ANGLOGOLD ASHANTI LTD
Form 6-K
March 31, 2011

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 March 31, 2011
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 REPORT 2010 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Annual Financial Statements **2010**
pure
gold

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, 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 pending litigation proceedings, contain certain 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 internal controls" in these annual financial 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. 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.

TT Mboweni
Chairman
TJ Motlatsi
Deputy Chairman
FB Arisman
Non-executive director
M Cutifani
Chief executive officer
R Gasant
Non-executive director
WA Nairn
Non-executive director
LW Nkuhlu
Non-executive director
F Ohene-Kena
Non-executive director
SM Pityana
Non-executive director
S Venkatakrishnan
Chief financial officer
AngloGold Ashanti board of directors
as at 31 December 2010

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Contents

Vision, mission and values

Our
vision
Our
mission
to be the leading
mining company
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.

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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.

Our
values

These reports and documents communicate all relevant aspects of AngloGold Ashanti's operating, sustainability and financial performance for the 2010 financial year, from 1 January 2010 to 31 December 2010. Those to whom the company seeks to communicate include: shareholders; investors; employees and their representatives; the communities within which AngloGold Ashanti operates; and regional and national governments.

The Annual Financial Statements 2010 presents an extensive review of the year in both web-based and printed formats, and was prepared in accordance with: International Financial Reporting Standards (IFRS); the South African Companies Act, 61 of 1973 (as amended); and the Listings Requirements of the JSE Limited (JSE). In compiling the Annual Financial Statements 2010 and the Sustainability Report 2010, the guidelines on integrated reporting of the King

Scope of the report

AngloGold Ashanti
best practice
in line with
global
reports

AngloGold Ashanti's suite of 2010 annual reports includes:

• Annual Financial Statements 2010
• Mineral Resource and Ore Reserve Report 2010
• Sustainability Report 2010
• Annual Review 2010

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Report on Governance for South Africa 2009 (King III) were taken into account. This report, which includes a separate Notice of Meeting, is submitted to the JSE in South Africa, as well as the stock exchanges in London, New York, Ghana, Australia, Paris and Brussels. It is also submitted the United States Securities and Exchange Commission (SEC) on a Form 6-K. In compliance with the rules governing its listing on the New York Stock Exchange and in accordance with the accounting principles generally accepted in the US, AngloGold Ashanti prepares an annual report on Form 20-F. The Form 20-F for the 2010 financial year must be filed with the SEC by no later than 30 June 2011.

In the Mineral Resource and Ore Reserve Report 2010, AngloGold Ashanti's Mineral Resources and Ore Reserves are reported 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). Competent persons in terms of these codes have prepared, reviewed and confirmed the Mineral Resources and Ore Reserves reported. The Annual Financial Statements 2010 contains a summary of the group's Mineral Resource and Ore Reserve as detailed in the Mineral Resource and Ore Reserve Report 2010. These Ore Reserves are used in the preparation of the annual financial statements in accordance with IFRS.

The Sustainability Report 2010, Sustainable Gold, provides an account of AngloGold Ashanti's sustainability performance in 2010. It covers six key focus areas for 2010:

- Improving operational safety performance;
- Managing health impacts that arise at our operations and in our communities;
- Operating with due respect for human rights;
- Delivering sustainable economic benefits, including to the communities which host our operations;
- Recognising and reporting explicitly on exploration and closure in the life cycle of our operations; and
- Conducting effective stewardship of the environment and of the natural resources that we use, primarily land, water and energy.

The report gives context and outlines the approach for each area. It also provides particulars of the work that has been undertaken in that area, targets that have been set and performance against these targets. Supplementary information on our website presents more detailed disclosure on performance against relevant Global Reporting Initiative (GRI) indicators, the sustainable development framework of the International Council on Metals and Mining (ICMM) and the principles of the UN Global Compact (UNGC).

A separate summary report, the Annual Review 2010, which contains extracts of key information from the Annual Financial Statements 2010, the Sustainability Report 2010 as well as the notice of meeting to shareholders and the form of proxy, has been produced for distribution to all shareholders.

A compact disc, containing the web-based versions and downloadable pdfs of these reports, will be distributed to all shareholders together with the Annual Review 2010.

Hard copies of all these reports, which are integral to AngloGold Ashanti's communication programme with its shareholders and business partners, may be requested from the contacts listed at the end of this report.

Note:

- Unless otherwise stated, $ or dollar refers to US dollars throughout this suite of reports.
- References to "group" and "company" are used interchangeably in the narrative of this report, except in the financial statements of the group and company.
- "Statement of financial position" and "balance sheet" are used interchangeably in the narrative of this report.
- 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.
- Locations on maps are for indication purposes only.

Corporate profile

We truly cover the world

producer
A truly
global
gold
of

Headquartered in Johannesburg, South Africa, AngloGold Ashanti has 20 operations on four continents and several exploration programmes in both the established and new gold-producing regions of the world.

AngloGold Ashanti employed 62,046 people, including contractors, in 2010 and produced 4.52Moz of gold (2009: 4.60Moz), generating $5.3bn in gold income (2009: $3.8bn). Capital expenditure in 2010 amounted to $1,015m (2009: $1,027m). As at 31 December 2010, AngloGold Ashanti's Ore Reserve totalled 71.2Moz.

Focused on returns

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

Our business

Exploration

The group's exploration programme, which covers greenfield, brownfield, and more recently, marine exploration, is conducted either directly or in collaboration with partners. The group's foremost recent greenfield discovery is the La Colosa deposit in Colombia (see map for regions of active greenfield exploration). Brownfield exploration is conducted around existing operations. In October 2009, the group 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

In addition to the six deep-level mines and one surface operation in South Africa, AngloGold Ashanti has surface and underground mining operations in the Americas, Australia and elsewhere on the African continent. The Tau Lekoa mine in South Africa was sold during 2010. In addition to gold, valuable by-products – silver, sulphuric acid and uranium – are produced in the process of recovering the gold mined at certain operations.

Marketing

Once processed to the doré (unrefined gold bar) stage at AngloGold Ashanti's operations, this product is dispatched to various precious metal refineries where the gold is refined to a

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Q4 2010

Fatality-free
quarter

Index of AngloGold Ashanti share price on NYSE
Philadelphia Stock Exchange Gold & Silver Index

July 2008

Restructuring of hedge
book begins

20 May 2009

Issue of 3.5% convertible
bonds of $732.5m, due 2014

29 June 2009

Sale of interest in
Boddington completed

31 July 2009

Hedge book reduced by 1.4Moz
to 3.9Moz, which is less
than one year's production

21 April 2010

$1bn, four-year revolving
credit facility secured

14 September 2010

Launch of concurrent equity and
mandatory convertible subordinated
bond offerings

7 October 2010

Hedge book eliminated

7 July 2008

Rights offer raises $1.7bn

6 May 2008

Announcement of significant
exploration results at La Colosa

21 November 2008

$1bn syndicated loan with Standard
Chartered announced

-80
-60
-40
-20
0
20
40
60
Q2 08
Q3 08
Relative share price performance
(%)
Q4 08
Q1 09

Q2 09
Q3 09
Q4 09
Q1 10
Q2 10
Q3 10
Q4 10
purity of at least 99.5%, in accordance with the standards of 'good delivery' as determined by the London Bullion Market Association. It is 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.

Built for purpose

Since launching its new business strategy at the end of March 2008, AngloGold Ashanti has significantly restructured its portfolio and rebuilt its balance sheet to create the operating and financial foundation to achieve production growth from 5.4Moz to 5.6Moz by 2014. Operating cash flow has increased markedly following the elimination of the hedge book, as well as the implementation of Project ONE, the business improvement intervention, and the higher gold price. AngloGold Ashanti has also continued to invest in its industry-leading exploration team to build on its unmatched record of new gold discoveries and to grow its world-class gold endowment. Longer-term debt has also been introduced into the balance sheet, thereby greatly enhancing the capacity to fund a significant project pipeline, while maintaining strict capital discipline and driving shareholder returns.

United States
52.60%
South Africa
22.54%
United Kingdom
11.73%
Ghana
2.95%
France
2.35%
Rest of Europe
2.56%
Rest of Americas
1.20%
Rest of the world
4.07%
Geographic distribution of shareholders
as at 31 December 2010

United States
Cripple Creek & Victor 233,000oz
Colombia
La Colosa
Gramalote
Brazil
Serra Grande
77,000oz
AGA Mineração
338,000oz
Operations
Projects
Argentina
Cerro Vanguardia
194,000oz
Location of AngloGold Ashanti operations and major greenfield projects

Corporate profile
We truly cover the world
gold
Our primary
focus
is

Mali
Morila
95,000oz
Sadiola
118,000oz
Yatela
60,000oz
Guinea
Siguiri
273,000oz
Ghana
Iduapriem
185,000oz
Obuasi
317,000oz
DRC
Mongbwalu
Kibali
Namibia
Navachab
86,000oz
Tanzania
Geita
357,000oz
Australia
Sunrise Dam
396,000oz
Tropicana
South Africa
Vaal River
Great Noligwa
132,000oz
Kopanang
305,000oz
Moab Khotsong
292,000oz
Tau Lekoa
63,000oz
Surface operations
179,000oz
West Wits
Mponeng
532,000oz
Savuka
22,000oz
TauTona
259,000oz
(1)
(1)
Sold effective 1 August 2010
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Strategy

AngloGold Ashanti's business strategy is reviewed regularly to determine progress in its implementation against the backdrop of a dynamic operating and regulatory environment. These evaluations allow for tactical adjustments necessary to achieve the ultimate goal of becoming "the leading mining company".

AngloGold Ashanti has defined its strategic focus in five parts:

- Recognise that "People are the business" – organisational development is a strategic value driver for the group;
- Maximise margins – manage both revenue and costs to ensure delivery and protection of returns throughout the economic cycle;
- Manage the business as an asset portfolio – use capital deployment optimisation approaches to support delivery of return targets;
- Grow the business – have a definite strategy for both organic growth and growth by acquisition and be opportunistic in seeking value accretive targets; and
- Embrace sustainability principles – understand and focus on creating value for both business and social partners to manage risk and opportunity.

The key components of each of the strategy points are as follows:

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;
- Business Process Framework, 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; and
- 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 ensure sustainable value and maximise returns by:

- Managing revenues to ensure that full value is realised from its products by:
  - managing product sales to realise premiums for the delivery of a superior quality product and by exploring other value adding initiatives;
  - delivering products of a consistent quality, on time; and
  - offering exposure to spot prices.

· Managing costs to protect margins and returns on capital employed by:

· applying resource development stratagies to maintain operating margins over the life cycle of the assets;

· protecting critical margins where appropriate;

&#183 maintaining costs below the industry's mean in order to minimise risks to cash flow and returns in a volatile price environment; and

· Optimising capital deployment by investing only in assets and growth opportunities which offer superior returns.

Strategy

Striving to be the
leading
mining
company

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Manage the business

Meeting commitments is a critical objective and includes:
- ensuring safe work practices and a healthy workforce;
- generating returns on capital of more than 15% through the cycle;
- meeting production and cost targets;
- managing costs to maximise margins and return on capital employed over the life cycle of all operations and projects;
- maximising revenues; and
- implementing Project ONE (refer page 46) to standardise all operating procedures and achieve key five-year goals. The five-year goals agreed in 2008 were:
- a 70% reduction in accident rates;
- a 30% inprovement in overall productivity (in terms of ounces of gold produced per employee);
- a 60% reduction in reportable environmental incidents;
- a 20% increase in gold production;
- a 25% reduction in real IFRS total cash costs per ounce; and
- to deliver an average return on captital of above 15%.

Given the progress achieved to date, the board reviewed and amended the following key five-year goals in late 2010 for the period 2011-2015 as follows:
- Safety – an all injury frequency rate of less than 9 per million hours worked by 2015;
- Productivity – 20% improvement in oz/TEC by 2015;
- Environment – 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 unit costs by 2015 (adjusted for mining inflation); and
- Return on shareholders' equity (%) – 15% through the cycle to 2015.

Manage the business as an asset portfolio

AngloGold Ashanti regularly reviews and ranks each asset and project as part of its annual business planning process. This ranking is both absolute and relative to its peer group, with the aim of:

- ensuring that 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 those assets that no longer meet the company's criteria at attractive valuations.

Grow the business

AngloGold Ashanti seeks to further enhance shareholder value through:

- Exploration – leveraging its asset portfolio and landholdings through greenfield and brownfield exploration and development while targeting new opportunities;
- Brownfield development – the development portfolio comprises board approved projects including: the Tropicana gold project in Australia; the Córrego do Sítio and Lamego projects in Brazil; the Mine Life Extension project at Cripple Creek & Victor in the United States; the Ventersdorp Contact Reef project at the Mponeng mine in South Africa; and others undergoing feasibility studies in Argentina, Brazil,

Colombia, the Democratic Republic of the Congo, Mali, Namibia, South Africa and the United States;
- New projects – by promoting organic growth and leveraging current positions;
- Mergers and acquisitions – by selectively pursuing value accretive merger and acquisition opportunities; and
- Logical incrementalism – by maximising the value of other commodities within an existing and developing asset portfolio.

Embrace sustainability principles

AngloGold Ashanti seeks to embrace sustainability principles to create business and social partnerships based on mutual value creation. This approach includes:

- Safety and health – ensuring that commitment to the welfare of people remains the company's most important value;
- Environment – by managing the impact on the environment, meeting commitments made to host communities and ensuring AngloGold Ashanti is the preferred development partner for mining projects;
- Community relations – establishing relationships and developing strategies that support the creation of unique value for various community partners;
- Institutional relations – working through the respective government and other local institutions, while respecting the values and traditions of each jurisdiction; and
- Political relationships – managing relationships in a manner consistent with the company's values.

Key features 2010
- All injury frequency rate (AIFR) improved by 11% to 11.50 per million hours worked;
- Record adjusted headline earnings (excluding the impact of accelerated hedge buy-backs) of $787m, a result of improved margins due to higher received prices;
- Production of 4.52Moz at a total cash cost of $638/oz, within exchange-rate adjusted guidance;
- Geita, Cripple Creek & Victor and South Africa turnarounds successfully executed;
- Complete elimination of the hedge book, thus providing full exposure to the prevailing gold spot price;
- Securing AngloGold Ashanti's international investment grade credit ratings;

- Introduction of long-term tenor to the statement of financial position with the issue of two rated bonds maturing in 10 and 30 years and mandatory convertible bonds due in 2013; and
- A full year dividend of 145 South African cents per share (approximately 20 US cents per share), 12% higher than the previous year of 130 South African cents (17 US cents per share).

