an increase of 0.54Moz. The increase was primarily due to the inclusion of the Boston Shaker pit, which added 0.24Moz and the conversion of Inferred Mineral Resource into Indicated Mineral Resource at Havana South, which added a further 0.26Moz Au.

Approval was given in late 2010 to proceed with a prefeasibility study on the Havana Deeps mineralisation and drilling for this project began in April 2011. The project is focused on extending the higher grade parts of the Havana mineralisation down plunge beyond the bankable feasibility study pit limits and reviewing the open pit and underground mining options for this mineralisation. Drilling is ongoing and expected to continue until mid 2012. The project is due to be completed by the end of 2012.

Drilling was sufficiently advanced by year-end to announce a significant increase in the Mineral Resource as follows:

December 2011 Mineral Resource (attributable)

Classification	Tonnes (millions)	Gold (g/t)	Contained (Moz)
Measured	19.77	2.14	1.36
Indicated	34.61	2.04	2.27
Inferred	7.43		

3.56
0.85
Total
61.82
2.26
4.49
This represents an increase in the Measured, Indicated and Inferred Mineral Resource for the project of 1.05Moz of contained gold or almost 20% over that estimated in December 2010. The bulk of this increase (1.00Moz) is in the underground component of the estimate which increased to 1.63Moz.
Work to date has successfully demonstrated the continuity of higher grade (potentially underground) mineralisation extending to depths around 1km, on the southern shoot at Havana in particular. The drilling shows the mineralisation remains open in all directions.
At the Sunrise Dam gold mine, near-mine exploration focused on extensions to the known mineralisation, in addition to defining large targets beneath the deposit. While investigating extensions to the GQ, Cosmo and Dolly Lodes, identification and delineation of the Vogue mineralisation was the highlight for 2011. Even though interruptions occurred, which included a period of extensive rainfall, when in excess of 250mm of rain fell in 10 days and leading to the failure of the wall, 67,602m were drilled. This includes 18,112m drilled as part of the regional exploration and tenement maintenance programmes.
The drilling proximal to the Cosmo and GQ lodes illustrated that gold mineralisation continues as both extensions to these lodes and as parallel subordinate structures that have been defined from the drilling. In addition to the Mineral Resource extension drilling, the deeper drilling defined a new zone of mineralisation, named Vogue. The Vogue mineralisation extends down plunge from the >1.5Moz Cosmo-Dolly system (see diagram) and forms geological complex zones that are manifested as broad domains of low- and high-grade gold mineralisation. These extend for more than 400m in length and to depths greater than 900m vertical.
Vogue
100m
Mi
dway
shee
r zone
Domain
Dolly lodes
(south end)
32m@14.56gt
89.1m@1.05gt
33m@7.67gt

59.4m@2.39gt
17.7m@1.31gt
45m@4.53gt
57m@1.73gt
138.1m@1.41gt
149.8m@5.33gt
110m@2.09gt
14m@1.36gt
47m@3.43gt
229.4m@5.10gt
High grade zone

Grade distribution for Dolly gold lodes

Long-section view of major Sunrise Dam gold lodes
Looking east, the above diagram shows the Vogue mineralisation plunging south from the Cosmo-Dolly system. Additional, yet-to-be tested, intercepts are also highlighted.
SSZ
Vogue
Astro
extension
Astro deeps
Cosmo
Dolly
WSZ
Hammerhead extension
Vogue and deep extensions
Northern extensions
Carey sheer
GQ
North
5.9m@9.7g/t
12.5m@17.5g/t
6.3m@35.3g/t
10m@53.6g/t
500 meters
5m@20.0g/t
5m@20.7g/t
59m@3.0g/t
23.2m@3.7g/t
9.4m@6.4g/t
40m@49.6g/t
93m@21.9g/t
24.1m@11.25g/t
40.7m@4.25g/t
13m@4.8g/t
13m@53.8g/t
10.8m@3.5g/t
4.5m@7.6g/t
Down plunge
South

Numerous intercepts have been returned and reported. Some key intercepts that include a composite of gold mineralisation and waste (up to 25m) include:

Vogue:
229.40m@5.10g/t Au
255m@4.41g/t Au
159m@1.57g/t Au
109m@2.06g/t Au
126.5m@1.96g/t Au

124.1m @1.54g/t Au
32m@14.56g/t Au
May include up to 25m of continuous waste to a cumulative total of 100m of waste, averaging >1g/t.
An aggressive and detailed exploration strategy planned for 2012 is expected to include drilling of the extension and Vogue targets from both surface and underground positions.

AngloGold Ashanti/De Beers joint venture

Results from the seafield sampling campaign in New Zealand were analysed and although offshore gold was detected, the grades did not warrant any further follow up work. Subsequently a decision was made to relinquish the offshore prospecting licences.
Exploration activities in the South African sea areas (SASA) offshore concessions of ~28 000km^2 entailed the following:

- logging, sampling and the assay of a large number of historical vibrocores and samples;
- a geophysical survey campaign of ~3,300km of seismic data;
- an 11-day vibrocoring campaign during which 38 cores were collected; and
- a reconnaissance field trip to the west coast of South Africa.

All of the above was used to compile a geological and mineralisation model which was used to derive exploration targets for the coring campaign that began during December 2011 and was completed in February 2012.

Mineral Resource and Ore Reserve
– a summary

AngloGold Ashanti's Mineral Resource and Ore Reserve are reported in accordance with the minimum standards described by the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserve (The JORC Code, 2004 edition), and also conform to the standards set out in the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2007 edition). The Mineral Resource is inclusive of the Ore Reserve component unless otherwise stated. AngloGold Ashanti has in place all the necessary statutory mining authorisations and permits in the jurisdictions where it operates to mine for, or explore for, declared materials, or has a reasonable expectation of such mining authorisations and permits being granted.

AngloGold Ashanti strives to actively create value by growing its major asset – the Mineral Resource and Ore Reserve. This drive is based on an active, well-defined brownfields exploration programme, innovation in both geological modelling and mine planning, and continual optimisation of its asset portfolio.

Mineral Resource

The total Mineral Resource increased from 220.0Moz in December 2010 to 230.9Moz in December 2011. A gross annual increase of 16.8Moz occurred before depletion and while the net increase after allowing for depletion was 10.9Moz, changes in economic assumptions from December 2010 to December 2011 resulted in an 11.2Moz increase to the Mineral Resource, while exploration and modelling resulted in an increase of 7.9Moz. The remaining decrease of 2.2Moz resulted from various other factors. Depletion from the Mineral Resource for the year totalled 6.0Moz.

The Mineral Resource was estimated at a gold price of $1,600/oz (2010: $1,100/oz).

Ore Reserve

The AngloGold Ashanti Ore Reserve increased from 71.2Moz in December 2010 to 75.6Moz in December 2011. A gross annual increase of 9.6Moz occurred before depletion of 5.2Moz. The increase net of depletion was therefore 4.4Moz. Changes in economic assumptions from 2010 to 2011 resulted in an increase of 4.4Moz to the Ore Reserve, while exploration and modelling resulted in a further increase of 5.0Moz. The remaining increase of 0.2Moz resulted from

various other factors.
The Ore Reserve was calculated using a gold price of $1,100/oz (2010: $850/oz).

By-products

Several by-products are recovered as a result of the processing of the gold Ore Reserve. In 2011, the by-product Ore Reserve included 57,299t of uranium oxide from the South African operations, 408,348t of sulphuric acid from Brazil and 46.9Moz of silver from Argentina.

Competent persons

The information in this report relating to exploration results, Mineral Resource and Ore Reserve is based on information compiled by the Competent Persons. The Competent Persons consent to the inclusion of exploration results, Mineral Resource and Ore Reserve information in this report, in the form and context in which it appears.