Group overview 2010
06
07
08
Gold production
(000oz)
09
10
5,477
4,982
5,635
4,599
4,515
06
07
08
Cash flow from operating activities*
($m)
09
10
866
584
1,106
1,299
1,669
** Excludes hedge buy-back costs*
4,515 000oz
$1,669 m

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06
07
08
All injury frequency rate
(per million hours worked)
20.95
16.66
22.83
09
10
12.88
11.50
06
07
08
Market capitalisation
($bn)
09
10
11.9
9.8
13.2
14.6
18.8
$18.8
bn
11.50

Group overview 2010 – key data

2010
2009
% change
Gold produced
(000oz)
4,515
4,599
(2)
Average gold spot price
($/oz)
1,227
974
26
Average received gold price
($/oz)
561
751
(25)
Average received gold price excluding hedge buy-back costs
(1)
($/oz)

1,159
925
25
Total cash costs
($/oz)
638
514
24
Total production costs
($/oz)
816
646
26
Ore Reserve
(2)
(Moz)
71
71
1
Revenue
($m)
5,514
3,916
41
Gold income
($m)
5,334
3,768
42
Adjusted headline loss
(3)
($m)
(1,758)
(50)
3,416
Adjusted headline earnings excluding hedge buy-back costs
(4)
($m)
787
708
11
Adjusted headline earnings excluding hedge buy-back costs
(US cents/share)
212
196
8
Dividends per ordinary share
(SA cents/share)
145
130
12

Average exchange rate
(R/$)
7.30
8.39
(13)
Exchange rate at year-end
(R/$)
6.57
7.44
(12)
Share price at year-end:
JSE
(R/share)
326.90
306.29
7
NYSE
($/share)
49.23
40.18
23
Market capitalisation at year-end
($m)
18,767
14,555
29
Note:
(1)
Average received gold price during 2010 excluding the effects of hedge buy-back costs at $1,159/oz is 25% higher than 2009, 5.5% discount to the spot gold
price and better than the guidance of 8% to 10%.
(2)
After adjusting for the Tau Lekoa sale, Ore Reserve increased by 1% from 70.6Moz to 71.2Moz.
(3)
Headline loss adjusted for unrealised non-hedge derivatives, fair value adjustments on the option component of the convertible and mandatory convertible
bonds, adjustments to other commodity contracts and deferred tax thereon. Refer to Non-GAAP disclosure note 1 on page 372.
(4)
Refer to Non-GAAP disclosure note 1 on page 372.
per million
hours worked

It is my pleasure and privilege to address to you my first chairman's statement since taking office during 2010.
When I was approached for discussion about the position, there were two matters about which I felt I had to satisfy myself. The first one was that I wanted to see the company showing, practically, that they were serious about curbing injuries and deaths in mine accidents. The second was their intention in relation to the closing out of the hedge book.
On the first, I was very pleased to be assured that, led by Mark Cutifani, the executives at AngloGold Ashanti work very hard at ensuring that safety is indeed our first priority. The improvement in the fatal accident rate of close to 70% since 2007, is evidence of these efforts. Yet we are aware that the rate of improvement has slowed somewhat in recent years, and we look forward to the next step change on the way to achieving our goal of making employee fatalities a thing of the past.
I would like to convey my and the company's condolences to the families and friends of the fifteen employees who died in mining accidents during the course of 2010, and give my assurances to them, and to all employees and their loved ones, that safety is a priority that will remain in place.
On the matter of the hedge book, the wish became reality within just a few months. During October, we were able to announce the achievement of that goal, opening up to shareholders the benefits of full exposure to the spot gold price.
That occurred shortly after two leading credit rating agencies affirmed the company's international investment grade credit ratings.
The unhedged position and strong balance sheet leave the company extremely well placed to pursue our substantial project pipeline, assisted further by a gold price that appears likely, at the very least, to sustain itself within the range experienced in the year under review.
Continuing uncertainty about the prospects for economic recovery in the US, Europe and Japan, and the fiscal measures implemented to mitigate the economic difficulties, have underpinned the role of gold as an investment commodity, and hence the gold price rise of the past two years or so.
Notwithstanding the higher gold price, fabrication demand for gold grew by 13.4% in 2010, though admittedly off a relatively low base. Most of the growth was thanks to increased demand for gold jewellery in India and, to a lesser extent, China. In both markets AngloGold Ashanti expends much energy in gold marketing activities.

Chairman's statement
Podcast available at www.aga-reports.com/10/podcasts.htm
Tito Mboweni discusses his thoughts on the way forward for AngloGold Ashanti

Chairman’s statement
A company with
to excellence
committed
vision,

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However, it is not the bullish gold market that distinguishes this company. What has encouraged me the most in my short time on the board of AngloGold Ashanti is the company's vision and commitment to excellence. The elimination of the 11.3Moz gold hedge since 2008, during a period of unprecedented international economic and financial distress, is, in my view, but one illustration of these attributes.

Equally illuminating are the methodical efforts incorporated in Project ONE to enhance efficiencies at our operations and throughout the business. Particularly pleasing is the turnaround at the Geita Gold Mine in Tanzania, while notable progress has also been made at the Mponeng Plant in South Africa and the South American operations.

It is important to emphasise the holistic nature of Project ONE. In addition to operating efficiencies, it incorporates a range of targets related to both our people and sustainability issues, such as safety and environmental management, all of which are key components of AngloGold Ashanti's strategic drive.

As a mining company committed to responsible corporate citizenship, operating around the world is becoming increasingly complex. From government attempts to impose punitive taxes in Australia to the instability prior to the welcome advent of democracy in Guinea, AngloGold Ashanti has been challenged to play a responsible role.

The value of high-quality social dialogue is best illustrated in South Africa, where the Mining Charter was reviewed during the course of the year and a new version published in September. This compact between government, business and labour seeks to set out processes and targets aimed at gradually eliminating the country's and the industry's apartheid legacy without damaging the industry's competitiveness. We are of the view that the outcome effectively achieved these dual goals.

As was the case with the initial 2004 charter, AngloGold Ashanti again played an important role in this achievement through our CEO Mark Cutifani's senior leadership position in the South African Chamber of Mines.

As a mining company, we have an obligation to the societies in which we operate to ensure, as our values state, that they are better off for our having been there. Naturally mining, as with all economic activity, will have an impact on the social and physical environment. Not all of that will be immediately positive. However, AngloGold Ashanti is committed to ensuring that, on balance, the positive consequences significantly outweigh the negative. We accept, further, that our responsibility as a good corporate citizen is not only to ensure that that is the case, but also to be open and responsive to those who would want to express their concerns. The board will continue to encourage the executive to sharpen its focus

in this regard.
I would like to thank my fellow board members, management and staff at AngloGold Ashanti for all they have done to welcome me to the company and for the support given to me in exercising my responsibilities as chairman.
I would like to welcome Rhidwaan Gasant, who joined the board in August, bringing in additional financial expertise and experience in the resources sector. The wisdom in appointing him is already apparent. We also welcome Fred Ohene-Kena who brings his extensive knowledge of the Ghanaian society, and its mining sector in particular.
I would like to pay tribute to my predecessor Russell Edey. During Russell's tenure, AngloGold Ashanti was transformed from a leading South African corporation into a leading international one. I can only hope to be able to emulate the wisdom he showed in so doing.
Finally, James Motlatsi announced his retirement from the board, with effect from 17 February 2011. As one of the original directors of AngloGold Ashanti when it was formed in 1998, James provided both continuity and critical leadership during the changing times and has served all AngloGold Ashanti stakeholders with great distinction. His retirement allows him the opportunity to pursue new interests. On behalf of the board and management, and indeed on my own behalf, I extend our thanks and best wishes to James for the future. Rea leboga Ntate! (Thank you, Sir).
The board will, in the coming months, be taking action to replace the expertise lost and, generally, work towards building an even better balance of knowledge, experience and skill.
TT Mboweni
Chairman
11 March 2011

CEO's review

In putting pen to paper to share with you my thoughts on 2010, I must first make a very simple observation. The elimination of the hedge book, the rebuilding of our financial foundations through the reconstruction of the balance sheet, and the progress on improving operational performance all point to 2010 being a landmark year for AngloGold Ashanti. Combined with a steadily strengthening market and price for our product, we see a bright future for the company, our shareholders, our employees and all our business partners.

Gold chalked up its 10th consecutive annual increase in 2010 as investors looked for a safe haven from countless economic disruptions and potential dislocations across the globe.

The second major round of quantitative easing began in the US as the Federal Reserve used an already-extended balance sheet to kick start meaningful growth in the economy, raising renewed concern over the long-term health of the dollar and the rising spectre of inflation. Japan moved aggressively to devalue its currency in order to fan demand for its exports and revive a flagging economy.

Being
unhedged,
we can better leverage
a rising
gold price

CEO's review

Podcast available at www.aga-reports.com/10/podcasts.htm

Mark Cutifani discusses his views on the outlook for AngloGold Ashanti

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A booming economy in China brought the threat of runaway consumer price increases ever closer. In Europe, intensifying sovereign debt concerns deepened economic and political fault lines between euro members, raising doubts over the future of the common currency. A conflagration on the Korean peninsula once again threatened to tip the region into crisis. Against this heightened risk backdrop it was hardly surprising that gold reached a high for the year of $1,431/oz in early December. Notwithstanding the strong price rally, consumer demand increased, with the world jewellery sector rising an estimated 16% in 2010.
All the while, there remained a dearth of large, new discoveries to replace gold production. Depletion of the world's major orebodies continued, cost pressures mounted as currencies of commodity producing nations strengthened against the dollar, and higher labour costs and metal prices spurred input costs of everything from power to drill steels, reagents and grinding media. Despite a decade of higher prices, the supply response from the gold industry remained muted. It has perhaps never been clearer that, with the average, all-inclusive cost of production for the industry at more than $1,000/oz, the fundamentals remain supportive of the gold price. Once the gloomy and somewhat uncertain macroeconomic picture is factored in, it is our view that the gold price remains well supported, with a bias to the upside.
It was in this context that your board took the decision in September to eliminate the hedge book, once and for all ending the forced sale of our production at discounts to market prices. This was made possible by the reconstruction of the company's balance sheet over the past two years. Investment grade debt ratings awarded in April by both Moody's and S&P paved the way for the issue of $700m, 10-year bonds and $300m, 30-year bonds, the latter being a first for a South African corporate. A syndicate of 16 banks also provided a renewed, four-year revolving credit facility. With that balance sheet structure in place, the difficult call was made in September to issue new equity and a mandatory convertible bond, together totalling almost $1.6bn, to provide the final financing – over and above cash and existing debt of about $1bn – to eliminate the remaining 3.0Moz of gold committed under hedge contracts.
The final hedge contract was eliminated on 7 October, not only achieving a key strategic objective but also enhancing cash flow generation capacity and AngloGold Ashanti's ability to finance an unmatched slate of growth projects across our global operations and development portfolio.
Now the hard work really begins, to consistently achieve our goal of earning a return of at least 15% on invested capital, throughout the investment and commodity price cycles. Our

teams worked diligently during the year to set the foundation for growth and improved operating performance across our global suite of 20 gold-producing assets.

Project ONE, the change model designed to modernise and improve operating practices and reduce volatility across the business, thereby increasing productivity, while at the same time better clarifying role accountability, was implemented at an additional 15 sites (mines and processing plants) in 2010, adding to the eight that went live in 2009. All in all, 145 employees are engaged full-time in ensuring that this revolutionary operating framework is embedded across the business to achieve an ambitious set of safety, environmental, operating and financial targets. While this is undoubtedly a time-consuming and complex endeavour, our collective commitment to Project ONE deepened further during the year as we saw significant successes achieved at the Mponeng plant, at Geita and also the South American operations.

The early roll-out at the more complex and labour intensive South African underground mines also yielded positive early results and showed the benefit to be gleaned from increasing the focus on planning and organisation and ensuring that the right person does the right job, at the right time, in the right way.

CEO's review

In line with my commitment made in 2009, we cemented the hard won improvements in Brazil and Argentina, which now boast the company's lowest-cost assets. Crucially, AGA Mineração and Cerro Vanguardia both have exciting – and board approved – growth prospects ahead of them. At Cripple Creek & Victor, in the US, the much needed operating turnaround was flawlessly executed by the team, who are now looking to further production expansions with the installation of a high-grade milling circuit.

The Americas region, a strong business in its own right under Ron Largent's leadership, now has plans in place to grow production over the next five years from the 842,000oz achieved in 2010, to around 1.2Moz by 2013. In addition, exploration drilling restarted at La Colosa, in Colombia, after a hiatus of more than two years due to permitting constraints, and prefeasibility work commenced at the Gramalote joint venture, raising the prospect of significant additional growth over the medium term from the world's most prospective new goldfield. We will continue to be cautious and diligent in moving ahead in Colombia, where we have an enviable position in the world's most exciting new gold district, at an entry cost of almost zero, once the proceeds from farm-ins, joint ventures, asset sales and spin-offs are taken into account.

In Continental Africa, Geita was clearly the standout, closing the chapter on a difficult four-year period in which it missed operating targets. Compared to the 272,000oz achieved at the end of 2009, this asset delivered 357,000oz from the plant in 2010 and is set to produce 500,000oz in 2011, returning this mine to its rightful place near the top of the production pecking order. Unit costs, meanwhile, have almost halved from their peak as significant improvements were made to plant availability and the fleet was reduced from 48 trucks in 2009 to 34 trucks in 2010, while the quantity of ore transported increased.

With Guinea emerging tentatively from a successful election, the scope to realise the potential from Siguiri's world-class orebody is now potentially enhanced and work is under way to investigate the best possible ways of delivering on this growth potential. In the Democratic Republic of the Congo (DRC), work continued in parallel to complete the feasibility studies on the Mongbwalu and Kibali projects, the latter with our partner Randgold Resources. In both cases, our emphasis is on bringing our technical and planning expertise to bear on these projects to ensure they are completed safely, on time, within budget and in line with their envisaged operating parameters. The DRC is poised to be a significant contributor to our production profile beyond 2014, with expansion potentially providing valuable optionality given the geological endowment of the country's northeastern region. Mali, one of our more mature operating regions in Africa, continues to generate significant cash flow and we are working closely with IAMGold, our partner at Sadiola, to formulate the final plan needed to tap the promising deep sulphide Mineral Resource as well as extensions to the shallower oxide ore.

Ghana remains the biggest challenge for the Continental Africa region. Decisions were taken during the first half of the year to suspend both operations in order to affect sustainable and long-lasting solutions to water-balance issues which, in Obuasi's case, follow almost a century of intensive mining across a vast footprint. While this had a significant impact on production, it reinforced our commitment to ensuring environmentally responsible mining and to improving our performance in this regard in all jurisdictions. There remains work to do, particularly at Obuasi, where the operation was also dogged by operating problems, most notably ore-pass hang-ups and below-par development rates.

Following our success at Geita, a senior, multi-disciplinary team led by Richard Duffy and supported by myself and Tony O'Neill,

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our Executive Vice President of Technical and Business Development, has been appointed to design and execute a strategy that will ensure that this gold orebody, undoubtedly one of the world's largest at almost 30Moz, performs to its full potential. This is a key challenge for the year ahead.
In Australia, Sunrise Dam delivered another solid performance, although it's worth pointing out that the cash cost line of $957/oz is distorted by the $259/oz non-cash, deferred-stripping charge. This is simply an accounting entry and obscures the significant cash generation ability of this mine. The transition to underground ore continued during 2010, as did work to understand the true nature and extent of the orebody. This has prompted a decision to test the potential during 2011 for a bulk-cave operation to more efficiently extract underground ore over an extended life of mine.
We also passed a significant milestone in 2010 with the approval in November of the development of the Tropicana gold deposit in Western Australia. This is not only a virgin discovery by AngloGold Ashanti's own exploration team in a large, untouched new gold belt, but also the first true greenfield project undertaken by the company in more than a decade. What's more encouraging to us is that an extensive exploration campaign along the Tropicana belt, which extends along a strike of some 600km, is yielding good results. I'm confident that the original scope of this project, which calls for total production of 330,000oz to 350,000oz a year over 10 years, is only the beginning of the productive life of this district and that strong production levels anticipated in the initial three years of the mine's life, will be sustained as new Mineral Resources are discovered by our world-class exploration team.
At the beginning of 2010, the South Africa region was the source of significant concern. Safety stoppages were the hallmark of 2009's performance as severe disruptions were caused by our own decision to halt certain operations in order to improve operating conditions and by government-enforced Section 54 stoppages. This was compounded by a lack of flexibility on key assets. While we saw production take a hit at key operations, rising power and labour costs threatened a damaging margin squeeze.
As I write this review, the situation is much improved. Following his appointment as Executive Vice President – South Africa, in February, Robbie Lazare set about making the crucial changes required to improve safety and ensure these large, deep mines return to their cash generation potential. His `three-horizon' strategy – to rapidly improve safety, production and costs, to optimise the configuration of the assets, and to design a far-reaching technology innovation plan to ensure their long-term survival – has already yielded

impressive results.

Excluding Tau Lekoa, which was sold to Simmer & Jack during the year, production from South Africa was largely unchanged, while the cost increase (in US dollar terms) was contained at 31% to $586/oz, despite a 26% power-price hike, a near double-digit payroll increase, the impact of input inflation across all consumables and significant strengthening of operating currencies throughout the year. A look behind these impressive results shows increases across key production metrics.

New management appointments have energised operating teams and the renewed focus on planning, following the enthusiastic embrace of Project ONE, promises further improvements going forward.

Robbie has also spearheaded the formation of The Technological Innovation Consortium to investigate ways to tap the deeper reaches of the extensive Witwatersrand orebody in a safe and profitable way. This is an ambitious endeavour that some have likened to the Manhattan Project, for the sheer quality and breadth of the global expertise harnessed to achieve a single goal. This project has potentially far-reaching benefits and brings together an unparalleled group of the world's finest innovators who are – at the time this report is distributed – already a year into finding a resolution to the ultra-deep mining conundrum: to safely and profitably mine what remains the world's largest and most consistent gold resource. The group includes a range of universities, research institutes and industrial luminaries such as General Electric, 3M, Atlas Copco, Bateman, Sandvik, SNC-Lavalin and many more. This is not simply a vague, conceptual study, but a hard-nosed commercial endeavour that could put AngloGold Ashanti far ahead of its rivals in pioneering real intellectual property to unlock untold mineral wealth at depth, across the world. We will keep you updated as this project progresses.

While we're studying all the angles to ensure a profitable long-term future for South Africa's deep mines, our attention will also be focused on some near-term objectives in 2011. Chief among these will be navigating the next round of biennial wage talks with South Africa's labour unions. It is not merely lip service to say that we view organised labour as a partner in building our business in South Africa. While the National Union of Mineworkers and others representing miners, artisans and tradesman in South Africa have proved their mettle over several years as tough negotiators, they have also shown time and again that they are a responsible partner which does not take lightly any decision to disrupt production. We will enter this round of negotiations with a mandate to pursue open and frank dialogue and to reach a fair agreement that benefits all sides and ensures a healthy and sustainable industry for all stakeholders.

Turning to the nationalisation debate in South Africa, we are comforted by the fact that the government is well aware of the negative consequences that would follow nationalisation of South Africa's mines, a view unequivocally expressed by senior leaders of the governing African National Congress on several occasions. The government has also shown itself to be sensitive to the negative impact this debate has on the perceptions of some investors less familiar with the robust nature of South African political discourse. Nonetheless, AngloGold Ashanti looks forward to this discussion reaching a conclusion as soon as possible to further improve South Africa's overall investment climate.

It is with deep sadness that I reflect on the tragic deaths of 15 of our colleagues in accidents at our operations during the year. One fatality in the workplace is one too many and each one of these is keenly felt by every member of this organisation. We are working hard to bring the behavioural and technical changes to all levels of work that we undertake every day to improve this safety performance. While safety performance suffered during the second and third quarters, a fatality-free fourth quarter showed what we are capable of. The long-term trends also provide sight of how far we've come. All told, the all injury frequency rate improved by 11% from 2009 and by 49% since 2006. An encouraging performance, but I firmly believe there remains much room for improvement. Achieving that remains our primary operational aim as Project ONE – with its attendant focus on detailed planning and execution of work – translates to improved safety.

So, with the financial foundation laid and the engine room starting to work toward its potential (though with much room for improvement), the third leg of our strategy is aimed at ensuring the long-term future of this company through a world-beating exploration effort. This is a team that made virgin discoveries in Colombia, the Tropicana belt in Australia and the DRC; successes we are confident of repeating. Following the consolidation of our global footprint in 2009, 2010 was the year for moving this effort forward.

CEO's review

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Drilling resumed in Colombia, accelerated in the DRC and Australia, and was initiated in new areas in which AngloGold Ashanti once again has first-mover advantage and the potential to dominate. These include the Solomon Islands, the extensive Cornelia Range in the northwest of West Australia, the Middle East and North Africa, Gabon and Baffin Island, in Canada's Arctic.

We will continue to invest heavily in exploration to add to our resource inventory at a fraction of the cost that many of our rivals – faced with a dearth of growth opportunities – are forced to pay in acquiring new ounces. In fact, the last three years has seen AngloGold Ashanti add roughly 40Moz at about $600m, through exploration and targeted, value-adding strategic acquisitions.

Our strategic focus on value has positioned AngloGold Ashanti with a range of development opportunities that will deliver real returns to our shareholders. The options we have created, working through our "value lens", will ensure we are not forced to jeopardise our capital base by overpaying for assets in order to ensure a sustainable future. With the hedge book now well and truly behind us, we will remain focused on adding profitable ounces to our production base and to our resource inventory. As ever, capital discipline will be the watchword as we drive toward real returns while growing our company. I am pleased to note that we achieved a return on net capital employed of 16% in 2010, sharply up from our single-digit returns of just two years ago.

Production in 2011 is forecast at between 4.55Moz and 4.75Moz, at a total cash cost ranging from $660/oz to $685/oz [1]. As we push toward our medium-term growth objectives, capital expenditure is estimated to be between $1.5bn and $1.6bn for the year.

Importantly, during 2010, we reviewed and updated our Code of Business Principles and Ethics (Our Code). I launched Our Code on 25 November 2010, along with the chairman of the Audit and Corporate Governance Committee. The roll-out of Our Code, which commenced during 2010, has an 18-month implementation and training plan across the group's operations globally.

Lastly, I would like to once again thank my colleagues at AngloGold Ashanti. At every level, they are driven and hard working, and have shown a single-minded focus to create the world's leading mining company. I'm grateful for this effort and look forward to 2011 as a year in which we return to growth and redouble our focus on driving shareholder value and improved safety, in order to realise the great potential of AngloGold Ashanti.

Mark Cutifani
Chief executive officer
11 March 2011

(1)
Based on the following assumptions: average exchange rates against the US dollar of R7.11 for the South African rand, 1.70 for the Brazilian real, 0.98 for the Australian dollar and 4.12 for the Argentinean peso. Oil is at $95 per barrel.

Review by the Chairman of the Audit and Corporate Governance Committee

AngloGold Ashanti is committed to best practice in corporate governance, ensuring compliance with legislation, regulations and requirements in the jurisdictions in which the company operates and adhering to the principles of sustainable business.

The Audit and Corporate Governance Committee of AngloGold Ashanti is tasked with ensuring effective governance and international best practice as directed by the committee's terms of reference, which is reviewed on an annual basis.

The company is committed to ensuring that changes in legislation and best practice are embraced. Following the launch of the South African Code on Corporate Governance 2009 (King III) on 1 March 2010, a detailed analysis of the extent to which the company's governance practices meet these requirements was completed. Where compliance with the recommendations is not being met to the extent required, processes and time frames have been agreed for full compliance and in those instances where the company will not comply, for practical reasons, disclosure of such non-compliance is disclosed in this report.
Full details of the company's corporate governance can be found from page 174 of this report. Briefly, since the implementation of King III, the company, as overseen by the Audit and Corporate Governance Committee, has, amongst others:

- addressed the composition of the Audit and Corporate Governance Committee, which now consists of only independent non-executive directors. The chairman of the board is not a member of this committee;
- had the election of the members of the committee approved by shareholders at the Annual General meeting held in May 2010. The election of the members of the committee will be put before the shareholders annually;
- established a separate committee dealing with issues pertaining to risk and information technology governance, the Risk and Information Integrity Committee, which is now functional, and had approved its terms of reference by the board of AngloGold Ashanti;
- reviewed and revamped the company's ethics policy and launched the Code of Business Principles and Ethics (Our Code) on 26 October 2010. Roll-out of and training in Our Code commenced in November 2010 and will continue throughout the organisation over an 18-month period. Our Code is a public statement of how AngloGold Ashanti does

Review by the Chairman of the Audit and
Corporate Governance Committee
Aligning our
with
King III
governance

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business. It clarifies the expectations and accountabilities for the conduct of AngloGold Ashanti's business;

- moved towards integrating sustainability with the annual report;
- implemented procedures towards combined assurance with full compliance by 2011 year-end;
- reviewed and approved the plans for both internal and external audits; and
- implemented the performance review of the Head of Internal Audit by the Audit and Corporate Governance Committee.

2010 suite of annual reports

The committee has:

- reviewed and discussed the audited Annual Financial Statements as included in this document with the external auditors, the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer;
- reviewed significant adjustments resulting from external audit queries and approved any unadjusted audit differences;
- received and considered reports from the internal auditors; and
- reviewed the contents of the Annual Review to be posted to shareholders.

In addition the committee evaluated:

- the capacity and performance of the financial management team;
- the independence and performance of the Internal Audit; and
- the independence of the external auditors and were satisfied that they were independent.

The committee concurs with and accepts the external auditors' report on the annual financial statements and has recommended the approval thereof to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

In addition, the committee has:

- reviewed the separately prepared Sustainability Report; and
- reviewed the separately prepared Mineral Resource and Ore Reserve Report.

The committee has taken all actions necessary to ensure the accuracy of the information and after due consideration recommended the approval of both the Sustainability Report and the Mineral Resource and Ore Reserve Report to the board. The board has subsequently approved these documents, which are available in hard copy format on request from the contact persons as detailed on the inside back cover or electronically from the company's website at www.anglogoldashanti.com. Further to overseeing the publication of the above reports, the Audit and Corporate Governance Committee reviews and recommends the following reports, prepared in accordance with US GAAP, to the board for approval as well as for submission to the United States Securities and Exchange Commission (SEC):

- the annual report on Form 20-F. The 2010 annual report on Form 20-F will be filed with the SEC by no later than 30 June 2011; and
- the Form 6-K quarterly reports.

The company is putting in place the processes necessary to ensure that an integrated report will be available for distribution to shareholders for the 2011 financial year.

Overleaf is a detailed description of the status of AngloGold Ashanti's compliance with King III.

Prof. L W Nkuhlu
Chairman: Audit and Corporate Governance Committee
11 March 2011

This table details the key areas which have been addressed or which will be addressed during 2011.
Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action
Chapter 1 – ethical leadership and corporate citizenship
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AngloGold Ashanti Annual Financial Statements 2010
Review by the Chairman of the Audit and Corporate Governance Committee
Has the company
established a code of
conduct and related
policies which set out
the core ethical values
to which the company
will adhere?
Even though the company had in
place a Code of Business Principles
and Ethics, it required revision as
some of its principles were not aligned
to developments in corporate
governance and to some of the
company's key ethical policies.
A new Code of Business Principles
and Ethics was approved by the board
on 10 August 2010 following its review
and approval by the Executive and the
Audit and Corporate Governance
committees. The Code was released
electronically to all employees and the
public on 26 October 2010 and
formally launched by the Chief
Executive Officer on 25 November.
Awareness creation and training has
been carried out at the Ghana
operations and workshops were held
at the Corporate Office during
November 2010. Training at all
operations will be conducted over an
18-month period from date
of launch.
During 2011, a
number of the internal
policies that underpin
and are the bedrock of
the company's ethical
values will be revised

to ensure that they align with the new Code. These include: conflicts of interest, gifts, sponsorship and hospitality, fraud and corruption, delegation of authority and insider trading.

Have ethical standards been incorporated into the strategy and operations of the company, for example, has the code of conduct been incorporated into employment and supplier contracts?

The ethical standards set in the Code of Business Principles and Ethics should be incorporated into employees' contract of employment and supplier contracts to create awareness and bind individuals in terms of compliance to the standards.

Following approval of the Code of Business Principles and Ethics a steering committee was formed to co-ordinate the implementation of an 18-month roll out plan. The first phase of the plan has been implemented. See details under Compliance Section on page 178.

Copies of the Code will be appended to the employment contracts issued to new employees and made available to suppliers, contractors and other business parties.

The second phase of the implementation plan will be continued in 2011 to ensure that the ethical principles are embedded in the day-to-day behaviours and actions of employees and other stakeholders. In addition, the Code will be incorporated as an

addendum to existing
employment and
supplier contracts by
mutual consent.

Review by the Chairman of the Audit and
Corporate Governance Committee

King III compliance

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Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action

Chapter 2 – Boards and directors

Is the chairman
appointed by the
board every year (after
an assessment of his
independence)?
The independence of all non-
executive directors, including the
board chairman, is assessed by the
board annually and the outcomes
announced in the annual report. The
chairman is however not appointed to
the position annually.
The board chairman was appointed
by the directors on 1 June 2010 and
will stand for election by the
shareholders at the annual general
meeting to be held on 11 May 2011.
Once elected by the shareholders, the
board will continue to assess the
independence of and appoint the
chairman to this position annually.
Fully applied.
Is there a formal
agreement between
the company and the
non-executive
directors detailing their
terms of
appointment?
The terms of appointment of non-
executive directors are contained in
a letter of appointment. This should
be included in a formal agreement
between the director and the
company.
Formal agreements are being drafted
in respect of each non-executive
director and AngloGold Ashanti.
The process will be
completed during
2011.

If an independent service provider is not used, does the board appoint an independent non-executive from within its ranks, or the lead independent director, to lead the process of the evaluation of the chairman's performance?

AngloGold Ashanti complies with all the recommendations of King III regarding the annual performance evaluation of the board and its committees. However, these evaluations have always been conducted internally.

The evaluation of the board chairman is led by the Deputy Chairman and not the Nominations Committee as recommended by King III.

In respect of the 2010 financial year, board evaluations will be done internally, however an independent body will facilitate the board and committees' performance evaluations for the 2011 financial year.

Consideration is being given to an evaluation of the board chairman. Led by the Nominations Committee, it will include an assessment of his independence.

To be completed by end 2011.

The chairman of the board is not a member of the Audit Committee

The former chairman of the board was a member of the Audit and Corporate Governance Committee because the board thought it prudent to benefit from his wealth of financial skills and knowledge.

The former board chairman retired on 7 May 2010 and his successor is not a member of the Audit and Corporate Governance Committee.

Fully applied.

Have the chairman's roles been formalised?

The roles of the chairman are described in the board charter, articles of association and in the board induction pack. These roles should be consolidated into a single document and approved by the board.

A formal role description for the chairman of the board is being drafted by the company secretary and Senior Vice President – Human Resources for approval by the board.

To be completed in May 2011.

Review by the Chairman of the Audit and
Corporate Governance Committee
Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action
Chapter 2 – Boards and directors (continued)
Is the company's
remuneration policy
tabled to shareholders
for a non-binding
advisory vote at the
annual general
meeting?
The company's remuneration report
complied with all the
recommendations of King III regarding
content and completeness of
remuneration reports. Shareholders
should be given an opportunity to
have a say on the remuneration policy.
The company has previously
disclosed the remuneration of its
executive members in an aggregate
format. King III has recommended
that the three most highly paid
employees who are not directors of
the company should be disclosed.
At the annual general meeting held on
7 May 2010, the company's
remuneration policy was detailed in
the notice of meeting and
shareholders voted on the policy, as a
non-binding resolution. This vote was
passed with a majority of 96.5%.
In addition to the remuneration of the
two executive directors which
continues to be disclosed, details of
the remuneration of the three most
highly paid employees have also been
disclosed in the remuneration section
of this report. The remuneration of the
remaining members of the Executive
Committee has been shown in the

aggregate.
Fully applied.
Chapter 3 – Audit Committee
Does the Audit Committee understand how the board and the external auditor (and any other relevant external assurance provider) evaluate materiality for integrated reporting purposes?
The Audit and Corporate Governance Committee oversees the company's reporting and provide assurance to the board as to the accuracy and reliability of information provided in the reports as well as ensuring consistency of the information included in the two reports.
In order to ensure that information provided in the integrated report is material and relevant to the needs of shareholders a formal process should be put in place to determine materiality on an annual basis.
The committee should also approve the external assurance provider over material elements of the sustainable report.
To further strengthen its oversight role the chairman of the committee should be a member of the Safety, Health and Sustainable Development Committee.
During 2010, this committee established a process to determine materiality for the sustainability report.
A presentation on the materiality process was made to the committee on 11 February 2010.
The committee also approved the establishment of an independent external review panel to provide qualitative assurance on materiality for the company's sustainability reporting with effect from the 2011 financial year.
At its meeting held on 5 November 2010 the committee approved Ernst & Young as the external assurance provider for the sustainability report.