BY GROWING
THE MAJOR ASSET

Mineral Resource
Moz
Mineral Resource as at 31 December 2010
220.0
Reductions
Great Noligwa
Mineral Resource reduced due to increased costs
(0.6)
Other
Total of non-significant changes
(1.8)
Additions
Tropicana
Exploration success in the underground project
0.8
Gramalote
Exploration success at Trinidad
0.9
Kopanang
Grade increased as a result of exploration
1.1
Geita
Combined effect of price and estimation
1.3
Iduapriem
Improved Mineral Resource price
1.3
Obuasi
Improved Mineral Resource price
2.3
La Colosa
Exploration success
3.8
Other
Total of non-significant changes
1.7
Mineral Resource as at 31 December 2011
230.9
Ore Reserve
Moz
Ore Reserve as at 31 December 2010
71.2
Reductions
Moab Khotsong
Depletion and minor model revision
(0.5)
Other

Total of non-significant changes
(1.1)
Additions
Geita
Improved Ore Reserve price
0.5
Cripple Creek & Victor
Mine life extension added to Ore Reserve
0.5
Vaal River surface operations
Technical studies showed that the economic extraction
of gold and uranium from the tailings is viable
3.2
Other
Total of non-significant changes
1.7
Ore Reserve as at 31 December 2011
75.6
Rounding of numbers may result in computational discrepancies.

During the past decade, the company has developed and implemented a rigorous system of internal and external reviews of exploration results, Mineral Resource and Ore Reserve.

A documented chain of responsibility exists from the Competent Persons at the operations to the company's Mineral Resource and Ore Reserve Steering Committee. Accordingly, the chairman of the Mineral Resource and Ore Reserve Steering Committee, VA Chamberlain, MSc (Mining Engineering), BSc (Hons) (Geology), MGSSA, FAusIMM, assumes responsibility for the Mineral Resource and Ore Reserve processes for AngloGold Ashanti and is satisfied that the Competent Persons have fulfilled their responsibilities. Mr Chamberlain can be contacted at 76 Jeppe Street, Newtown, 2001, South Africa.

A more detailed breakdown of AngloGold Ashanti’s Mineral Resource and Ore Reserve is provided in the Mineral Resource and Ore Reserve Report 2011, which is available on the corporate website, www.anglogoldashanti.com.

www
RR

Inclusive Mineral Resource by country – attributable
Tonnes
Grade
Contained gold
As at 31 December 2011
Category
million
g/t
Tonnes
Moz
South Africa
Measured
25.98
15.76
409.39
13.16
Indicated
799.63
2.57
2,056.44
66.12
Inferred
38.30
14.91
570.81
18.35
Total
863.91
3.52
3,036.65
97.63
Democratic Republic
Measured
–
–
–
–
of the Congo
Indicated
62.41
3.66

228.64
7.35
Inferred
33.16
2.90
96.07
3.09
Total
95.57
3.40
324.71
10.44
Ghana
Measured
89.38
4.64
414.35
13.32
Indicated
97.81
3.42
334.74
10.76
Inferred
136.86
3.26
446.65
14.36
Total
324.04
3.69
1,195.74
38.44
Guinea
Measured
37.19
0.62
22.96
0.74
Indicated
116.48
0.73
85.09
2.74
Inferred
67.18
0.79
53.17
1.71
Total
220.85

0.73
161.22
5.18
Mali
Measured
12.65
1.31
16.57
0.53
Indicated
62.66
1.57
98.24
3.16
Inferred
36.58
1.04
37.96
1.22
Total
111.89
1.37
152.77
4.91
Namibia
Measured
18.35
0.71
13.10
0.42
Indicated
99.78
1.22
122.04
3.92
Inferred
16.41
1.15
18.88
0.61
Total
134.54
1.14
154.01
4.95
Tanzania
Measured
–
–
–
–

Indicated
106.42
2.74
291.44
9.37
Inferred
33.55
2.97
99.50
3.20
Total
139.96
2.79
390.94
12.57
Australia
Measured
35.13
1.71
60.01
1.93
Indicated
50.11
2.56
128.48
4.13
Inferred
11.05
3.92
43.28
1.39
Total
96.29
2.41
231.77
7.45
Argentina
Measured
11.98
1.61
19.30
0.62
Indicated
26.09
3.40
88.76
2.85
Inferred
9.14
3.17
29.01

0.93
Total
47.22
2.90
137.08
4.41
Brazil
Measured
10.53
6.31
66.44
2.14
Indicated
16.41
5.74
94.23
3.03
Inferred
36.93
6.30
232.73
7.48
Total
63.88
6.16
393.40
12.65
Colombia
Measured
15.56
0.85
13.24
0.43
Indicated
33.97
0.79
26.98
0.87
Inferred
564.78
0.93
527.63
16.96
Total
614.31
0.92
567.85
18.26
United States
Measured
280.58

0.78
217.65
7.00
Indicated
227.03
0.68
155.09
4.99
Inferred
96.04
0.65
62.16
2.00
Total
603.65
0.72
434.90
13.98
Total
Measured
537.33
2.33
1,253.01
40.29
Indicated
1,698.79
2.18
3,710.18
119.29
Inferred
1,079.98
2.05
2,217.85
71.31
Total
3,316.10
2.17
7,181.04
230.88
Rounding of numbers may result in computational discrepancies

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AngloGold Ashanti Annual Financial Statements 2011
Mineral Resource and Ore Reserve

Exclusive Mineral Resource by country – attributable

		Tonnes	Grade	Contained gold	
As at 31 December 2011	Category	million	g/t	Tonnes	Moz
South Africa	Measured	15.36	16.99	261.03	8.39
	Indicated	230.15	4.01	923.55	29.69
	Inferred	16.98	21.15	358.97	11.54
	Total	262.49	5.88	1,543.56	49.63
Democratic Republic of the Congo	Measured	–	–	–	–
	Indicated	28.97	3.04	87.97	2.83
	Inferred	33.16	2.90	96.07	

3.09
Total
62.13
2.96
184.03
5.92
Ghana
Measured
20.74
5.15
106.80
3.43
Indicated
64.26
3.63
233.54
7.51
Inferred
136.67
3.27
446.64
14.36
Total
221.66
3.55
786.98
25.30
Guinea
Measured
0.83
0.54
0.45
0.01
Indicated
41.37
0.74
30.64
0.99
Inferred
67.18
0.79
53.17
1.71
Total
109.39
0.77
84.26
2.71
Mali
Measured
4.73

0.86
4.09
0.13
Indicated
31.26
1.26
39.43
1.27
Inferred
36.58
1.04
37.96
1.22
Total
72.57
1.12
81.48
2.62
Namibia
Measured
7.57
0.53
4.01
0.13
Indicated
53.86
1.06
56.88
1.83
Inferred
16.41
1.15
18.88
0.61
Total
77.85
1.02
79.77
2.56
Tanzania
Measured –
–
–
–
Indicated
50.59
2.84
143.72
4.62
Inferred
33.55

2.97
99.50
3.20
Total
84.14
2.89
243.22
7.82
Australia
Measured
2.27
0.58
1.32
0.04
Indicated
18.02
2.78
50.18
1.61
Inferred
10.72
3.99
42.78
1.38
Total
31.02
3.04
94.28
3.03
Argentina
Measured
2.80
2.08
5.81
0.19
Indicated
22.22
2.13
47.28
1.52
Inferred
9.14
3.17
29.01
0.93
Total
34.16
2.40
82.11
2.64
Brazil

Measured
2.86
7.39
21.13
0.68
Indicated
7.02
6.53
45.82
1.47
Inferred
35.80
6.37
228.05
7.33
Total
45.67
6.46
295.00
9.48
Colombia
Measured
15.56
0.85
13.24
0.43
Indicated
33.97
0.79
26.98
0.87
Inferred 564.78
0.93
527.63
16.96
Total
614.31
0.92
567.85
18.26
United States
Measured
119.80
0.71
85.17
2.74
Indicated
140.43
0.66
93.03
2.99

Inferred
82.15
0.66
54.08
1.74
Total
342.39
0.68
232.28
7.47
Total
Measured
192.52
2.61
503.06
16.17
Indicated
722.13
2.46
1,779.02
57.20
Inferred
1,043.12
1.91
1,992.74
64.07
Total
1,957.76
2.18
4,274.82
137.44
Rounding of numbers may result in computational discrepancies