The chairman of the Audit and Corporate Governance Committee was appointed a member of the Safety, Health and Sustainable Development Committee on 27 October 2009 to enhance the committee's oversight role on sustainability reporting.

Fully applied.

Materiality will be reviewed and determined annually.

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Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action
Chapter 3 – Audit committee (continued)
Does the Audit
Committee monitor the
appropriateness of the
company's combined
assurance framework
and ensure that
significant risks facing
the company are
adequately
addressed?
A combined assurance framework
must be developed and reported on
quarterly to the Audit and Corporate
Governance Committee. This
framework should provide assurance
to the committee that the significant
risks facing the company are being
adequately managed.
A maiden integrated audit plan, the
first to be fully integrated and fully
linked to the group's risk management
process and which forms part of a
combined assurance framework was
approved by the committee on
5 November 2010.
A combined assurance framework is
being developed for the committee's
consideration during 2011.
The combined
assurance framework
will be fully implemented
during 2011.
Does the Audit
Committee report to
the shareholders at
the annual general
meeting on how it has
fulfilled its duties in
terms of the Act during
the financial year?
A report on the Audit and Corporate

Governance Committee and other board committees is included in the annual report to shareholders. Given the important role it plays in the corporate governance environment of the company, the board deems it appropriate to comply with the recommendation of King III to submit a report to the shareholders on the activities of the Audit and Corporate Governance Committee annually.

A separate report from the chairman of the Audit and Corporate Governance Committee to shareholders addressing the committee's activities is included in this report on page 22 and will be included in all future reports.

Fully applied.

Does the board consider risk factors in both internal and external business environments in determining risk tolerance?

The company has been transparent as to its risk profile. For several years, the board has approved the inclusion of risk factors as part of the annual report process. The risks considered by the board address those risks of both an internal and external nature, those risks specific to the company, those risks that are industry specific and those risks which affect the company directly or indirectly.

Risk management structures however need to be strengthened.

A separate committee – the Risk and Information Integrity Committee – was established on 10 August 2010 to oversee the governance of risk. The inaugural meeting of the committee was held on 8 November 2010.

This area will continue to receive increased focus in 2011.

Chapter 4 – The governance of risk

Review by the Chairman of the Audit and
Corporate Governance Committee
Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action
Chapter 4 – The governance of risk (continued)
Does internal audit
provide the board with
a written assessment
of the effectiveness of
internal controls and
risk management on
an annual basis?
The board should disclose its views
on the effectiveness of the company's
risk management in the integrated
report. The board is informed by
internal audit's assessment of risk
management.
Internal audit should provide a report
annually on the company's system of
internal controls and risk management
to the board, through the Audit and
Corporate Governance Committee.
In addition to the group being fully
compliant with the Sarbanes-Oxley
legislation since its implementation,
the group internal audit department is
in the process of developing a
framework for reporting and this will
enable it to report annually on the
company's system of internal controls
and risk management to the board.
To be completed in
February 2011.
Is IT governance on
the board's agenda?
The board recognises the important
role that IT governance plays in the
management of risks and the
achievement of company objectives.
IT governance structures should
therefore be strengthened.

IT governance is now firmly on the AngloGold Ashanti board's agenda. With assistance of the Audit and Corporate Governance Committee a new committee, the Risk and Information Integrity Committee has been established by the board to oversee risk and information technology matters.

The committee will report quarterly to the board on the discharge of its mandate.

Fully applied.

Has the board established and implemented an IT governance charter and policies?

An IT governance framework for the group should be developed and approved by the Board with assistance of the Risks and Information Integrity Committee.

A draft IT governance framework, which includes an IT charter and policy, has been developed and will be presented to the board through the Risk and Information Integrity Committee for review and approval for implementation by the second quarter of 2011.

Partially applied.

The governance of IT is expected to be entrenched in 2011.

Chapter 5 – The governance of information technology

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Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action
Chapter 5 – The governance of information technology (continued)
Does the IT governance framework include the relevant structures i.e. appointment of an IT steering committee / similar function / forum to assist with IT governance?
The IT governance framework should include governance structures to facilitate an effective IT governance system.
Regional IT audit and compliance committees have been established. The regional committees report to a Global IT Governance, Risk and Compliance Committee located at corporate office. This committee will report directly to the Risk and Information Integrity Committee. The charters of these committees are aligned with those of the Risk and Information Integrity Committee. In addition, management accountability for IT at a group level now resides with the Executive Vice President – Business and Technical Development.
The various IT governance structures will become fully operational in 2011.
Does the board take the necessary steps to identify all laws, rules codes and standards applicable to the company including any changes thereto?
All laws, rules, codes and standards

which are applicable to AngloGold Ashanti in the various jurisdictions should be identified, a compliance system put in place and continuously monitored.
Laws, rules, codes and standards should be risk rated to identify the key issues.
At present monitoring of compliance with local laws largely resides at local and business segment levels, e.g. South Africa, Continental Africa, Americas and Australasia. The group compliance department is in the process of identifying laws, rules, codes and standards applicable to the company in the various jurisdictions and this will be submitted to the Audit and Corporate Governance Committee in 2011. A compliance system will be developed, monitored and reported to the committee quarterly.
Partially applied.
Full application expected in 2011.
Has the board established the compliance universe for the company?
A compliance universe should be drawn up for the group.
Being a global company, a compliance universe should be put in place to effectively monitor compliance with relevant legislation.
Implementation to be completed before end 2011.

Chapter 6 – Compliance with laws, rules, codes and standards

Review by the Chairman of the Audit and
Corporate Governance Committee
Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action
Chapter 6 – Compliance with laws, rules, codes and standards (continued)
Is compliance with all
applicable rules, codes
and standards
included as a regular
item on the agenda of
the board even if this
responsibility has been
delegated to a
separate committee?
Compliance matters are a regular
agenda item for meetings of the Audit
and Corporate Governance
Committee which reports quarterly to
the board.
The structure whereby compliance
matters are considered by the Audit
and Corporate Governance
Committee quarterly with feedback to
the board has worked adequately.
Matters that require the board's
approval are reviewed by the
committee which then makes a
recommendation to the board.
Fully applied.
Has the board ensured
that the company has
a compliance
framework and
processes?
A detailed compliance Framework
should be drawn up. This should
include an assessment of how
compliance needs to be assured.
The compliance framework should be
presented to the Audit and Corporate
Governance Committee with quarterly
reports submitted to the committee,

dealing with the following:
Compliance with laws, rules, codes and standards;
Completeness and accuracy;
Actions to ensure compliance;
Identification of new laws, rules, codes and standards; and
IT related laws and regulations.
This is in progress and will be completed in 2011.
Once the framework is established, monitoring of compliance with laws and regulations in all jurisdictions will be done on a quarterly basis and reported to the board through the Audit and Corporate Governance Committee.
Partially applied.
Implementation to be completed during 2011.
Does the board receive assurance regarding the effectiveness of the compliance framework and processes?
Group internal audit should provide assurance annually to the Audit and Corporate Governance Committee that the compliance function is operating adequately and effectively.
An audit of the compliance function by the group internal audit function took place in the fourth quarter of 2010. The outcome of the audit was submitted to the Audit and Corporate Governance Committee in February 2011.
Partially applied.

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Compliance status
Assessment point
and planned
as detailed in code
Gap identified
Action taken during 2010
future action
Chapter 6 – Compliance with laws, rules, codes and standards (continued)
Does the Chief Audit
Executive confirm the
independence of the
internal audit function
to the audit committee
at least once a year?
The Vice President – Group Internal
Audit (who is the group's Chief Audit
Executive) should prepare written
confirmation of the independence of
the internal audit function annually
for the Audit and Corporate
Governance Committee.
This was implemented in February
2010 and will be repeated annually.
Fully applied.
Does the Chief Audit
Executive have a
standing invitation to
attend, as an invitee,
any of the executive
committee or other
committee meetings?
The Vice President – Group Internal
Audit, should receive a standing
invitation to meetings of the executive
committee meetings that precede the
Audit and Corporate Governance
Committee meetings.
This was implemented in February
2010.
Fully applied.
Has the board
assessed the
effectiveness of its
compliance function?
Group internal audit should provide
assurance annually to the Audit and
Corporate Governance Committee
that the compliance function is
operating adequately and effectively.

To ensure its effectiveness, the compliance department's staffing levels were increased in 2010. An audit of the compliance function was completed during the last quarter of 2010 and the results presented to the board through the Audit and Corporate Governance Committee in February 2011.

This will be done annually.

Chapter 7 – Internal audit

Has the board adopted formal dispute resolution processes for internal and external disputes?

The board should adopt a formal dispute resolution process dealing both with internal and external disputes. This process should define what is meant by dispute resolution, identify the various methods of dispute resolution and the areas within the company that will be affected.

The Legal Department is establishing structures and procedures for alternative dispute resolution as recommended by the Code. This is expected to be completed during 2011.

To be fully applied by the second half of 2011.

Chapter 8 – Governing stakeholder relationships

CFO's report

Executive summary

The financial objectives for 2010 as included in the 2009 CFO's report were:

- maximising margins and cash generation in the business;
- continuing with opportunistic reductions to the hedge book to further improve participation in a gold price rally; and
- introducing more tenor into the statement of financial position whilst refinancing the group's $1.15bn revolving credit facility before December 2010.

We are pleased to report that all three of the above financial objectives were successfully met in 2010, thereby ensuring that AngloGold Ashanti finished the year 2010 in a stronger financial position.

First, starting with maximising margins and cash generation in the business - stronger gold prices, (albeit partially mitigated by cost pressures and stronger local currencies), steady production performance, greater exposure to spot prices, elimination of the hedge-book during the last quarter of 2010 and a lower than anticipated capital spend, helped us deliver on this objective. The operating cash flow (a measure to show funds available to meet capital expenditure, financing and dividend requirements) amounted to $1.7bn for the year. Free cash flow (a measure to show funds available to meet dividends) amounted to $525m for the year. These measures increased by 28% and 169% respectively on 2009 levels. In addition $134m was realised from the sale of non-core assets – Tau Lekoa and a 10% equity stake held in B2Gold Corporation. Our adjusted headline earnings for 2010 rose to $787m from $708m in 2009, an increase of $79m or 11%. Our returns on net capital employed and on equity for 2010 were 16.0% and 19.9% respectively, above the group's strategic target of delivering a 15% return through the cycle. All of the above numbers exclude the cost of the accelerated hedge buy-back that was completed in 2010 and which is dealt with separately below.

Turning to the second objective of hedge book reduction, we completed the final phase of the hedge buy-back programme in the third and fourth quarter of 2010, which saw the elimination of the residual 3.0Moz at an after tax impact of $2.5bn. With this elimination, AngloGold Ashanti is no longer obliged to deliver a significant portion of its annual production for years 2011 to 2014 at deep discounted prices and will now enjoy full exposure to spot gold prices going forward, with consequential benefits of improved earnings, cash flow and debt carrying capacity. In order to ensure that the group's financial position is not constrained, the hedge take-out was funded with an optimum balance of equity, mandatory convertible bonds and debt. Approximately 60% ($1.5bn) of the cost of the hedge take-out was funded using equity and mandatory convertible bonds, with approval from shareholders. The balance of 40% was funded from a combination of cash and debt facilities.

In addition to the equity raisings referred to above, we implemented a comprehensive refinancing plan in March and April of 2010, to address the tenor and mix of our debt, in order to meet the third and final financial objective, as follows:

- Secured international investment grade credit ratings from both Moody's Investors Service and Standard and Poors (Moody's and S&P);

Successfully
our financial
objectives
meeting

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- Raised $1.0bn of long-term money in the form of two rated international bonds at competitive rates – 30-year $300m and 10-year $700m, and applied the proceeds to eliminate the amounts drawn under the $1.15bn revolving credit facility; and
- Obtained a new four year $1.0bn revolving credit facility from a syndicate of international banks at competitive rates, in order to provide the group with liquidity.

The group's debt profile now comprises an optimum mix of both sources (bank facilities, rated bonds and convertible bonds) and tenor (short-, medium- and long-term money) whilst providing sufficient liquidity and flexibility that is required in order to ensure that the project pipeline is not compromised.

Now turning to the 2010 performance, some of the key financial performance metrics include:

- Gold production: 4.52Moz (within guidance provided at the start of 2010 of 4.5Moz – 4.7Moz);
- Average US dollar spot price: $1,227/oz (26% higher than previous year, but partly eroded in the case of AngloGold Ashanti by a 5.5% discount to spot, until elimination of the hedge book);
- Total cash costs: $638/oz (within exchange rate adjusted guidance). Given the relationship between US dollar gold prices and US dollar-denominated costs, unit costs were 24% higher than last year, due to inflation, currency strength, higher royalties and deferred stripping costs;
- Adjusted headline earnings (excluding accelerated hedge buy backs): $787m or 212 US cents per share;
- Adjusted headline loss (including cost of accelerated hedge buy backs): loss of $1.76bn or loss of 473 US cents per share;
- Net profit attributable to equity shareholders: $76m (2009: net loss of $320m);
- Operating cash flow: $1.7bn;
- Free cash flow (pre-dividends to shareholders): $525m plus $134m from non-core asset sales;
- Hedge book remaining as at 31 December 2010: Nil;
- Net debt (excluding mandatory convertible bonds) as at 31 December 2010: $1.3bn, despite funding 40% of the accelerated hedge take out;
- Return on net capital employed: 16.0%;
- Return on shareholder's equity: 19.9%; and
- Dividend declared per ordinary share: 145 South African cents (approximately 20 US cents per share), 12% higher than the previous year.

Looking ahead to 2011, our three key financial objectives are:

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

- Maintaining our international investment grade credit ratings, and
- Maintaining a prudent statement of financial position, whilst at the same time not compromising the project pipeline of the group and returns to shareholders.

Production

Gold production of 4.52Moz for the year was within the market guided range of 4.5Moz to 4.7Moz, but 2% or 84,000 ounces lower than that of 2009, primarily due to lower production from Continental Africa.

South Africa's production decreased by 1% or 12,000oz to 1.79Moz. Production was down at Great Noligwa, in line with a planned downscaling of that operation, at Tau Lekoa following the transfer of the mining rights on 1 August 2010 on completion of the sale, at Kopanang due to lower volumes mined at a lower grade, and at Savuka where production remained constrained following the seismic event on 22 May 2009. In addition, there were delays to the shaft infrastructure repair programme at Savuka. These decreases in production were partly offset by production increases at TauTona owing to the higher volumes mined, at Moab Khotsong where improved reef hoisting performance combined with fewer safety stoppages, and at Mponeng due to the mining of higher grade areas.

Production during the year from Continental Africa fell by 6% or 93,000oz to 1.49Moz as lower grades were mined across most of the mines, most notably at Siguiri, Morila and Yatela. At Obuasi, production was lower owing to the upgrading of the water management facilities, blasting fragmentation and restricted ore passes. At Iduapriem, inadequate tailings storage facilities on site resulted in operational stoppages which were recovered by re-planning operations and mining, thus minimising the impact on production. Decreases at these operations were partly offset by increased production at Geita and Navachab where higher grades and volumes were mined.

In the Americas, production increased by 3% or 26,000oz to 842,000oz. This increase was due mainly to the implementation of the Lamego project at AngloGold Ashanti Córrego do Sítio Mineração and better ounce recovery from the heap leach pad at Cripple Creek & Victor, which benefitted from better pad pH chemistry and the strategy of stacking higher grade ore closer to the pad liner.

CFO's report

Australasia's production decreased by 1% or 5,000oz to 396,000oz due to the lower volumes mined at Sunrise Dam and marginally lower grade of ore processed in line with the mine plan. Uranium production of 1.46Mlbs was 15% ahead of mine plan due to better grades and recoveries. Year-on-year, uranium production was 1% or 21,000lbs higher than in 2009.

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	2010	2009
Gold income	1	5,334	3,768
Cost of sales	2	(3,550)	(2,813)
Loss on non-hedge derivatives and other commodity contracts	3	(702)	(1,533)
Gross profit (loss)		1,082	(578)
Corporate, marketing, exploration and other operating expenditure	4	(438)	(322)
Special items	5	(126)	691
Operating profit (loss)		518	(209)
Net interest paid	6	(123)	(85)
Exchange gains and fair value adjustments on convertible bonds	7	(53)	

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Share of equity accounted investments' profit
63
94
Profit (loss) before taxation
405
(121)
Taxation
8
(276)
(147)
Profit (loss) for the year
129
(268)
Other financial data
EBITDA (excluding hedge buy-back costs)
1,897
1,663
Adjusted headline earnings (excluding hedge buy-back costs)
787
708

Income statement commentary

The increase in profits for the year to $129m from a loss of $268m in 2009 was mainly a result of the higher received gold price and the reduced loss on the non-hedge derivatives as outlined in note 3 below.

1. Gold income

Despite the lower gold production, gold income at $5,334m was 42% higher than in 2009. This was due to the increase in the average gold price received (excluding hedge buy-back costs) which rose from $925/oz to $1,159/oz, in line with the higher spot gold price. In addition, included in the 2009 gold income, were normal purchase and sale exempted (NPSE) contract losses of $292m, which from July 2009 onwards were redesignated at fair value on the balance sheet and reported in the loss from non-hedge derivatives. The price received (excluding the cost of the hedge buy-backs) was at a 5.5% discount to the average spot gold price, similar to the 5% discount in 2009 and better than the guidance of 8% to 10% due to the early elimination of the hedge book.

2. Cost of sales

Cost of sales increased by 26% from $2,813m to $3,550m in 2010.

Components of cost of sales are:

- Total cash costs increased by 22% from $2,283m in 2009 to $2,778m in 2010. In unit cash cost terms, total cash costs increased from $514/oz to $638/oz (refer to graph).

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Figures in $ million
2010
2009
Loss on hedge buy-back costs
(2,698)
(797)
(Loss) gain on realised non-hedge derivatives
(277)
254
Gain (loss) on unrealised non-hedge derivatives and other commodity contracts
2,273
(990)
(702)
(1,533)

This was due mainly to:

- stronger local operating currencies, all except the Argentinean peso, appreciating between 1% to 8%;
- inflation related increases in salaries and consumables including power;
- higher royalties paid related to the higher gold price and the new profit based royalty introduced in South Africa from 1 March 2010;
- deffered stripping cost reversals during 2010 compared to deferrals in 2009; and
- higher infrastructure maintenanceand labour costs;

Partially offset by:

- stockpile inventory credits
- higher income from by-products, mainly price related, and higher sales of silver and sulphuric acid; and
- insurance refunds relating mainly to the Savuka seismic event.
- Rehabilitation costs increased from $22m to $109m, owing mainly to changes and reviews in estimates resulting from the changes to the life of mine profiles and additional environmental damage incurred, legislation, discount and inflation rate assumptions as well as stronger local currencies.
- Retrenchment costs of $23m occurred mainly at the South African operations.
- Amortisation of tangible and intangible assets increased from $557m to $692m in 2010. 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 derivative contracts from $1,533m in 2009 to $702m in 2010 is attributable to the following:
Analysis of total cash cost
2010 vs 2009 ($/oz)
$/oz
514
2009
605
Total
45
Exchange
700
650
600
550
500
450
400
6
Volume
(5)
Grade
(18)
Ore
stockpile
(3)
Insurance
refunds
(7)
By-
products
13
Royalty
37
Deferred
stripping
12
Maintenance
and labour
(2)
Acq/
disposal
638
2010
46
Inflation
Change

CFO's report
With the July 2009 hedge buy-back, NPSE contracts were cash settled, resulting in the remaining NPSE contracts being re-designated as non-hedge derivatives and reflected in the statement of financial position. Fair value changes of these historical NPSE contracts were accounted for in the income statement, thus increasing the loss on non-hedge derivative contracts substantially when compared with 2010. The total loss in the income statement of the 2009 hedge buy-back and the related re-designation of the historical NPSE contracts amounted to $1,028m.

The loss on the 2009 hedge buy-back of $797m was made up of $580m previously designated as NPSE contracts and held off the statement of financial position and a further $217m of existing non-hedge derivative contracts.

With the elimination of the gold hedge book, the company and its shareholders will now have full exposure to the gold spot price.

4. Corporate, marketing, exploration and other operating expenditure

Corporate and other administration expenses increased from $154m to $206m in 2010 and included additional costs associated with the business improvement initiative, Project ONE, implementation of the global security framework, inflation-related increases and costs associated with capacity building activities. In addition, the strengthening of the South African rand relative to the US dollar also contributed to increased costs.

Marketing costs of $14m are $4m higher than 2009. Membership fees paid to the World Gold Council in 2010 and 2009 were $9m, and the remaining expenditure relates to other marketing initiatives.

Expensed exploration costs increased from $150m in 2009 to $198m in 2010, a function of higher prefeasibility expenditure at La Colosa in Colombia, Tropicana in Australia and Mongbwalu in the Democratic Republic of the Congo. The expensed exploration costs consisted of greenfield expenditure of $85m, brownfield expenditure of $50m and prefeasibility expenditure of $63m.

Other operating expenses increased from $8m in 2009 to $20m in 2010. The increase of $12m was due to the higher level of claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases and governmental fiscal claims. In addition, the 2009 year included a non-recurring $6m rebate relating to governmental fiscal claims.

5. Special items

Special items in 2010 amounted to an expense of $126m compared to an income in 2009 of $691m and is made up as follows:

Figures in $ millions	2010	2009
Income items		
Impairment reversals	–	717
Losses recovered through insurance claims	24	7
Profit on disposal of assets and investments	43	49
Royalties received	8	–
	75	773
Expense items		
Impairment of assets, investments and receivables	(102)	(41)
Loss on sale of assets	(25)	–
Indirect taxes and legal claims	(17)	(29)
Mandatory convertible bond transaction costs	(56)	–
Other	(1)	(12)
	(201)	(82)
Total special items	(126)	691

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In 2010, impairment charges of $102m were recorded, primarily in relation to South Africa (at TauTona and Savuka). Transaction costs on the mandatory convertible bonds of $56m was also incurred in 2010.
In 2009, asset impairments of $717m, raised initially in 2008, were partially reversed due to the increase in the long-term real gold price and improved mine plans, occurring at Obuasi of $373m, Geita of $261m, and Iduapriem of $83m.
6. Net interest paid
Net interest paid increased from $85m to $123m in 2010. This was due to the higher interest and fees paid on the rated and mandatory convertible bonds, the accelerated amortisation of fees on debt facilities repaid and cancelled, and reduced interest capitalised related to the Boddington joint venture asset disposed of during 2009.
7. Exchange gains and fair value adjustments on convertible bonds
The 2010 exchange gain of $3m relates to the translation on monetary items, net exchange differences on receivables and payables, and realised exchange gains. In 2009, an exchange gain of $121m arose when part of the proceeds from the sale of the Boddington joint venture was used to repay borrowings.
In 2010, the fair value loss of $1m on the option component of the convertible bonds was due to the substantial drop in volatilities which decreased the option value significantly. In 2009, the fair value loss of $33m on the option component was mainly due to an increase in volatilities and the share price underlying the $732.5m convertible bond.
In 2010, the fair value loss of $55m on the mandatory convertible bonds was a result of the movement in the listing price of the bonds on the New York Stock Exchange between 15 September 2010 and 31 December 2010. The mandatory convertible bonds are carried at fair value as they will be settled by the issue of equity.
8. Taxation
The taxation charge was substantially higher in 2010 at $276m compared with the $147m in 2009. The 2009 taxation charge included a non-recurring tax credit of $246m on impairment reversals. In addition, the year-on-year increase was due to higher earnings, the reversal of the deferred taxation assets on unrealised non-hedge derivative losses of $558m, which was partly mitigated by the higher tax benefits arising from the hedge book settlement of $174m and a once-off tax credit in 2010.
Other financial data
EBITDA (excluding the cost of hedge buy-backs) increased from $1,663m in 2009 to $1,897m in 2010. The year-on-year increase of $234m is illustrated in the graph below.
EBITDA

2010 vs 2009 ($m)
$m
1,663
2009
2,900
2,700
2,500
2,300
2,100
1,900
1,700
1,500
1,300
1,897
2010
Change
1,000
Gold income
including realised
gains
(495)
Total
cash costs
(96)
Retrenchment and
rehabilitation costs
(109)
Corporate,
marketing and
exploration
(17)
Other operating
expenses
(38)
Associates
share of
EBITDA
(11)
Inventory

CFO's report
Adjusted headline earnings (excluding hedge buy-back costs)
2010 vs 2009 ($m)
$m
708
2009
1,300
1,100
900
700
500
787
2010
Change
299
Adjusted
gross
profit
(103)
Corporate, marketing
and exploration
(38)
Net interest
21
Taxation
26
Abnormal
items
(126)
Other

Adjusted headline earnings (excluding the cost of hedge buy-backs) increased from $708m in 2009 to $787m in 2010. The year-on-year increase of $79m is illustrated in the graph above:

- 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 and marketing costs increased by $55m and exploration by $48m (refer note 4 to the income statement commentary).
- Net interest paid is $38m higher due to additional borrowings (the rated bonds, mandatory convertible bonds and the R1.5bn revolving credit facility), increased costs and discounts on the unwinding provisions, and a non-recurring benefit arising from the unwinding of the Boddington joint venture deferred debtor in 2009.
- Taxation is lower due to the higher tax benefit of the hedge buy-backs and a once-off tax credit in 2010 of $84m, partly

offset by higher earnings.

- Abnormal items relates to the Savuka business interruption insurance payout and a recovery of funds pertaining to the loss of consignment inventory.
- Other relates mainly to a non-recurring exchange gain on a loan repayment in 2009 (refer note 7 to the income statement commentary).

Statement of financial position

An analysis of the abridged statement of financial position as at 31 December is presented, with comments on significant variations as follows:

Figures in $ millions	Notes	2010	2009
Tangible and intangible assets	1	6,374	5,996
Cash and cash equivalents		575	1,100
Other assets	2	2,583	2,691
Total assets		9,532	9,787
Total equity	3	4,113	3,030
Borrowings	4	2,704	1,931
Deferred taxation		900	753
Other liabilities	5	1,815	4,073
Total equity and liabilities		9,532	9,787

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Statement of financial position commentary

The statement of financial position has improved significantly during the 2010 and 2009 years. Equity of approximately $1bn has been injected, hedge contracts of $3.5bn before taxation were accelerated and cash settled. Long-term tenor has been introduced onto the balance sheet through the issuing of a convertible bond in 2009 for $0.7bn, the issue of two rated bonds totalling $1bn and mandatory convertible bonds of $0.8bn.

Significant events that impacted the statement of financial position were:

1. Tangible and intangible assets

The increase in the tangible and intangible assets from $5,996m to $6,374m was mainly due to the capital expenditure incurred during the year amounting to $973m (excluding that of joint ventures), the effects of stronger closing positions of local currencies against the US dollar of $314m, all of which was partly offset by an amortisation and depreciation charge of $692m, deferred stripping costs of $126m, and impairments of $83m. The balance of movements included changes in estimates of decommissioning assets and asset reclassifications.

2. Other assets

Other assets consists mainly of investments, inventories, financial derivatives, trade and other receivables, non-current assets, deferred tax assets, and cash restricted for use. Other assets decreased from $2,691m in 2009 to $2,583m in 2010. Significant movements included:

- a decrease of $71m in assets held for sale owing mainly to the sale of the Tau Lekoa mine together with the adjacent properties of Weltevreden, Jonkerskraal and Goedgenoeg (Tau Lekoa) to Simmer & Jack Mines Limited (Simmers). The sale was concluded effective 1 August 2010;
- a reduction of $334m in financial derivative assets as a consequence mainly of the accelerated settlement of the final close-out of the hedge book;
- a decrease of $18m in investments in associates and equity accounted joint ventures given the higher dividends paid at the Malian operations; and
- decreases of $41m in deferred tax assets following the reorganisation of the operations in Brazil;

all of which were partly offset by:

- an increase of $62m in other investments due primarily to movements in rehabilitation trust funds, the addition of the Simmers shares following the sale of Tau Lekoa, which was partly offset by the disposal of the investment in Vancouver-based gold producer B2Gold Corp;
- an increase of $212m in inventories due to the timing of gold dispatches, higher production costs and uranium inventory

levels, and in North America, the heap leach inventory increased as a result of the higher levels of cost ounces that were placed on the leach pad and the slower percolation rates of the gold-bearing solution through the leach pad; and
- a rise of $102m in trade and other receivables owing to increases in recoverable taxes and duties and the timing of payments received.

3. Total equity

Total equity increased from $3,030m in 2009 to $4,113m in 2010.

Significant movements included:
- an equity offering during September 2010 raised gross proceeds of $789m;
- profit for the year of $129m was mainly a function of the higher gold price received, the decline in the loss on non-hedge derivatives and the elimination of the remaining hedge book at a cost of $2.5bn;
- an increase in other comprehensive income of $250m included foreign currency translation reserves, cash flow hedge reserves, available-for-sale reserves and actuarial gains and losses; and
- Dividends paid to equity shareholders of $67m and to minorities of $64m.

CFO’s report

4. Borrowings

Total long- and short-term borrowings increased from $1,931m in 2009 to $2,704m in 2010. The borrowings and related facilities
can be summarised as follows:

Facility status at
Facility status at
Figures in $ millions
Notes
31 December 2010
2010
2009
Mandatory convertible bonds
1
Refer group note 26 page 299
for conversion features
874
–
Rated bonds
2
$700m 10-year bonds and
$300m 30-year bonds
995
–
3.5% Convertible bonds
Refer group note 26 on page 299
for conversion features
623
596
FirstRand Bank Limited loan
3
R1.5bn ($222m)
107
–
Syndicated loan facility
4
$1.0bn
38
–
Syndicated loan facility
2
Repaid and cancelled
–
1,024
Standard Chartered term facility
5
Repaid and cancelled

–
238
2,637
1,858
Other loans and finance leases
67
73
2,704
1,931
Notes:
1. During September 2010, the company issued $789m worth of mandatory convertible subordinated bonds due on 15 September 2013.
The proceeds were also applied to part fund the hedge close-out. Both the Moody's and S&P ratings agencies have confirmed that they
regard the 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 April 2010, two rated bonds, maturing in 10 and 30 years, were issued and aggregated $1.0bn. The proceeds were applied
to repay and cancel amounts drawn under the $1.15bn syndicated loan facility and the Standard Chartered term facility.
3. During September 2010, the short-term local facility of R1.5bn with FirstRand Bank Limited was drawn to part fund the South
African hedge close-out.
4. During May 2010, the company entered into a four-year unsecured syndicated revolving credit facility for $1.0bn, of which $170m
was drawn to part fund the hedge close-out.
5. During May 2010, the company repaid and cancelled the Standard Chartered term facility.