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Mineral Resource and Ore Reserve
continued
– a summary
Ore Reserve by country – attributable
Tonnes
Grade
Contained gold
As at 31 December 2011
Category
million
g/t
Tonnes
Moz
South Africa
Proved
11.89
8.85
105.17
3.38
Probable
573.65
1.57
903.41
29.05
Total
585.54
1.72
1,008.58
32.43
Democratic Republic
Proved
–
–
–
–
of the Congo
Probable
33.44
4.21
140.69
4.52
Total
33.44
4.21
140.69
4.52
Ghana
Proved
42.73

3.08
131.77
4.24
Probable
53.94
4.43
239.06
7.69
Total
96.67
3.84
370.83
11.92
Guinea
Proved
35.72
0.61
21.90
0.70
Probable
72.18
0.69
49.97
1.61
Total
107.90
0.67
71.87
2.31
Mali
Proved
5.20
1.91
9.93
0.32
Probable
43.13
1.56
67.20
2.16
Total
48.33
1.60
77.13
2.48
Namibia
Proved
6.31
1.09
6.88
0.22

Probable
44.18
1.29
56.88
1.83
Total
50.49
1.26
63.76
2.05
Tanzania
Proved –
–
–
–
Probable
55.81
2.64
147.11
4.73
Total
55.81
2.64
147.11
4.73
Australia
Proved
32.86
1.79
58.69
1.89
Probable
28.98
2.55
73.95
2.38
Total
61.84
2.14
132.64
4.26
Argentina
Proved
10.56
1.35
14.30
0.46
Probable
12.85
4.25
54.64

1.76
Total
23.41
2.95
68.94
2.22
Brazil
Proved
7.01
5.51
38.65
1.24
Probable
7.84
4.68
36.65
1.18
Total
14.85
5.07
75.30
2.42
United States
Proved
160.78
0.82
132.48
4.26
Probable
86.60
0.72
62.06
2.00
Total
247.38
0.79
194.54
6.25
Total
Proved
313.07
1.66
519.78
16.71
Probable
1,012.60
1.81
1,831.63
58.89
Total
1,325.67

1.77
2,351.40
75.60

Rounding of numbers may result in computational discrepancies

Chairman of Audit and Corporate Governance
In fulfilling its commitment to regulatory compliance, AngloGold Ashanti's Audit and Corporate Governance Committee, together with the Risk and Information Integrity Committee, endeavours to develop responses to the evolving nature of risks in the mining environment, to align operations with corporate governance best practice and to comply with legislation, regulations and requirements in the jurisdictions in which AngloGold Ashanti operates.

Composition of the committee and deliberations

The collective knowledge and skills of the committee were further broadened through the appointment of Mrs NP January-Bardill, an independent non-executive director, effective 2 November 2011. The entire committee comprises of four independent non-executive directors and meets the requirements as set forth in King III.

The members attended the required meetings held during 2011 and actively participated in deliberations giving effect to the board approved terms of reference, which are reviewed and updated annually. Questions and concerns of the committee members were directed to AngloGold Ashanti's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, General Counsel, Vice President: Group Internal Audit, the external auditors, regional heads of finance, as well as risk, compliance and other assurance providers who attend committee meetings in an ex officio capacity.

In 2011, the committee met independently with the Vice President: Group Internal Audit and with external auditors on a quarterly basis, without any members of management present.

2011 highlights

It is the Audit and Corporate Governance Committee's principal regulatory duty to oversee the integrity of the Group's internal control environment and ensure that financial statements are appropriate and comply with International Financial Reporting Standards. Set out below are some highlights from 2011:

Chairman's letter – Audit and Corporate Governance Committee

Focus area
Actions
Financial statements
Accounting policies and
Received training – on new accounting standards impacting AngloGold Ashanti –
reporting standards
thereby enabling committee members to probe deeper into the implications of certain complex financial reporting standards on AngloGold Ashanti's financial statements.
Reviewed accounting policies for appropriateness.

Companies Act
Received training on the Companies Act and changes to legislation.
Integrated reporting
Reviewed the sustainability and resource and reserve reports which describe the group's non-financial performance, to support scrutiny applied to the group's financial integrity and the sustainability of the group's business.
Quarterly and annual
Reviewed and recommended the quarterly and annual IFRS financial statements to the board
IFRS reports
for approval and subsequent submission to the JSE and other stock exchanges as applicable.
Form 20-F
Reviewed and recommended the annual report on Form 20-F and quarterly reports on Form 6-K prepared on US GAAP principles to the board for approval for submission to the United States Securities and Exchange Commission (SEC). The annual report on Form 20-F for the year ended 31 December 2011 will be submitted to the SEC on or about 30 April 2012.

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Financial statements

Financial statements and going concern

The Audit and Corporate Governance Committee reviewed the quarterly as well as the annual financial statements of AngloGold Ashanti, and considered whether:

- complex accounting areas comply with IFRS and US GAAP as applicable;
- significant accounting judgements and estimates are thoroughly evaluated;
- adjusted and unadjusted accounting differences reported by the external auditors were reviewed, assessed and approved; and
- the documented assessment of the company's going concern status prepared by management which included the key assumptions was reasonable.

The committee also reviewed the contents of the integrated report.

The committee concurred with and accepted the external auditor's report on the annual financial statements and has recommended the approval thereof to the board.

Finance function expertise

The committee assessed and is satisfied with the expertise and experience of the Chief Financial Officer as well as the expertise and adequacy of resources of the finance function and the experience of responsible senior members of management.

Internal controls

Internal audit

Internal audit is a key independent assurance provider to the Audit and Corporate Governance Committee as it has a unique ability to engage with the depth and detail of AngloGold Ashanti's global control environment on a daily basis. The Vice President: Group Internal Audit has direct access to the chairmen of both the Audit and Corporate Governance Committee and the board. The committee has assessed the performance of the Vice President: Group Internal Audit in terms of the approved internal audit charter and is satisfied that the internal audit function is independent and appropriately resourced, and that the Vice President: Group Internal Audit has fulfilled the obligations of the position.

Focus area
Actions
Internal controls
Risk-based internal audit

Considered the internal control heat-map for AngloGold Ashanti as presented by Group Internal Audit.

Reviewed and approved the risk-aligned internal audit plan and monitored the implementation of audit recommendations.

External auditor

Appointed the external auditors, approved the external audit plan and fees, and assessed the independence of the external auditors.

Combined assurance

Monitored the development and implementation of a combined assurance programme that facilitates integration and leveraging of the various control, governance and assurance processes used by the different assurance providers.

Internal control assessment

Considered the results presented by internal and external assurance providers through the evolving combined assurance framework in order to conclude on the internal control, risk management and internal financial control environments within AngloGold Ashanti.

Corporate governance

King III

Monitored the progress and ensured implementation of the requirements of King III.

Risk governance

Fulfilled an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as they relate to financial reporting.

Chairman of Audit and Corporate Governance

The Vice President: Group Internal Audit provided the Audit and Corporate Governance Committee with a written assessment based on the results of the formal documented review of the company's systems of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by Group Internal Audit and other identified assurance providers. In terms of the evolving combined assurance model implemented during 2011, and considering information and explanations given by management, nothing has come to the attention of the Vice President: Group Internal Audit that caused him to believe that the company's system of internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

The committee concurred with and accepted the written assessment by internal audit and recommended approval thereof to the board.

Combined assurance

The committee oversees the development and implementation of the combined assurance model of the company, aimed to provide a coordinated approach to all assurance activities over significant risks facing the company. To give effect to this, the Vice President: Group Internal Audit was appointed as the assurance coordinator for the group and tasked with implementing the framework.

A key success factor of the combined assurance framework was to ensure that it is pragmatic and cost-effective and meets the unique requirements of the company.

The combined assurance framework follows an integrated top-down (focusing on strategic risks) and bottom-up (focusing on site specific operational risks) approach within a framework that encompasses the following key activities:

Step 1: Risk identification;
Step 2: Identification of controls;
Step 3: Identification of assurance providers;
Step 4: Assessment of assurance activities against controls; and
Step 5: Conclude and develop action plans.