5. Other liabilities

Other liabilities consist mainly of provisions such as the environmental rehabilitation liability, retirement defined benefit plans, liabilities held for sale, trade, other payables and deferred income, financial derivatives and taxation payable. The decrease from $4,073m to $1,815m in 2010 was mainly due to the decrease in financial derivative liabilities of $2,525m, the result of the accelerated settlement of the hedge book.

Other movements included:

- Increases in environmental rehabilitation and other provisions of $138m owing to changes and reviews in estimates, legislation, discount and inflation rate assumptions as well as stronger local currencies. The changes in estimates result from changes to the life of mine profiles and additional environmental damage incurred;
- Increases in the provision for pension and post-retirement benefits of $32m due largely to stronger local currencies against the US dollar, which were partly offset by the effect of changes to discount and inflation rate assumptions; and
- An increase in trade, other payables and deferred income of $126m owing mainly to the timing of payments, increased payroll, power and electricity accruals, and social security

and other tax provisions.

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The reduced closing cash position was mainly a result of the hedge buy-back cash outflow of $2.6bn, which was partly funded from proceeds arising from debt and the issue of equity.

Operating activities

1. Cash generated from operations increased by $369m from $1,345m in 2009 to $1,714m in 2010 mainly due to the higher received gold price, the benefits of which were partly negated by the decline in ounces sold and the rise in total cash costs. Movements in working capital resulted in a net outflow of $299m in 2010 compared with $50m the prior year. The increased level of cash locked up in working capital was mainly due to an increase in inventories and trade and other receivables. Inventories increased mainly due to higher ore stockpile and uranium inventory levels, and in North America the heap leach inventory increased as a result of the higher cost ounces that were placed on the leach pad and the slower percolation rate of the gold-bearing solution through the leach pad. Trade and other receivables increased owing to the timing of receipts, the rise in recoverable taxes, and the over payment of provisional taxes in South Africa.
2. The higher dividends received in 2010 from equity accounted investments was due to the higher distribution of $44m from Sadiola.
3. Cash utilised for hedge buy-back costs increased from $797m in 2009 to $2,611m in 2010, reflecting the final tranche of 3.0Moz that was bought back in 2010.

Statement of cash flows

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

Figures in $ millions	Notes	2010	2009
Cash generated from operations	1	1,714	1,345
Dividends received from equity accounted investments	2	143	101
Taxation paid		(188)	(147)
Cash utilised for hedge buy-back costs	3	(2,611)	(797)

Net cash (outflow) inflow from operating activities
(942)
502
Capital expenditure
4
(973)
(1,019)
Net proceeds from the acquisition and disposal of tangible assets,
investments, associate and joint venture loans
5
51
778
Interest received
32
55
Other investing activities
19
(9)
Net cash outflow from investing activities
(871)
(195)
Net proceeds from share issues
6
778
295
Net borrowings proceeds
7
648
43
Dividends and finance costs paid
(232)
(167)
Net cash inflow from financing activities
1,194
171
Net (decrease) increase in cash and cash equivalents
(619)
478
Translation
105
47
Cash and cash equivalents at beginning of year
1,100
575
Cash and cash equivalents at end of year
(1)
586
1,100
(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.

CFO's report

The elimination of the hedge book fulfils a crucial strategic objective by ending the practice of selling gold at a discount to current market prices, thus improving cash flows and earnings.

Investing activities

4. Capital expenditure decreased by $46m from $1,019m to $973m in 2010. Capital expenditure during 2010 consisted of $250m relating to project capital, $352m for Ore Reserve development and $371m for stay-in-business capital. Excluding expenditure of $145m on the Boddington joint venture in 2009, project capital expenditure year-on-year reduced by $18m. Ore Reserve development expenditure increased by $5m and mainly arose at the Americas, in line with increased Ore Reserve development meters. Stay-in-business expenditure increased by $113m and was mainly driven by increased capital requirements at Obuasi of $27m, AngloGold Ashanti Córrego do Sítio Mineração of $24m, Geita of $22m, Mponeng of $17m, Moab Khotsong of $13m and Cerro Vanguardia of $7m.
5. Net proceeds from the sale of assets decreased from $778m to $51m in 2010. During 2010, the B2Gold and Red 5 investments were sold for $68m and $9m respectively, and additional shares were acquired in International Tower Hill for $11m and XDM Resources for $6m. During 2009, $990m was received from the sale of the Boddington joint venture and $145m was reimbursed for the capital expenditure incurred. In addition, $344m was spent on acquiring the 45% effective interest in the Kibali gold project and $6m on the additional 3% holding in Sadiola. The balance of the proceeds related mainly to real estate activities in Brazil, investments in environmental rehabilitation trust funds established by AngloGold Ashanti in compliance with regulatory requirements and other sundry investment purchases.

Financing activities

6. The net proceeds from the issue of shares increased from $295m in 2009 to $778m in 2010. The most significant movement relates 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). In 2009, an equity offering resulted in the issuing of 7,624,162 ordinary shares at an issue price of R288.32 per ordinary share. Net proceeds of $280m were raised. The balance of the proceeds relate to the normal issue of shares related to the employee share scheme.
7. Net borrowing proceeds increased from $43m in 2009 to

$648m in 2010. The 2010 year includes proceeds of $983m from the $700m and $300m rated bonds, $819m from the mandatory convertible bonds, $307m from FirstRand Bank Limited and $170m from the $1bn syndicated loan. 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.

The 2009 year included proceeds of $732.5m from the 3.5% convertible bonds, $1bn from the term facility and $985m from the $1.15bn syndicated loan facility. This was partly offset by repayments of $1bn on the 2.375% convertible bonds, $750m on the term facility and $899m on the $1.15bn syndicated loan facility. The balance of the movements related to proceeds and repayments in terms of other loan agreements.

Other developments

- During the first half of the year, some of the Brazilian wholly-owned operations were restructured to capitalise on operating and financial synergies. A new company was formed and named AngloGold Ashanti Córrego do Sítio Mineracão S.A.
- AngloGold Ashanti is in the process of filing its US GAAP financials in XBRL (eXtensible Business Reporting Language) format in accordance with the United States Securities and Exchange Commission regulations. In South Africa, XBRL filing for the IFRS financials is presently a voluntary filing programme. The company is considering this method of presenting financial information in South Africa, upon successful implementation of the current XBRL filing.

One-year forecast – 2011

AngloGold Ashanti's annual production guidance for 2011 is 4.55Moz to 4.75Moz.

Capital expenditure for 2011 is estimated to range between $1.5bn and $1.6bn.

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For the year ended 31 December 2011	Expected production 000oz	Forecast total cash cost $/oz (1)	Forecast capital expenditure $m (2)
South Africa (3)	1,717 – 1,792	624 – 647	600
Ghana	490 – 511	783 – 813	176
Guinea	270 – 281	693 – 719	36
Mali	236 – 246	784 – 814	25
Namibia	83 – 87	921 – 955	10
Tanzania	485 – 506	631 – 655	66
Australia	344 – 360	881 – 914	158
Argentina	190 – 198	536 – 556	66
Brazil	435 – 455	515 – 535	

279
United States
300 – 314
547 – 567
72
Democratic Republic of the Congo
–
–
84
Other
–
–
27
AngloGold Ashanti
4,550 – 4,750
660 – 685
1,599
(1)
Based on the following assumptions: R7.11/$, A$/$0.98, BRL1.70/$ and Argentinean peso 4.12/$; Brent crude at $95 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 stable power supply from Eskom at 48c/Kwh.
Other illustrative estimates
Outlook 2011
Depreciation and amortisation
$810m
Corporate, marketing, Project ONE and capacity building costs
$275m
Expensed exploration and prefeasibility costs (including equity accounted associates and joint ventures of $30m)
$325m
Interest and finance costs (income statement)
$205m
Interest and finance costs (cash flow)
$145m
Srinivasan Venkatakrishnan
Chief Financial Officer
11 March 2011

Objectives – 2009
Progress – 2010

Achieve longer-term tenor in the
Received international investment-grade credit ratings from Moody's and S&P
balance sheet
in April 2010 which allowed the issue of $700m 10-year bonds and $300m 30-year bonds. Three-year mandatory convertible bonds for $789m issued in September.

Refinance revolving credit facility
Four-year, $1bn revolving credit facility secured with syndicate of 16 banks in April.

Opportunistically reduce hedge book
Hedge book eliminated on 7 October 2010, thus providing full exposure to the gold price for AngloGold Ashanti shareholders, and enhancing profitability and cash flow by ending discounted gold sales.

Roll-out Safety Transformation Project
Safety Transformation Project launched in Johannesburg in May, outlining the AngloGold Ashanti Safety Blueprint and Safety Framework. Twenty two Global Safety Standards have been signed off by the business, and the development of guidelines to support their implementation is under way. Concepts from the guidelines on Hazard and Risk Management and Incident Management have been embedded into the design of the Business Process Framework.

Scorecard 2010
Delivering
on our
commitments

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Accelerate Project ONE roll-out

Implemented at an additional 15 sites (mines and processing plants) in 2010, adding to the eight that went live in 2009. There are currently 145 people engaged in the roll-out of the programme and early successes at Geita and the Mponeng Plant were followed with encouraging initial successes at the more complex South African underground operations.

Reposition South African operations

Robbie Lazare appointed Executive Vice President: South Africa to lead the repositioning of those assets. A `three-horizon' strategy was adopted to ensure their immediate turnaround, to optimise operating processes and the configuration of the assets; and to look to technological breakthroughs to secure their long-term future.

Continue operational recoveries at

Geita continued on its upward trajectory, improving production by 31% and

Geita, Obuasi

reducing costs by 19%. The platform has been set for further gains in 2011. Obuasi remains a challenge, with below-par development rates and ore-pass hang-ups affecting production and costs. Production was also affected by the suspension of operations in the first quarter in order to address water balance issues. Learning from the experience at Geita, a multi-disciplinary task team has been appointed to lead the recovery at Obuasi and create a strong foundation for this large, world-class gold deposit.

Entrench recoveries in Brazil

AGA Mineração and Cerro Vanguardia entrenched their position as AngloGold

and Argentina

Ashanti's lowest-cost mines. Their expansions progressed after receiving approval from the board.

Ensure Cripple Creek & Victor recovery

A revised pad-stacking strategy, which saw higher-grade ore placed closer to the pad lining to improve production, yielded good results with the mine posting a strong recovery. As in South America, the base is set for expansion with studies under way to test the viability of installing a high-grade milling circuit to further boost production.

Progress projects through

The board approved its first greenfield project in more than a decade with the

development pipeline

go-ahead for the development of the Tropicana deposit in Australia. The development of the Córrego do Sítio deposit, in Brazil, was also approved, while prefeasibility studies progressed for the Gramalote project in Colombia, and feasibility studies for the Kibali and Mongbwalu projects in the Democratic Republic of the Congo were advanced.

Advance exploration targets

Conceptual studies and resource definition are under way at Boston Shaker and Havana Deeps targets in the Tropicana belt, La Colosa, Quebredona, Rio Dulce and Salvajina in Colombia, as well as Hutite in North Africa.
Drill testing is under way at Malrok and Kanosak in Canada, LaMbouli in Gabon and at the Vulu and Tango sites in the Solomon Islands.

Build Colombia's resource potential

Drilling resumed at the La Colosa site in Colombia in August, bringing welcome progress to the gold industry's most significant virgin discovery of recent times.

Project ONE
Project ONE, AngloGold Ashanti's all-encompassing change programme, gained increased traction across the organisation during 2010 as its teams moved aggressively to progress implementation. The model was rolled out at 15 sites during the year, adding to the eight that went live in 2009. Originally designed to facilitate delivery of the company's five-year business objectives, which encompass an ambitious set of financial operating and sustainability targets, Project ONE has secured tangible operating and cost efficiencies which together have helped unlock almost $500m in operating cash flow improvements across the business, with potential to improve significantly on that figure in coming years. The implementation of the model has also resulted in improvements in managerial effectiveness and accountability, both crucial to ensuring the improvements are sustained and enhanced. Project ONE is composed of two integrated initiatives – the System for People (SP) and the Business Process Framework (BPF) – which together promote standard business processes across every area of the company in order to ensure that the right people are in the right roles and are working to ensure stable processes that deliver consistently excellent results. The greatest advantage of Project ONE is that it engages employees as active participants in the design and the detail of their work, while leaders play a significant role in creating and sustaining a values-based culture that prioritises safety, diversity, mutual respect for colleagues, the environment and communities in which AngloGold Ashanti operates. Ultimately, Project ONE demands strict accountability at every level of the organisation as it strives toward achieving those five-year goals that were set in 2008 of: reducing accident rates by 70%; increasing overall productivity by 30%; cutting reportable environmental incidents by 60%; increasing production by 20%; achieving a 25% real reduction in costs; and earning a return of at least 15% on capital employed, through the commodity and investment cycle.
The SP is a managerial effectiveness system focused on ensuring that those at each level in the organisation are held directly accountable for their work responsibilities. This component of Project ONE was designed to create the most effective organisational design possible, in which a culture of mutual trust is fostered in order to facilitate the efficient execution of work. A core team has been established to enhance the design and development of the SP and to provide ongoing internal support during its continued implementation. This process will be led by Charles Carter, Executive Vice President – Business Strategy and Organisational Effectiveness.

The BPF is the second component of Project ONE. This is a scientifically rigorous system focused heavily on short- and long-term planning and execution of work. The BPF clearly defines business expectations and sets operational targets while also seeking continuous improvement once operational volatility has been eliminated. The BPF was launched in August

Project ONE
Holistic
goals
plan to achieve
strategic
transformation

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2008 under the direction of Tony O'Neill, Executive Vice President: Business and Technical Development and has seen a string of positive results across various mines, plants, shafts and corporate structures, where well-planned operating methodologies have reduced volatility and increased average productivity. While great progress was made in the implementation of BPF, the process is still in its formative stages and is expected to yield sustained productivity improvements in coming years as it is bedded down across the business.

The Mponeng plant in South Africa, at the outset one of AngloGold Ashanti's most efficient operating units, was chosen as a pilot site for the project's implementation to showcase its effectiveness. Throughput improvements of 15% achieved during 2009 demonstrated the potential that the process can unlock. Before the implementation of the BPF, ore from the Mponeng mine would regularly be trucked to neighbouring plants for processing, as the mill struggled to cope with volumes from AngloGold Ashanti's largest mine. Since implementation of BPF, however, the plant has improved productivity to the point that it now has spare capacity, leaving the challenge now squarely with the mining operation to improve tonnage to fill the gap. The early signs of the implementation of BPF at the more extensive and complex underground mines in South Africa toward the end of 2010 have been enormously encouraging. At the Mponeng plant, meanwhile, the management team is applying additional Project ONE business process elements to further improve metallurgical performance. Emphasis on stabilised processes has also resulted in a 20% reduction in sodium cyanide consumption. Crucially, these improved processes and the lessons from their development can be rapidly extended throughout the company, a key benefit of the uniform operating model.