The top-down element of the combined assurance process was fully implemented during 2011 with the bottom-up approach rolled-out on a pilot basis to allow for further refinement and to gear the organisation for a full-on roll-out during 2012. It is anticipated that combined assurance will be fully embedded during the 2013 financial year.

Whistle blowing

The committee received quarterly updates on AngloGold

Ashanti's whistle-blowing process and did not receive any concern or complaint relating to the accounting practices, internal financial controls, internal audit function and the content or auditing of the company's financial statements.

oneERP

In support of Project ONE, a project initiative aligned with AngloGold Ashanti's vision – To be the leading mining company – the company has embarked on the global implementation of an enterprise resource planning (ERP) system, SAP. This project, oneERP is in full momentum and is supported by a clearly defined implementation timeline.

It is anticipated that the implementation of oneERP will have a definitive impact on the internal control and internal financial control environment of the group. The Audit and Corporate Governance Committee, together with the Risk and Information Integrity Committee, reviews implementation progress and receives assurance thereon from various assurance providers.

External auditors

At the annual general meeting held in May 2011 shareholders approved the committee's nomination of Ernst & Young Inc. as the auditors of the company with Mr Lance Tomlinson appointed as the individual registered auditor for 2011. The committee assessed independence and is satisfied that the external auditors are independent as set out in section 90(2) of the Companies Act.

In consultation with executive management, the committee agreed to the engagement letter, terms of engagement, audit plan and budgeted audit fees for the 2011 financial year. All non-audit services rendered by the auditors were pre-approved by me in terms of a formal policy prior to the execution of these services.

The Audit and Corporate Governance Committee has recommended to the board, the reappointment of Ernst & Young Inc., as the company's statutory auditors for the 2012 financial year. A resolution will be placed before shareholders

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at the annual general meeting to be held on 10 May 2012 to consider, and if deemed appropriate, to appoint Ernst & Young Inc. as the external auditors until the close of the annual general meeting to be held in 2013.

Corporate governance

King III

AngloGold Ashanti has made good progress in terms of meeting the requirements of King III during 2011 under the guidance of the Audit and Corporate Governance Committee, specifically relating to:

- training on the Code of Business Principles and Ethics (Our Code) across all levels of employees, to embed these ethical principles in the day-to-day behaviours and actions of employees and other stakeholders in the long-term. Training will remain a key focus area;
- the formalisation of the board chairman's duties and responsibilities;
- review and approval of materiality for integrated reporting purposes;
- approval of the IT governance framework, including an IT charter, policy and strategy; and
- development and approval of an alternative dispute resolution policy and processes.

There are however specific areas that require further refinement in order to fully comply with the requirements of King III. These include:

- Publication of an integrated report: The company will publish its first integrated annual report pertaining to the 2011 financial year. Given that this is the first such report, AngloGold Ashanti, like other public companies, will further refine its reporting process in order to meet evolving best practice and the expectations of its stakeholders regarding the integration of its reporting.
- Implementation of a fully integrated combined assurance framework: Implementation of a fully integrated audit process as part of an approved combined assurance framework began in 2011. The process will be refined over time to achieve the desired standard.
- Identification of key laws, rules, codes and standards applicable to the company's operations and compilation of related compliance framework: This process began

during the third quarter of 2011 and is expected to be completed in 2012.

- Risk and Information Integrity Committee: This committee is responsible for the oversight of IT governance. Further refinement and alignment of the relevant IT committees is expected to be achieved during 2012.

The Institute of Directors has been contracted by AngloGold Ashanti to conduct an independent evaluation of the board chairman, and the board. The evaluation of the board committees will be carried out by way of self assessments. The evaluation process for 2011 has commenced and the findings will be reported to the board during 2012.

Governance of risk

Three out of four members of the Audit and Corporate Governance Committee also serve as members of the Risk and Information Integrity Committee which allows for the identification of common control themes and synergies between assurance processes, thereby ensuring that, where appropriate, these functions can leverage off one another.

The Audit and Corporate Governance Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as they relate to financial reporting.

Looking forward

The Audit Corporate Governance Committee will continue to apply rigour and scrutiny in overseeing AngloGold Ashanti's integrated reporting processes, the effectiveness of the internal control environment underpinning these and the full implementation of the combined assurance model.

The Committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with its terms of reference.

Prof Wiseman Nkuhlu

Chairman: Audit and Corporate Governance Committee

Risk management and risk factors

RISKS ARE
METHODICALLY AND
EFFECTIVELY

The AngloGold Ashanti Board of Directors, the recently formed Risk and Information Integrity Committee, the Chief Executive Officer and the Executive Committee aim to ensure that risk is managed effectively via an on-going process for identifying, evaluating and managing significant threats and opportunities to meet business objectives.

Risk management is a central part of the group's strategic management and is the system whereby the risks associated with group activities are methodically addressed so as to achieve sustained benefit. Risk management is designed to increase the probability of success, and reduce both the failure potential and uncertainty associated with achieving the group's overall objectives. Specific objectives of the group risk management focus are to:

- avoid or reduce adverse threats to business objectives to an acceptable level and exploit beneficial opportunities to add sustained value to all group activities in line with group risk appetite and threshold levels;
- provide timely information on risk situations and appropriate risk responses for evaluation in terms of the business strategy to assist with meeting business objectives;
- reduce future operational performance uncertainty by minimising surprises and associated costs and losses;
- maintain a best practice group risk management system that is owned and championed at all levels of the organisation;
- monitor and report on group and industry risk trends and outcomes and ensure appropriate reporting to and briefing of the board and Executive Committee;
- improve the deployment of capital by using robust risk information to effectively assess overall capital needs and allocation; and
- ensure that risk management forms an integral part of normal business practice and engenders a culture of 'risk awareness' throughout the group.

The group risk management framework, approved by the board and implemented by management, comprises the following group risk management components:

- a policy statement that sets the tone for risk management within the group and prescribes the commitment, scope, objectives and required outcomes. This policy is set by the board;
- a plan, appropriate to the maturity of the group risk profile, prepared by management and approved annually by the recently formed Risk and Information Integrity Committee. Progress regarding implementation is reviewed regularly;
- a risk standard that details the approach and methodologies to be adopted, prescribes the minimum requirements applicable to group risk management for threats and opportunities, and defines the risk management structure. This standard is developed by management and set by the board upon recommendation by the Risk and Information Integrity Committee. The standard is reviewed and updated regularly;
- guidelines that provide supporting information and act as a user's manual for the risk management system adopted by the group. The guidelines, although not mandatory and not the only way to achieve the standard, are followed wherever appropriate and possible. Alternative means to achieve goals and objectives may be used, provided the guidelines are used to evaluate the adequacy of any alternative measures being considered. The guidelines are reviewed and updated regularly; and
- structure and accountabilities are defined in terms of risk owners, champions and task owners, as well as ownership of the risk management system and assurance. The roles and accountabilities for risk management are detailed in the terms of reference for the Risk and Information Integrity Committee and the group risk management framework.

AngloGold Ashanti's approach to the risk management system is based upon *ISO/DIS 31000: Risk Management Principles and Guidelines on Implementation.* It is aligned with group values, thereby promoting a culture of 'living our values' enhancing sustainability and maintaining the group's 'social licence to operate', and strategic business initiatives and processes. This system is an integral component of the group BPF.

In terms of King III, the board receives assurances from senior management regarding the effectiveness of the risk management process. Group internal audit provides a written assessment of the system of internal controls, internal financial controls and risk management. To do this, group internal audit conducts annual reviews to assess the adequacy of the risk management process examining:

- adherence to group risk management policy, the standard and guidelines;
- the risk management system and technologies against best practice information available;
- risk management performance measurement, monitoring and reporting processes against available best practice information;
- compliance with King III; and
- current approaches to risk management.