Improvements at Geita in Tanzania, are also emblematic of the potential that BPF can unlock. Implementation of the change model saw management's focus shift to improved planning,

1,600
1,400
1,200
1,000
800
600
400
200
0
LCL
LCL
UCL
LCL

UCL
UCL
BPF start – 02/11/2009
Stabilisation – 08/09/2011
Go live – 01/04/2011
Mean
Mean
Mean
Aug
09
Dec
09
Mar
10
Jun
10
Sep
10
Sep
09
Dec
10
Mponeng mine – daily stoping
(m
2
)
Set 3: UCL = 1,612.03 Mean = 1,136.22 LCL = 660.39 (267 – 365) (mR = 2)
UCL = upper control limit
LCL= lower control limit

scheduling and resourcing of maintenance work, in order to limit operational interruptions in the plant. This led to improved recoveries and a 30% increase in plant throughput. This performance has held since 2009, demonstrating the sustainability of the process. The BPF was also applied to the maintenance of the heavy mobile equipment fleet. Truck availability has soared following improvements to the service strategy and the establishment of a separate work crew to attend to unexpected breakdowns in order not to disrupt essential scheduled work. These improvements, coupled with improvements to utilisation through more efficient scheduling of driver shifts and improved road conditions in the pit, contributed towards Geita's truck fleet reducing from 48 trucks in 2009 to 34 at the end of 2010, while moving more tons. Further fleet reductions are planned in 2011. The implications for fleet replacement and overall capital efficiency are significant and demonstrate how BPF supports the overall objective of achieving returns on capital of more than 15%, throughout the cycle.

Geita's Project ONE implementation teams have since been repatriated to their home regions in Australia, West Africa and Brazil, where similar improvements are becoming evident.

Most encouraging is the application of the improved planning, scheduling and resourcing of work to AngloGold Ashanti's mining operations. The first pilot mining site, Lamego in Brazil, reported significant improvements in jumbo drilling advances as well as drilling and blasting cycles as a direct consequence of enhanced planning and scheduling. A similar focus is being applied at Sunrise Dam in Australia, Iduapriem in Ghana and the deep-level underground mines in South Africa.

Integrating the SP and the BPF was a priority in 2010. The systems are hugely complementary in delivering rigorous approaches to planning, scheduling, resourcing and execution of work. The resultant creation of cooperative processes, employee engagement and teamwork is a primary Project ONE objective that furthers a range of other initiatives intrinsically linked to AngloGold Ashanti's organisational values.

Safety Transformation, an initiative developed to underpin safety improvements, outlines AngloGold Ashanti's strategy to create workplaces free of occupational injury and illness. Embedding specific safety elements and concepts which

Project ONE
16,000
14,000
12,000
10,000
8,000

6,000
4,000
2,000
0
LCL
LCL
UCL
LCL
UCL
UCL
BPF start – 30/12/2009
Stabilisation – 18/01/2011
Go live – 15/08/2010
Mean
Mean
Mean
Mar
10
Jun
10
Sep
10
Dec
09
Dec
10
Iduapriem mine – daily milled
(tonnes)
Set 6: UCL = 17,306.83 Mean = 12,541.93 LCL = 7,777.04 (267 – 365) (mR = 2) (Lloyd Nelson option)
18,000
UCL
LCL
Mean
UCL = upper control limit
LCL= lower control limit

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define our new approach, into both components of Project ONE, will ensure sustainability of the overall safety effort. In the first quarter of 2011, specific safety training will commence, focused on Incident Management and supporting integrated Project ONE delivery.

'*We value diversity*' and '*We treat each other with dignity and respect*', are two specific values that guide AngloGold Ashanti's efforts toward transformation or employment equity. Achieving these goals requires the transformation strategy be an integral part of Project ONE. A policy for the transformation and localisation of labour was approved by the board of directors in November 2010 and will serve as a framework within which the regions will develop their own strategies. The policy is an expansion of AngloGold Ashanti's previous approach to legal transformation requirements in South Africa which were focused on redressing past employment inequities by enhancing the representation of historically disadvantaged groups. With the full commitment from the board of directors and the executive team in October 2008, the policy was developed to include the elimination of local barriers to skills development and upward mobility, and to progressively recruit local talent into technical and managerial roles in host countries. The policy aims to take into account the legislative frameworks of these countries, as well as the company's own values, in order to redress historical imbalances, promote gender equality and employment of local citizens at all levels, as well as the equitable employment of people with disabilities.

Project ONE has a significant role to play in creating and driving a values-based organisational culture. The programme is closely aligned to our overarching philosophy that *People are the Business*. This philosophy is testament to AngloGold Ashanti's firmly held conviction that people working in the organisation are the key to its success.

1,000
900
700
800
600
500
400
300
200
100
0
LCL
LCL
UCL
LCL

UCL
UCL
BPF start – 12/07/2010
Stabilisation – 26/01/2012
Go live – 29/08/2011
Mean
Mean
Mean
Jul
09
Dec
09
Mar
10
Jun
10
Sep
10
Sep
09
Dec
10
TauTona – daily stoping
(m
2
)
Set 3: UCL = 921.07 Mean = 578.29 LCL = 235.50 (285 – 364) (mR = 2)
UCL = upper control limit
LCL= lower control limit
Podcast available at www.aga-reports.com/10/podcasts.htm

Charles Carter, Executive Vice President –
Business Strategy and Organisational
Effectiveness outlines progress made
with Project ONE

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AngloGold Ashanti Annual Financial Statements 2010
Five-year summaries
Summarised group financial results – income statement

US Dollar million	2010	2009	2008	2007	2006
Gold income	5,334	3,768	3,619	3,002	2,646
Cost of sales	(3,550)	(2,813)	(2,728)	(2,458)	(2,138)
Loss on non-hedge derivatives and other commodity contracts	(1)	(702)	(1,533)	(297)	(792)
	(231)				
Gross profit (loss)	1,082	(578)	594	(248)	277
Corporate administration, marketing and other expenses	(220)	(164)	(144)	(144)	(100)
Exploration costs	(198)	(150)	(126)	(117)	(58)
Other operating expenses	(20)	(8)	(6)	(20)	(20)
Special items					

(126)
691 (1,538)
(13)
(7)
Operating profit (loss)
518
(209)
(1,220)
(542)
92
Dividend received from other investments
–
– – 2 –
Interest received
43
54 66 43 31
Exchange gain (loss)
3
112 4 (1)
(5)
Fair value adjustment on option component of convertible bonds
(1)
(33)
25 47 16
Fair value loss on mandatory convertible bonds
(55)
– – – –
Finance costs and unwinding of obligations
(166)
(139)
(114)
(120)
(116)
Share of equity accounted investments' profit (loss)
63
94 (138)
35 115
Profit (loss) before taxation
405
(121)
(1,377)
(536)
133
Taxation
(276)
(147)
197 (101)
(146)
Profit (loss) after taxation from continuing operations
129
(268)

(1,180)
(637)
(13)
Discontinued operations
Profit (loss) from discontinued operations
–
– 25 1 (2)
Profit (loss) for the year
129
(268)
(1,155)
(636)
(15)
Allocated as follows
Equity shareholders
76
(320)
(1,195)
(668)
(45)
Non-controlling interests
53
52 40 32 30
129
(268)
(1,155)
(636)
(15)
Other financial data
Adjusted gross (loss) profit
(1)
$m
(1,191)
412 (384)
835 884
Adjusted gross margin
%
(51)
13 (16)
25 29
Headline earnings (loss)
$m
122
(852)
(30)
(648)
(82)
Adjusted headline (loss) earnings
(1)
$m
(1,758)

(50)
(897)
278 411
Adjusted headline earnings excluding hedge buy-back costs
(1)
$m
787
708 19
278
411
EBITDA excluding hedge buy-back costs
(1)
$m
1,897
1,663 1,131 1,224 1,409
EBITDA margin excluding hedge buy-back costs
%
38
41 33
37 47
Interest cover
(1)
times
16
14 10 11 13
Profit (loss) per ordinary share
Basic
US cents
20
(89)
(377)
(237)
(16)
Diluted
US cents
20
(89)
(377)
(237)
(16)
Headline
US cents
33
(236)
(9)
(230)
(30)
Adjusted headline (loss) earnings per ordinary share
(1)
US cents
(473)

(14)
(283)
99 151
Dividends per ordinary share
US cents
20
17 11 19 62
Weighted average number of shares
million
372
361 317 281 273
Issued shares at year-end
million
384
366 357 282 280

(1)
Refer to Non-GAAP disclosure notes from page 372.

Five-year summaries

For the year ended 31 December

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Summarised group financial results – statement of financial position

US Dollar million	2010	2009	2008	2007	2006
Assets					
Tangible and intangible assets	6,374	5,996	4,493	7,041	6,329
Cash and cash equivalents	575	1,100	575	477	471
Other assets	2,583	2,691	2,992	2,190	2,022
Total assets	9,532	9,787	8,060	9,708	8,822
Equity and liabilities					
Total equity	4,113	3,030	2,511	2,442	3,047
Borrowings	2,704	1,931	1,933	1,848	1,448
Deferred taxation	900	753	617		

1,042
1,093
Other liabilities
1,815
4,073
2,999
4,376
3,234
Total equity and liabilities
9,532
9,787
8,060
9,708
8,822
Non-GAAP financial data
Equity
(1)
4,987
3,030
2,511
2,442
3,047
Net debt
(1)
1,288
868
1,283
1,318
1,015
Net asset value – per share
(1)
US cents
1,299
828
702
867
1,087
Net tangible asset value – per share
(1)
US cents
1,248
779
661
718
946
Market capitalisation
(1)
18,767
14,555
9,795
11,878

13,008
Financial ratios
Return on equity excluding hedge buy-back costs
(1)
%
20
26
1
10
14
Net debt to equity
%
26
29
51
54
33
Exchange rates
Rand/dollar average exchange rate
7.30
8.39
8.25
7.03
6.77
Rand/dollar closing exchange rate
6.57
7.44
9.46
6.81
7.00
Australian dollar/dollar average exchange rate
1.09
1.26
1.17
1.19
1.33
Australian dollar/dollar closing exchange rate
0.98
1.12
1.44
1.14
1.27
Brazilian real/dollar average exchange rate
1.76
2.00
1.84
1.95
2.18
Brazilian real/dollar closing exchange rate
1.67
1.75

2.34
1.78
2.14
(1)
Refer to Non-GAAP disclosure notes from page 372.
As at 31 December

Five-year summaries

Summarised group financial results – statement of cash flows

US Dollar million	2010	2009	2008	2007	2006
Cash flows from operating activities					
Cash generated from operations	1,714	1,345	632	983	1,132
Cash utilised by discontinued operations	–	–	(1)	(2)	(1)
Dividends received from equity accounted investments	143	101	78	65	85
Taxation paid	(188)	(147)	(125)	(180)	(110)
Cash utilised for hedge buy-back costs	(2,611)	(797)	(1,113)	–	–
Net cash (outflow) inflow from operating activities	(942)	502	(529)	866	1,106
Cash flows from investing activities					
Capital expenditure	(973)				

(1,019)
(1,194)
(1,015)
(811)
Net (payments) proceeds from acquisition and disposal
of mines, subsidiaries, associates and joint ventures
(44)
(354)
10
1
9
Net proceeds (payments) from disposal and acquisition of
investments, associate loans, and acquisition
and disposal of tangible assets
95
1,132
82
(13)
46
Interest received
32
55
67
35
24
Net loans (advanced) repaid
(6)
1
–
–
5
Decrease (increase) in cash restricted for use
25
(10)
(6)
(25)
(3)
Other investing activities
–
–
–
2
1
Net cash outflow from investing activities
(871)
(195)
(1,041)
(1,015)
(729)
Cash flows from financing activities
Net proceeds from share issues

778
295
1,668
34
507
Net borrowings proceeds (repaid)
648
43
239
323
(394)
Finance costs paid
(115)
(111)
(93)
(72)
(82)
Dividends paid
(117)
(56)
(58)
(144)
(132)
Net cash inflow (outflow) from financing activities
1,194
171
1,756
141
(101)
Net (decrease) increase in cash and cash equivalents
(619)
478
186
(8)
276
Translation
105
47
(88)
14
(2)
Cash and cash equivalents at beginning of year
1,100
575
477
471
197
Cash and cash equivalents at end of year
(1)
586
1,100

575
477
471
Other financial data
Operating cash flow
(2) (3)
(1,665)
(104)
(1,069)
336
633
Cash generated to cash invested
(2)
times
1.2
2.3
0.6
0.7
1.6
(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.
(2)
Refer to Non-GAAP disclosure notes from page 372.
(3)
Includes hedge buy-back costs (2008 to 2010).
Five-year summaries
For the year ended 31 December

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53
Summarised group operating results
2010
2009
2008
2007
2006
Underground operations
Metric tonnes milled
000
11,092
11,944
12,335
13,112
13,489
Yield
g/t
6.66
6.41
6.89
6.99
7.20
Gold produced
000 oz
2,374
2,461
2,734
2,948
3,123
Surface and dump reclamation
Metric tonnes treated
000
11,081
12,779
11,870
12,429
12,414
Yield
g/t
0.55
0.51
0.42
0.49
0.50
Gold produced
000 oz
196
208
161
197

201
Open-pit operations
Metric tonnes mined
000
159,352
167,000
175,999
172,487
173,178
Stripping ratio
(1)
5.02
5.58
5.24
4.48
4.82
Metric tonnes treated
000
26,028
25,582
25,388
25,312
26,739
Yield
g/t
1.95
1.96
2.12
2.34
2.14
Gold produced
000 oz
1,631
1,609
1,734
1,904
1,843
Heap-leach operations
Metric tonnes mined
000
67,194
57,456
54,754
59,720
63,519
Metric tonnes placed
(2)
000
21,963
19,887
23,462

22,341
23,329
Stripping ratio
(1)
2.17
1.94
1.43
1.77
1.83
Recoverable gold placed
(3)
kg
10,949
12,958
14,496
16,242
18,162
Yield
(4)
g/t
0.50
0.65
0.62
0.73
0.78
Gold produced
000 oz
314
321
353
428
468
Total gold produced
000 oz
4,515
4,599
4,982
5,477
5,635
– South Africa
1,785
1,797
2,099
2,328
2,554
– Continental Africa
1,492
1,585
1,631
1,655
1,779

– Australasia
396
401
433
600
465
– Americas
842
816
819
894
837
Average price received
(5)
$/oz sold
561
751
485
629
577
Total cash costs
$/oz produced
638
514
444
357
308
Total production costs
$/oz produced
816
646
567
476
414
Capital expenditure
$m
1,015
1,027
1,201
1,059
817
Monthly average number of employees
62,046
63,364
62,895
61,522
61,453
AIFR
11.50
12.88
16.66

20.95
22.83
FIFR
0.10
0.09
0.09
0.21
0.22
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.
Comments
(5)
Average gold price received negatively impacted by the reduction of the hedge book in the three years from 2008 to 2010.
For the year ended 31 December

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AngloGold Ashanti Annual Financial Statements 2010
Operations at a glance
Attributable tonnes
Average
Attributable
treated/milled
grade recovered
gold production
(Mt)
(g/t)
(000oz)
Operation
2010
2009
2008
2010
2009
2008
2010
2009
2008
South Africa
1,785
1,797
2,099
Vaal River
Great Noligwa
0.7
0.9
1.4
5.99
5.73
7.33
132
158
330
Kopanang
1.6
1.6
1.6
6.13
6.74
6.82
305
336
362
Moab Khotsong
1.0
0.8

0.6
9.03
9.36
9.31
292
247
192
Tau Lekoa
0.6
1.2
1.2
3.32
3.32
3.58
63
124
143
Surface operations
10.2
9.7
7.9
0.54
0.53
0.36
179
164
92
West Wits
Mponeng
1.7
1.9
1.9
9.48
8.66
10.02
532
520
600
Savuka
0.1
0.2
0.3
5.30
5.45
6.28
22
30
66
TauTona
(1)
1.1

1.5
1.6
7.01
7.29
8.66
259
218
314
Continental Africa
1,492
1,585
1,631
Ghana
Iduapriem
3.4
3.4
3.5
1.70
1.72
1.76
185
190
200
Obuasi
(1)
2.6
4.6
5.6
5.16
5.18
4.37
317
381
357
Guinea
Siguiri (85%)
8.8
8.8
8.6
0.97
1.11
1.20
273
316
333
Mali
Morila (40%)
1.7
1.7
1.7
1.70

2.47
3.08
95
137
170
Sadiola (41%)
(2)
1.8
1.7
1.6
2.04
2.52
3.42
118
135
172
Yatela (40%)
(3)
1.2
1.1
1.1
1.23
3.62
2.66
60
89
66
Namibia
Navachab
1.5
1.3
1.5
1.80
1.58
1.43
86
65
68
Tanzania
Geita
4.7
4.5
4.3
2.36
1.89
1.92
357
272
264
Australasia
396

401
433
Australia
Sunrise Dam
(4)
3.6
3.9
3.8
3.22
2.87
3.46
396
401
433
Americas
842
816
819
Argentina
Cerro Vanguardia (92.5%)
1.0
0.9
0.9
6.11
6.51
5.44
194
192
154
Brazil
AGA Mineração
(1)
1.6
1.5
1.4
7.21
7.02
7.62
338
329
320
Serra Grande (50%)
0.6
0.5
0.4
4.05
4.52
6.85
77
77
87

United States
Cripple Creek & Victor
(3)
20.6
18.7
22.1
0.43
0.46
0.49
233
218
258
AngloGold Ashanti
4,515
4,599
4,982

(1)
The yields of TauTona, Obuasi and AGA Mineração represent underground operations.
(2)
Prior to 29 December 2009, AngloGold Ashanti's shareholding in Sadiola was 38%.
(3)
The yields of Yatela and Cripple Creek & Victor reflect recoverable gold placed/tonnes placed from heap leach operations.
(4)
The yield of Sunrise Dam represents open-pit operations.