In so doing, group internal audit forms an opinion around the adequacy of the design of the risk management framework driving the risk management process, and ensures that the framework addresses the requirements of King III. It also confirms that the rollout and implementation of the framework is in line with the approved implementation plan. To meet these obligations group internal audit, working with business and technical development, has designed, tested and embarked upon a combined assurance review process that is risk-based and draws upon appropriate functional expertise.

Material risks and risk factors

The key risk areas that AngloGold Ashanti believes it is currently exposed to are detailed in the Annual Integrated Report 2011. Discussion of the most significant risk factors is provided on pages 116 to 139 of this report.

Tabulated below are the risk management commitments for

2012 that were approved by the Risk and Information Integrity Committee (R&IIC) in November 2011. These commitments relate to the risk management plan as required by King III and the committee's charter.

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Risk management and risk factors
continued

Group risk management plan – 2012

1.
Risk management process

Continue to ensure a best practice enterprise-wide risk management system and to improve the system as appropriate to
risk management maturity:

- re-benchmark best practice risk management and methodologies externally within and outside the mining sector;
- system integration points (compliance, incident review and linking);
- interact with risk owners and champions to promote the success of the risk management system; and
- focus on the opportunity component of the risk management process.

2.
Risk management framework

Review and update the group risk management framework annually:

- review and update, if necessary, group risk management policy statement and standard;
- review and confirm risk tolerance and appetite;
- review and approve the risk plan 2012;
- maintain and update the risk structure and accountabilities;
- review and update, if necessary, group risk management guidelines; and
- promote the framework across the group globally.

3.
Reporting and review

Fulfil risk management internal and external reporting requirements that include risk trends and emerging risk:

- conduct quarterly risk reviews by the Executive Committee;
- conduct quarterly risk reviews by the Risk and Information Integrity Committee;
- review and update risk factors for annual financial reporting; and
- assist with the sustainability materiality process and preparation of the sustainability report.

4.
Risk awareness

Foster the 'risk awareness' group culture:

- maintain, support, develop and encourage group risk management community of practice to assist with 'risk awareness' group culture and include information on emerging risks;
- place greater focus on emerging risk identification and awareness;
- encourage senior management review of top risk status and action during all site visits;
- encourage functional (discipline) reviews of the risk assessment and management process; and
- develop the group risk knowledge base of catastrophic risk.

5.
Group risk register, AuRISK

Support, maintain and enhance the group risk register, AuRISK:

- review and update AuRISK data with a particular focus on the key risks and a rigorous focus on risk response information;
- incorporate additional linkages to business processes as necessary;
- improve current treatment accountability mapping and reporting;
- fully activate AuRISK automated email notifications;
- support the asset integrity process component of the BPF within AuRISK;
- support the insurance audit process within AuRISK; and
- link incident information to risks within AuRISK.

6.
Risk system training and assessment facilitation

Conduct and encourage risk management training as appropriate as well as annual risk assessment workshops:

- maintain and update risk management training materials;
- train and support the group risk management system that includes AuRISK at corporate, regional and operational level as appropriate;
- conduct annual risk assessment workshops at operations, projects and greenfields exploration to identify and assess risks to delivery on business plans and project deliverables;
- facilitate corporate and regional risk workshops to identify and assess risks to strategy; and
- identify and promote suitable external risk training courses.

7.
Business continuity management

Enhance group business continuity management:

- develop master business continuity plans for each disaster-type scenario; and
- create an intranet-based community of practice to support the development of business continuity plans throughout the group.

8. Integration

Further integrate the risk management system into core business processes:

- strategic planning risk and project evaluation and assessment;
- sustainability by encouraging identification, assessment and management of material risks to maintain AngloGold Ashanti's 'social licence to operate';
- work with, support and participate in the combined assurance review process at selected operations;
- conduct audits to provide assurance to the board and management (per King III);
- identify methods of providing a portfolio profile for group projects and operations;
- examine and support quantitative risk assessment techniques as appropriate;
- determine key performance indicator views for group projects and operations;
- prepare risk management budget; and
- participate in business strategic planning and value enhancement programmes to encourage consideration of risks in regional strategies and operational business plans as well as project commitments.

9.
Assurance

Conduct audits to provide assurance to the board and management, as per King III requirements, that the risk management system is effective, the risk plan is being implemented, and that risk treatment and response strategies are sufficient.

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Risk factors

This section describes many of the risks that could affect AngloGold Ashanti. There may however be additional risks unknown to AngloGold Ashanti and other risks, currently believed to be immaterial, that could turn out to be material. These risks, either individually or simultaneously, could significantly affect the group's business, financial results and the price of its securities.

Risks related to AngloGold Ashanti's results of operations and its financial condition as a result of factors that impact the gold mining industry generally.

Commodity market price fluctuations could adversely affect the profitability of operations.

AngloGold Ashanti's revenues are primarily derived from the sale of gold and, to a lesser extent uranium, silver and sulphuric acid. The company's current policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements. The market prices for these commodities fluctuate widely. These fluctuations are caused by numerous factors beyond the company's control. For example, the market price of gold may change for a variety of reasons, including:

- speculative positions taken by investors or traders in gold;
- monetary policies announced or implemented by central banks, including the US Federal Reserve;
- changes in the demand for gold as an investment or as a result of leasing arrangements;
- changes in the demand for gold used in jewellery and for other industrial uses, including as a result of prevailing economic conditions;
- changes in the supply of gold from production, divestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- actual or anticipated sales or purchases of gold by central banks and the International Monetary Fund;
- gold hedging and de-hedging by gold producers;

- global or regional political or economic events; and
- the cost of gold production in major gold producing countries.

The market price of gold has been and continues to be significantly volatile. During 2011, the gold price traded from a low of $1,313/oz to a high of $1,900/oz. On 30 December 2011, the closing price was $1,563/oz. The price of gold is often subject to sharp, short-term changes as a result of speculative activities. For example, in early March 2012, the price of gold dropped by almost $100/oz in one day. While the overall supply of and demand for gold can affect its market price, the considerable size of historical mined stocks of the metal means that these factors typically do not affect the gold price in the same manner or degree as for other commodities. In addition, the shift in demand from physical gold to investment and speculative demand may exacerbate the volatility of the gold price.

In 2011, price volatility dampened demand in the key jewellery markets of India and China, which both experienced mixed fortunes during the year. In the fourth quarter of 2011 and into 2012, gold appeared to trade as a risk asset, experiencing selling pressure in times of heightened turmoil, rather than as the safe haven asset it is generally deemed to be.

A sustained period of significant gold price volatility may adversely affect the company's ability to evaluate the feasibility of undertaking new capital projects, or the continuing of existing operations, or to make other long-term strategic decisions. The use of lower gold prices in reserve calculations and life-of-mine plans could result in material write-downs of the company's investment in mining properties and increased amortisation, reclamation and closure charges.

The spot price of uranium has been significantly volatile in past years. During 2011, the price varied between a low of about $47/lb and a high of $72/lb. Uranium prices can be affected by several factors, including demand for nuclear reactors, uranium production shortfalls and restocking by utilities. Events like those surrounding the earthquake and tsunami that occurred in Japan in 2011 can also have a material impact on the price of and demand for uranium.

The price of silver has also experienced significant fluctuations. From a low of $26/oz in January 2011, the price rose steadily to reach a high of $49/oz in April 2011. By December 2011, the price had dropped to around $28/oz again. Factors affecting the price of silver include investor demand, physical demand for silver bars, industrial and retail off take, and silver coin minting.

If revenue from sales of gold, uranium, silver and sulphuric acid falls below the cost of production for an extended period,

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AngloGold Ashanti may experience losses and be forced to change its dividend payment policies and curtail or suspend some or all of its exploration capital projects and existing operations. Declining commodities prices may also force a reassessment of the feasibility of a particular project, which could cause substantial delays or interrupt operations until the reassessment can be completed.

Foreign exchange fluctuations could have a material adverse effect on operational results and financial condition.

Gold is principally a dollar-priced commodity and most of the company's revenues are realised in, or linked to, dollars while production costs are largely incurred in the local currency where the relevant operation is located. Given the company's global operations and local foreign exchange regulations, some of its funds are held in local currencies, such as the South African rand, Ghanaian cedi, Brazilian real, Argentinean peso and the Australian dollar. The weakening of the dollar, without a corresponding increase in the dollar price of gold against these local currencies, results in higher production costs in dollar terms. Conversely, the strengthening of the dollar, without a corresponding decrease in the dollar price of gold against these local currencies, yields lower production costs in dollar terms.

Exchange rate movements may have a material impact on AngloGold Ashanti's operating results. For example, a 1% strengthening of either the South African rand, Brazilian real, the Argentinean peso and the Australian dollar against the US dollar will, other factors remaining equal, result in an increase in total cash costs under IFRS of nearly $5 per ounce or approximately 1% of the company's total cash costs. The impact on cash costs determined under US GAAP may be different.

The profitability of operations and the cash flows generated by these operations are significantly affected by fluctuations in input production prices, many of which are linked to the prices of oil and steel.

Fuel, energy and consumables, including diesel, heavy fuel oil, chemical reagents, explosives, tyres, steel and mining equipment consumed in mining operations form a relatively large part of the operating costs and capital expenditure of any mining company.

AngloGold Ashanti has no influence over the cost of these consumables, many of which are linked to some degree to the price of oil and steel.

The price of oil has recently been volatile, fluctuating between $94.2 and $122.6/barrel of Brent crude in 2011. AngloGold Ashanti estimates that for each $1/barrel rise in the oil price, other factors remaining equal, the average cash costs under IFRS of all its operations increases by about $0.70/oz with the cash costs of certain of the company's mines, particularly Geita, Cripple Creek

& Victor, Siguiri and Sadiola, which, being more dependent on fuel, are more sensitive to changes in the price of oil.

Furthermore, the price of steel has also been volatile. Steel is used in the manufacture of most forms of fixed and mobile mining equipment, which is a relatively large contributor to the operating costs and capital expenditure of a mine. For example, the price of flat hot rolled coil (North American Domestic FOB) steel traded between $635/t and $875/t in 2011.

Fluctuations in oil and steel prices have a significant impact on operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable.

Energy cost increases and power fluctuations and stoppages could adversely impact the company's results of operations and its financial condition.

Increasing global demand for energy, concerns about nuclear power, and the limited growth of new supply are impacting the price and supply of energy. The transition of emerging markets to higher energy consumption, carbon taxation as well as unrest and potential conflict in the Middle East could result in constrained supply and sharply escalating oil and energy prices.

AngloGold Ashanti's mining operations are substantially dependent upon electrical power generated by local utilities or by power plants situated at some of its operations. The unreliability of these local sources of power can have a material effect on the company's operations, as large amounts of power are required for exploration, development, extraction, processing and other mining activities on the company's properties.

In South Africa, the company's operations are dependent on electricity supplied by one national power generation company, Eskom the state-owned utility. Electricity is used for most business and safety-critical operations that include cooling, hoisting and dewatering. Loss of power could therefore impact production, employee safety and prolonged outages could lead to flooding of workings and ore sterilisation. In 2008, Eskom

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warned it could no longer guarantee the availability of electricity to the South African mining industry. A warning of the 'very high' risk of blackouts was re-issued at the start of 2011. While a national energy conservation programme is in place, Eskom cannot guarantee that there will be no power interruptions. In 2008, AngloGold Ashanti and other mining companies operating in South Africa were forced to temporarily suspend mining operations at their mines, after which the company implemented various initiatives at its South African mines to reduce electricity consumption while operating at full capacity. AngloGold Ashanti cannot offer assurance that the power supply to its South African operations will not be curtailed or interrupted again.

Eskom and the National Energy Regulator of South Africa (NERSA) recognise the need to increase electricity supply capacity and a series of tariff increases and proposals have been enacted to assist in the funding of this expansion. In 2010, NERSA approved an annual increase of 24.8% for 2010, 25.8% for 2011 and 25.9% for 2012 and is now reportedly considering requesting another two similar increases, one each in 2013 and 2014. As energy represents a large proportion of the company's operating costs in South Africa, these increases have an adverse impact on the cash costs of its South African operations.

The company has also identified a risk of energy shortages in Argentina and the DRC. Furthermore, the company's operations in Ghana depend on hydroelectric power supplied by the state-controlled Volta River Authority (VRA), which is supplemented by thermal power from the Takoradi plant and a smaller unit at Tema. During periods of below average inflows from the Volta reservoir, electricity supplies from the Akosombo Dam, the VRA's primary generation source, may be curtailed as occurred in 1998, 2006 and the first half of 2007. During periods of limited electricity availability, the grid is subject to disturbances and voltage fluctuations which can damage equipment. In the past, the VRA has obtained power from neighbouring Côte d'Ivoire, which has intermittently experienced political instability and civil unrest. AngloGold Ashanti negotiates rates directly with the VRA and there can be no assurance that the VRA will agree to a satisfactory rate during future rounds of negotiations.

The company's mining operations in Guinea, Tanzania and Mali are dependent on power supplied by outside contractors and supplies of fuel are delivered by road. Power supplies have been disrupted in the past, resulting in production losses due to equipment failure.

Increased energy prices could negatively impact operating costs and cash flow of AngloGold Ashanti's operations.

Global economic conditions could adversely affect the profitability of operations.

AngloGold Ashanti's operations and performance depend significantly on worldwide economic conditions. The global financial markets have recently experienced increased volatility due to uncertainty surrounding the level and sustainability of the sovereign debt of various countries. In addition, some economists, observers and market participants have expressed concern regarding the sustainability of the European Monetary Union and its common currency, the euro, in their current form. These conditions and other disruptions to international credit markets and financial systems have caused a loss of investor confidence and resulted in widening credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Despite the aggressive measures taken by governments and central banks thus far, economic recovery has been extremely slow. A significant risk remains that these measures may not prevent the global economy from falling back into an even deeper and longer lasting recession or even a depression.

A global economic downturn may have follow-on effects on AngloGold Ashanti's business that include inflationary cost pressures and commodity market fluctuations.

Other effects could, for example, include:

- the insolvency of key suppliers or contractors which could result in contractual breaches and in a supply chain break-down;
- the insolvency of our joint venture partners which could result in contractual breaches and disruptions at the operations of our joint ventures;
- other income and expense which could vary materially from expectations, depending on gains or losses realised on the sale or exchange of financial instruments, and impairment charges may be incurred with respect to our investments;
- AngloGold Ashanti's defined benefit pension fund may not achieve expected returns on its investments, which could require the company to make substantial cash payments to fund any resulting deficits;
- a reduction in the availability of credit which may make it more difficult for the company to obtain financing for its operations and capital expenditures or make that financing more costly; and

Other

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- exposure to the liquidity and insolvency risks of the company's lenders and customers which could negatively affect AngloGold Ashanti's financial condition and operational results.

Uncertainty regarding global economic conditions may increase volatility or negatively impact the market value of the company's securities.

Inflation may have a material adverse effect on results of operations.

General inflationary pressures affecting the mining industry and accelerating inflation across South American jurisdictions resulted in significant cost pressure during 2011. In Argentina in particular, rising inflation resulted in higher labour costs and consumables costs in 2011, which could adversely affect procurement and recruitment activities as well as labour relations in 2012.

Most of AngloGold Ashanti's operations are located in countries that have experienced high rates of inflation during certain periods.

It is possible that significantly higher future inflation in the countries in which the company operates may result in an increase in operational costs in local currencies (without a concurrent devaluation of the local currency of operations against the dollar or an increase in the dollar price of gold). This could have a material adverse effect upon the company's results of operations and its financial condition.

Significantly higher and sustained inflation, with a consequent increase in operational costs, could result in the rationalisation of higher cost mines or projects.

Mining companies face many risks related to the development of mining projects that may adversely affect the company's results of operations and profitability.

The profitability of mining companies depends partly on the actual costs of developing and operating mines, which may differ significantly from estimates determined at the time the relevant project was approved following completion of its feasibility study. Development of mining projects may also be subject to unexpected problems and delays that could increase the development and operating costs of the relevant project.

AngloGold Ashanti's decision to develop a mineral property is typically based on the results of a feasibility study, which estimates anticipated economic returns from the project. These estimates are based on assumptions regarding:

- future prices of gold, uranium, silver and other metals;
- future currency exchange rates;

- tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold, uranium, silver and other metals extracted from the ore;
- anticipated capital expenditure and cash operating costs; and
- required return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. Operating costs and capital expenditure are to a significant extent driven by the cost of commodity inputs consumed in mining, including fuel, chemical reagents, explosives, tyres and steel, and also by credits from by-products, such as silver and uranium. They could also fluctuate considerably as a result of changes in the prices of mining equipment used in the construction and operation of mining projects.

There are a number of uncertainties inherent in the development and construction of a new mine or the extension to an existing mine. In addition to those discussed above, these uncertainties include the:

- timing and cost of construction of mining and processing facilities, which can be considerable;
- availability and cost of mining and processing equipment;
- availability and cost of skilled labour, power, water and transportation;
- availability and cost of appropriate smelting and refining arrangements;
- requirement and time needed to obtain the necessary environmental and other governmental permits; and
- availability of funds to finance construction and development activities.

The remote location of many mining properties, permitting requirements and/or delays, third-party legal challenges to individual mining projects and broader social or political opposition to mining may increase the cost, timing and complexity of mine development and construction. New mining operations could experience unexpected problems and delays during the development, construction, commissioning and commencement of production.

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For example, a number of targets for greenfield exploration were missed in 2010, especially those relating to resource drilling and prefeasibility studies at La Colosa and Gramalote in Colombia and at Central Mongbwalu in the DRC.
The total number of metres drilled in Colombia was significantly lower than expected due to delays in the approval of the necessary environmental (water use) and access permits.
Contractual and legal issues delayed the start of regional exploration drilling on the Kilo joint venture in the DRC until the fourth quarter of 2010.
Accordingly, AngloGold Ashanti's future development activities may not result in the expansion or replacement of current production, or one or more new production sites or facilities may be less profitable than anticipated or may be loss-making.
The company's operating results and financial condition are directly related to the success of its project developments.
A failure in the company's ability to develop and operate mining projects in accordance with, or in excess of, expectations could negatively impact its results of operations, as well as its financial condition and prospects.
Mining companies face uncertainty and risks in exploration, feasibility studies and other project evaluation activities.
AngloGold Ashanti must continually replace Ore Reserve depleted by mining and production to maintain or increase gold production levels in the long term. This is undertaken by exploration activities that are speculative in nature. The ability of the company to sustain or increase present levels of gold production depends in part on the success of its projects.
Feasibility studies and other project evaluation activities necessary to determine the current or future viability of a mining operation are often unproductive. Such activities often require substantial expenditure on exploration drilling to establish the presence, extent and grade (metal content) of mineralised material. AngloGold Ashanti undertakes feasibility studies to estimate the technical and economic viability of mining projects and to determine appropriate mining methods and metallurgical recovery processes. These activities are undertaken to estimate the Ore Reserve.
Once mineralisation is discovered it may take several years to determine whether an adequate Ore Reserve exists, during which time the economic feasibility of the project may change due to fluctuations in factors that affect both revenue and costs, including:

- future prices of metals and other commodities;
- future foreign currency exchange rates;
-

the required return on investment as based on the cost and availability of capital; and

- applicable regulatory requirements, including environmental, health and safety matters.

Feasibility studies also include activities to estimate the anticipated:

- tonnages, grades and metallurgical characteristics of the ore to be mined and processed;
- recovery rates of gold, uranium and other metals from the ore; and
- capital expenditure and cash operating costs.

These estimates depend on assumptions made on available data. Ore Reserve estimates are not precise calculations and depend on the interpretation of limited information on the location, shape and continuity of the mineral occurrence and on available sampling results. Further exploration and feasibility studies can result in new data becoming available that may change previous Ore Reserve estimates and impact the technical and economic viability of production from the project. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves resulting in revisions to previous Ore Reserve estimates. These revisions could impact depreciation and amortisation rates, asset-carrying amounts, provisions for close-down, restoration and environmental clean-up costs.

AngloGold Ashanti undertakes annual revisions to its Ore Reserve estimates based upon actual exploration and production results, depletion, new information on geology, model revisions and fluctuations in production, economic assumptions and operating and other costs. These factors may result in reductions in Ore Reserve estimates, which could adversely affect life-of-mine plans and consequently the total value of the company's mining asset base. Ore Reserve restatements could negatively affect the company's results of operations, as well as its financial condition and prospects.

The increased demand for gold and other commodities, combined with a declining rate of discovery of new gold Ore Reserve in recent years, has resulted in the accelerated

depletion of the existing Ore Reserve across the global gold sector. AngloGold Ashanti therefore faces intense competition for the acquisition of attractive mining properties.
From time to time, the company evaluates the acquisition of an Ore Reserve, development properties or operating mines, either as stand-alone assets or as part of companies.
AngloGold Ashanti's decision to acquire these properties has been based on a variety of factors including historical operating results, estimates and assumptions regarding the extent of the Ore Reserve, cash and other operating costs, gold prices, projected economic returns and evaluations of existing or potential liabilities associated with the relevant property and its operations and how these factors may change in future. Other than historical operating results, these factors are uncertain and could have an impact on revenue, cash and other operating costs, as well as the process used to estimate the Ore Reserve.
As a result of these uncertainties, exploration and acquisitions by the company may not result in the expansion or replacement of current production or the maintenance of its existing Ore Reserve net of production or an increase in Ore Reserve. AngloGold Ashanti's results of operations and its financial condition are directly related to the success of its exploration and acquisition efforts and its ability to replace or increase the existing Ore Reserve. If the company is not able to maintain or increase its Ore Reserve, its results of operations, as well as its financial condition and prospects could be adversely affected.
Mining companies face many risks related to their operations that may adversely impact cash flows and overall profitability.
Gold mining is susceptible to events that may adversely impact a mining company's ability to produce gold and meet production targets. These events include, but are not limited to:
- environmental, as well as health and safety hazards, including dust generation, discharge of metals, pollutants, radioactivity or hazardous chemicals; industrial accidents or accidents during transportation;
- ground and surface water pollution;
- social or community disputes or interventions;
- security incidents;
- surface or underground fires or explosions;
- electrocution;

- falls from heights and accidents relating to mobile machinery, including shaft conveyances and elevators, drilling blasting and mining operations;
- labour force disputes and disruptions;
- loss of information integrity or data;
- activities of illegal or artisanal miners;
- material and equipment availability;
- mechanical failure or breakdowns and ageing infrastructure;
- failure of unproven or evolving technologies;
- human error;
- energy and electrical power supply interruptions or rationing;
- unusual or unexpected geological formations, ground conditions, including lack of mineable face length, and ore-pass blockages;
- water ingress and flooding;
- process water shortages;
- metallurgical conditions and gold recovery;
- unexpected decline of ore grade;
- unanticipated increases in gold lock-up and inventory levels at heap-leach operations;
- fall-of-ground accidents in underground operations;
- cave-ins, sinkholes, subsidence, rock falls, rock bursts, or landslides;
- failure of mining pit slopes, heap-leach facilities, water or solution dams, waste stockpiles and tailings dam walls;
- legal and regulatory restrictions and changes to such restrictions;
- safety-related stoppages;
- gold bullion theft;
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corruption, fraud and theft;
•
seismic activity; and
•
other natural phenomena, such as floods, droughts or weather conditions, potentially exacerbated by climate change.

Seismic activity is of particular concern in underground mining operations, particularly in South Africa due to the extent and extreme depth of mining, and also in Australia and Brazil due to the depth of mining and residual tectonic stresses. Despite modifications to mine layouts and support technology, as well as other technological improvements employed with a view to minimising the incidence and impact of seismic activity, seismic events have caused death and injury to employees and contractors and may do so again in future.

Seismic activity may also cause the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, environmental damage and potential legal liabilities at operations where seismic activity may be a factor. As a result, these events may have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

For example, in early 2011, mining of the Ventersdorp Contact Reef shaft pillar at TauTona was suspended following a significant seismic event. New equipment had to be purchased and the shutdown contributed to the decline in the operational output of the mine as compared to the previous year.

In the past, floods have also disrupted the operations of some of our mines. For example, unprecedented heavy rains in February and March 2011 in Australia flooded the Sunrise Dam Gold Mine and forced a temporary shutdown of operations. The flood event impacted underground production for approximately four months and open pit production for approximately six months. Full costs were incurred despite the shutdown, as the mining contractors worked on remedial activities to repair damage and rehabilitate flooded areas. The considerable remedial work required adversely impacted cash costs per ounce and the impact of the flood event and the pit wall failure together significantly reduced planned production at the plant.

Water scarcity has been identified as a significant risk at AngloGold Ashanti's US operation. Production at the Cripple Creek & Victor Gold Mining Company's Cresson Project continued to be affected by a severe drought in 2011. The lack of water reduced percolation through the heap-leach pad, which curtailed production and productivity.

Mining companies' operations are vulnerable to infrastructure constraints.

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable rail, ports, roads, bridges, power sources, power transmission facilities and water supply are critical to our business operations and affect capital and operating costs.

Interferences in the maintenance or provision of infrastructure, including unusual weather phenomena, sabotage and social unrest, could impede the company's ability to deliver its products on time and adversely affect AngloGold Ashanti's business, financial condition and results of operation.

Establishing infrastructure for the company's development projects requires significant resources, identification of adequate sources of raw materials and supplies, and necessary co-operation from national and regional

governments, none of which can be assured.
AngloGold Ashanti has operations or potential development projects in countries where government-provided infrastructure may be inadequate and regulatory regimes for access to infrastructure may be uncertain, which could adversely impact the efficient operation and expansion of our business. There is no guarantee that AngloGold Ashanti will secure and maintain access to adequate infrastructure in the future, nor that it can do so on reasonable terms.

We face strong competition from our peers.

The mining industry is competitive in all of its phases. AngloGold Ashanti competes with other mining companies and individuals for specialised equipment, components and supplies necessary for exploration and development, for mining claims and leases on exploration properties and for the acquisition of mining assets. These competitors may have greater financial resources, operational experience and technical capabilities than AngloGold Ashanti. Competition may increase AngloGold Ashanti's cost of acquiring suitable claims, properties and assets, should they become available to the company.

Mining companies are subject to extensive health and safety laws and regulations.

Gold mining operations are subject to a variety of industry-specific health and safety laws and regulations depending on which jurisdiction they are in. These laws and regulations are designed to protect and improve the safety and health of employees. AngloGold Ashanti is also in the process of implementing an enhanced safety programme, including improved incident investigation and reporting systems, which could result in significant additional costs for the company. From time to time, new or improved health and safety laws and regulations are introduced in jurisdictions in which AngloGold Ashanti operates. Should compliance with new standards require a material increase in expenditure or material interruptions to operations or production, including as a result of any temporary failure to comply with applicable regulations,

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the results of operations and the financial condition of the company could be adversely affected.
In some of the jurisdictions in which we operate, the government enforces compulsory shutdowns of operations to enable investigations into the cause of accidents at those operations. Certain of the company's operations have been temporarily suspended for safety reasons in the past. In South Africa, in particular, so-called Section 54 safety stoppages have become a significant issue. In 2011, the Inspector of Mines ordered the shutdown of entire mines in cases of relatively minor violations, which had a material impact on production at these mines. In particular, the Inspector issued Kopanang 11 Section 54 directives during the year. Each directive resulted in Kopanang suspending operations either fully or partially in order to comply with the inspector's recommendations on safety. A working group comprising the inspectorate, the mining industry and organised labour has been formed to address the trend of increasing safety stoppages.
AngloGold Ashanti's reputation as a responsible company and employer could be damaged by any significant governmental investigation or enforcement of health and safety standards. Any of these factors could have a material adverse effect on the company's results of operations and financial condition.
Mining companies are increasingly required to consider and take steps to develop in a sustainable manner and to provide benefits to the communities and countries in which they operate. Failure to consider such requirements can result in legal suits, additional operational costs, adverse reactions by investors and otherwise adversely impact mining companies' financial condition and social licence to operate.
As a result of public concern about the perceived ill effects of economic globalisation, businesses in general and large multinational mining corporations such as AngloGold Ashanti in particular face increasing public scrutiny of their activities.
These businesses are under pressure to demonstrate that while they seek a satisfactory return on investment for shareholders, human rights are respected and other social partners, including employees, host communities and more broadly the countries in which they operate, also benefit from their commercial activities. Such pressures tend to be particularly focused on companies whose activities are perceived to have, or have, a high impact on their social and physical environment. The potential consequences of these pressures and the adverse publicity in cases where companies are believed not to be creating sufficient social and economic benefit may result in additional operating costs, reputational

damage, active community opposition, allegations of human rights abuses, legal suits and investor withdrawal.

Existing and proposed mining operations are often located at or near existing towns and villages, natural water courses and other infrastructure. As the impacts of water pollution or shortage, in particular, may be immediate and directly adverse to those communities, poor management of either the supply or the quality of water can result in community protest, regulatory sanctions or ultimately in the withdrawal of community and government support for company operations. For example, opposition to mining activity in the Tolima province of Colombia, which hosts the La Colosa deposit, has centred on the perception that large-scale mining activity will have a detrimental impact on the region's river systems. Mining operations must therefore be designed to minimise their impact on such communities and the environment, either by changing mining plans to avoid such impact, by modifying mining plans and operations, or by relocating the affected people to an agreed location. Responsive measures may also include agreed levels of compensation for any adverse impact ongoing mining operations may continue to have upon the community.

In addition, as AngloGold Ashanti has a long history of mining operations in certain regions, issues may arise regarding historical as well as potential future environmental impacts to those areas. For example, certain parties, including NGOs, community groups and institutional investors, have raised concerns about surface and groundwater quality, among other issues, in the area surrounding the company's Obuasi and Iduapriem mines in Ghana, including potential impacts to local rivers and wells used for water from heavy metals, arsenic and cyanide as well as sediment and mine rock waste. Following temporary shutdowns at both mines in 2010, the company has made improvements in effluent quality management and constructed new tailings impoundments to reduce the risk of incidents that have the potential to degrade local water sources. AngloGold Ashanti is continuing to investigate allegations of impacts by the company's operations on water quality in mining areas and to consider, as appropriate, potential additional responsive actions such as remediation, engineering and operational changes at the mine sites and community outreach programmes.

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Risk management and risk factors

Disputes with surrounding communities may also affect mining operations by the restriction of access to supplies and of the workforce to mining operations. The mines access to land may be subject to the rights or asserted rights of various community stakeholders, including indigenous people. In some cases, AngloGold Ashanti has had difficulty gaining access to new land because of perceived poor community compensation practices. For example, compensation remains a significant area of concern in Siguiri in Guinea. In 2011, a violent community protest interrupted operations for three days, which contributed to the project's decline in production as compared to 2010. Delays in projects attributable to a lack of community support can translate directly into a decrease in the value of a project or into an inability to bring the project to production.
The cost of measures and other issues relating to the sustainable development of mining operations could place significant demands on personnel resources, could increase capital and operating costs and could have an adverse impact upon AngloGold Ashanti's reputation, results of operations and financial condition.

Mining companies are subject to extensive environmental laws and regulations.

Mining companies are subject to extensive environmental laws and regulations in the various jurisdictions in which they operate. These regulations establish limits and conditions on a producer's ability to conduct its operations and govern, among other things, extraction, use and conservation of water resources; air emissions (including dust control) and water treatment and discharge; regulatory and community reporting; clean-up of contamination; worker safety and community health; and the generation, transportation, storage and disposal of solid and hazardous wastes, such as acids,