Operations at a glance

For the year ended 31 December

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Operation	Total cash costs ($/oz) 2010	2009	2008	Attributable capital expenditure ($m) 2010	2009	2008
South Africa	598	466	362	424	385	337
Vaal River						
Great Noligwa	884	794	458	24	24	26
Kopanang	613	406	348	61	58	47
Moab Khotsong	588	424	379	120	104	89
Tau Lekoa	921	718	533	10	17	18
Surface operations						

485
341
440
3
3
–
West Wits
Mponeng
453
329
249
122
109
86
Savuka
1,100
1,115
411
9
13
11
TauTona
700
559
374
75
57
60
Continental Africa
712
608
543
234
198
262
Ghana
Iduapriem
666
516
525
17
28
54
Obuasi
744
630
633
109
94
112
Non-controlling interests and exploration

–
–
–
1
2
2
Guinea
Siguiri (85%)
643
519
466
10
22
18
Non-controlling interests and exploration
–
–
–
2
4
4
Mali
Morila (40%)
(1)
715
527
419
1
4
1
Sadiola (41%)
(1) (2)
650
488
399
8
4
3
Yatela (40%)
(1)
807
368
572
2
1
3
Namibia
Navachab
727
622
534

14
20
12
Tanzania
Geita
777
954
728
38
19
53
Democratic Republic of the Congo
Kibali (45%)
(1)
–
–
–
30
–
–
Other
–
–
–
2
–
–
Australasia
982
662
552
40
177
439
Boddington (33.33%)
–
–
–
–
146
419
Sunrise Dam
957
646
531
29
31
19
Tropicana (70%)
–
–

–
10
–
–
Exploration and other
–
–
–
1
–
1
Americas
432
362
381
311
258
154
Argentina
Cerro Vanguardia (92.5%)
366
355
608
38
17
15
Non-controlling interests and exploration
–
–
–
3
1
1
Brazil
AGA Mineração
407
339
300
142
84
69
Serra Grande (50%)
481
406
294
26
33
20
Non-controlling interests and exploration
–
–

–
29
36
22
United States
Cripple Creek & Victor
493
376
309
73
87
27
Other
–
–
–
6
9
9
Sub-total
1,015
1,027
1,201
Equity accounted investments included above
(42)
(8)
(8)
AngloGold Ashanti
638
514
444
973
1,019
1,193
(1)
Equity-accounted investments
(2)
Prior to 29 December 2009, AngloGold Ashanti's shareholding in Sadiola was 38%.

United States
Cripple Creek & Victor 233,000oz
Brazil
Serra Grande
77,000oz
AGA Mineração
338,000oz
Mali
Morila
95,000oz
Sadiola
118,000oz
Yatela
60,000oz
Guinea
Siguiri
273,000oz
Ghana
Iduapriem
185,000oz
Obuasi
317,000oz
Namibia
Navachab
86,000oz
Tanzania
Geita
357,000oz
South Africa
Vaal River
Great Noligwa
132,000oz
Kopanang
305,000oz
Moab Khotsong
292,000oz
Tau Lekoa
(1)
63,000oz
Surface operations
179,000oz
West Wits
z
o
0
0
0
,
2
3
5

g
n
e
n
o
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M
z
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0
0
0
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v
a
S
z
o
0
0
0
,
9
5
2
a
n
o
T
u
a
T
Australia
Sunrise Dam
396,000oz
Operations
Argentina
Cerro Vanguardia
194,000oz
(1)
Sold effective 1 August 2010.
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AngloGold Ashanti Annual Financial Statements 2010
Review of operations
Review of operations

AngloGold Ashanti –
growth options
unparalleled
diversity,
unmatched

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Introduction
AngloGold Ashanti, a global gold mining company with 20 operations on four continents, employed 62,046 people, including contractors, and produced 4.52Moz of gold in 2010.
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.

In addition, the company conducts a focused worldwide exploration programme. In the course of mining and processing the ore mined, by-products such as silver, uranium oxide and sulphuric acid occur at the Argentinean, South African and Brazilian operations respectively.
08
09
10
4,982
4,599
4,515
Group gold production (000oz)
08
09
10
444
514
638
Group cash costs ($/oz)
08
09
10
Group production costs ($/oz)
567
646
816
08
09
10
1,201
1,027
1,015
Group capital expenditure ($m)
$816 /oz
$638 /oz
$1,015 m
4,515 000oz
South Africa

39%
Continental Africa
33%
Americas
19%
Australasia
9%
Gold production by region
Underground
53%
Open pit
36%
Heap leach
7%
Surface
4%
Group production by mining type

Review of operations – South Africa
Ensuring a
future
profitable
South Africa
West Wits operations
Mponeng
Savuka
TauTona
Vaal River operations
Great Noligwa
Kopanang
Moab Khotsong
Surface operations
Podcast available at www.aga-reports.com/10/podcasts.htm
Robbie Lazare, Executive Vice President –
South Africa, discusses AngloGold Ashanti's
operations in South Africa
for deep-level mining

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59
08
09
10
Gold production (000oz)
2,099
1,797
1,785
08
09
10
362
466
598
Total cash cost ($/oz)
08
09
10
Capital expenditure ($m)
337
385
424
08
09
10
37,127
37,425
35,660
** including contractors*
Total number of employees*
$598 /oz
$424 m
35,660 people
1,785 000oz
South Africa
39.5%
Rest of AngloGold Ashanti
60.5%
Contribution to group production
Mponeng
29.8%
Kopanang
17.1%
Moab Khotsong
16.4%
TauTona
14.5%
Surface operations
10.1%
Great Noligwa

7.4%
Tau Lekoa
3.5%
Savuka
1.2%
Contribution to South Africa production
– by operation
AngloGold Ashanti's South African operations comprise six deep-level mines and one surface operation. They are:

- The Vaal River operations – Great Noligwa, Kopanang, Moab Khotsong and the surface sources operations. The fourth deep-level mine in this region, Tau Lekoa, was sold during the course of the year; and
- The West Wits operations – Mponeng, Savuka and TauTona.

Together, these operations produced 1.78Moz of gold in 2010, or 39% of group production, and 1.46Mlbs of uranium as a by-product. The South African operations employed 35,660 people in 2010. Total cash costs in US dollar terms increased by 28% to $598/oz.

Total capital expenditure for the region was $424m, an increase of 10% on the $385m spent in 2009.

The Mineral Resource in South Africa totalled 97.90Moz at year-end, including Ore Reserve of 30.38Moz.

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AngloGold Ashanti Annual Financial Statements 2010

Review of operations – South Africa

Vaal River – Great Noligwa

Key statistics

Great Noligwa		2010	2009	2008
Pay limit	(oz/t)	0.36	0.43	0.29
	(g/t)	11.69	14.90	10.07
Recovered grade	(oz/t)	0.175	0.167	0.214
	(g/t)	5.99	5.73	7.33
Gold production	(000oz)	132	158	330
Total cash costs	($/oz)	884	794	458
Total production costs	($/oz)	1,129	990	557
Capital expenditure	($m)	24	24	26
Total number of employees		3,315	4,739	

5,743
Employees
3,225
4,612
5,472
Contractors
90
127
271
All injury frequency rate
(per million hours worked)
21.63
17.51
28.54
Outlook for 2011
Production
(000oz)
144 – 150
Total cash costs
($/oz)
756 – 784
Capital expenditure
($m)
29
Review of operations – South Africa
08
09
10
Gold production (000oz)
330
158
132
08
09
10
Total cash cost ($/oz)
794
884
458
08
09
10
Capital expenditure ($m)
26
24
24
08
09
10
Total number of employees*
5,743

** including contractors*
4,739
3,315

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Description
Great Noligwa adjoins Kopanang and Moab Khotsong and is located close to the town of Orkney near the Vaal River. The Vaal Reef, the primary reef, and the Crystalkop Reef, a secondary reef, are mined here.
This mining operation consists of a twin-shaft system and operates over eight main levels at an average depth of 2,400m below surface.
Given the geological complexity of the orebody at Great Noligwa, a scattered mining method is employed. The mine shares a milling and treatment circuit with Moab Khotsong and Kopanang, which applies conventional crushing, screening, SAG grinding and carbon-in-leach (CIL) processes to treat the ore and extract gold.
Operating performance
Gold production declined by 16% as planned to 132,000oz, from 158,000oz in 2009. This was largely as a result of the redesign of the mine plan and layout, and a shift in operational focus to pillar extraction. This redesign resulted in a reduction in the extent of underground resources and in lower volumes being mined. Consequently, tonnages milled fell by 20% and reef development by 85%. The latter was also affected by the complex geological structures encountered. Yield rose by 5% with the mining of higher grade areas and an increase in gold produced from vamping operations.
Total cash costs increased by 11% to $884/oz from $794/oz the previous year, due mainly to the mine redesign, inflationary pressure on labour, power and stores, royalty payments which came into effect on 1 March 2010, and a stronger currency.
Capital expenditure of R173m ($24m) was split between R96m ($13m) for Ore Reserve development, stay-in-business capital of R71m ($10m) for upgrades to both horizontal and vertical transport, accessing old pillar areas and the upgrade of plant infrastructure, and R6m ($1m) on growth initiatives.
Growth prospects
As a mature operation, Great Noligwa has converted from conventional scattered mining to pillar mining for the remainder of its operational life. The Vaal Reef, which has been the most economically viable reef at Great Noligwa, is mined extensively. The less economically viable Crystalkop Reef is also being exploited, together with viable pillars containing the Vaal Reef. Hence, the life extension opportunity is limited to the inclusion of a few Vaal and Crystalkop Reef haulage pillars that were previously not part of the Ore Reserve. A feasibility study was conducted to determine the viability of establishing alternate routes for men, material, ore and ventilation to replace these haulages. This study showed that portions of these pillars can be mined and they have thus

been included in the business plan.

Outlook for 2011

Production in 2011 is projected to increase to between 144,000oz and 150,000oz. Total unit cash costs are expected to improve to between $756/oz and $784/oz, largely due to the higher gold production planned, an increase in the by-product contribution from uranium production and other associated benefits following the restructuring of the operation in 2010.

Capital expenditure is forecast at R210m ($29m), with R97m ($13m) earmarked for Ore Reserve development and R113m ($15m) for stay-in-business capital covering upgrades to plant infrastructure, transport systems, staff accommodation and creating access to old pillar areas.

The rise in production in 2011 is based on increasing the gold recovered from vamping operations in old areas, as well as the mining of higher grade pillars. Mining during 2010 continued to expose complex geological structures, necessitating additional development in order to re-establish access and make areas available for further mining. Mining has almost progressed to the boundary limits, hence the increased dependency on pillars to maintain a reasonable level of production. These pillars require capital and a re-establishment programme to make them available for mining. Strict safety rules are in place to ensure safe extraction of the ore.

Project ONE was launched on 27 October 2010.

Sustainability

Great Noligwa was restructured during the year with the aim of reducing its overall operational footprint and to return it to profitability. Employees were offered the opportunity to apply for voluntary severance packages or transfer to other business units within the company. Labour unions were consulted on strategic matters throughout the process.

Transformation remains a strategic thrust of the mine and will receive continued attention during 2011.

Safety

There were no fatalities during 2010, with the mine achieving 1 million fatality-free shifts on 5 November 2010. The mine also achieved 269 white flag days, signifying the number of full days without a lost-time injury being reported on site. The all injury frequency rate deteriorated to 21.63 per million hours worked recorded for the year (2009: 17.51).

The "*White Flag Day Every Day*", "*It's OK to Stop*" and "*United for Safe Gold*" were the major safety campaigns undertaken during the year. Other initiatives included daily shaft-based communication and a continuation of tours by management and union leadership to increase visibility. Safety stoppages initiated by management also had a positive impact on physical conditions underground. A safety workshop was held at which three strategic safety pillars were identified. Plans were made to address these issues and dates set for their implementation.

Great Noligwa maintained its OHSAS 18001 and ISO 14001 certification in 2010.

Community

Great Noligwa remained active in the community with various outreach projects. Donations were made to the following organisations:

- Triest Training Centre;
- Matlosana Hospice;
- Evannah Old Age Home;
- Dipapeng Disability Centre;
- Klerksdorp Baby House; and
- Stilfontein Welfare.

Environment

Great Noligwa retained its ISO 14001 certificate during the first advanced DQS audit conducted in August 2010. No environmental incidents were reported during the year.

New projects

The water separation project at Great Noligwa, aims to reduce the inflow of dirty water into the Great Noligwa gold plant process-water tank.

Review of operations – South Africa

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Vaal River – Kopanang

Key statistics

Kopanang
2010
2009
2008
Pay limit
(oz/t)
0.41
0.40
0.32
(g/t)
13.08
13.85
11.07
Recovered grade
(oz/t)
0.179
0.197
0.199
(g/t)
6.13
6.74
6.82
Gold production
(000oz)
305
336
362
Total cash costs
($/oz)
613
406
348
Total production costs
($/oz)
867
586
492
Capital expenditure
($m)
61
58
47
Total number of employees
5,938
6,059
6,031
Employees

5,484
5,612
5,620
Contractors
454
447
411
All injury frequency rate
(per million hours worked)
21.86
22.71
25.29
Outlook for 2011
Production
(000oz)
326 – 340
Total cash costs
($/oz)
599 – 622
Capital expenditure
($m)
107
08
09
10
Gold production (000oz)
362
336
305
08
09
10
Capital expenditure ($m)
61
47
58
08
09
10
Total cash cost ($/oz)
613
348
406
08
09
10
Total number of employees*
6,031
6,059
5,938
** including contractors*

Description

The Kopanang mine, located in the Free State province roughly 170km southwest of Johannesburg, has been in production since 1984. Kopanang's current mine lease incorporates an area of 35km^2, directly west of neighbouring Great Noligwa and bound to the south by the Jersey Fault.

Kopanang exploits gold- and uranium-bearing conglomerates of the Central Rand Group of the Witwatersrand, the most important being the Vaal Reef. Gold is the primary commodity extracted with uranium oxide as a by-product. The Vaal Reef, the primary reef mined, is exploited at depths of between 1,300m and 2,600m below surface. Minor amounts of gold are also extracted from the secondary Crystalkop Reef, located about 250m above the Vaal Reef.

Given the complexity of the geology, scattered mining is employed and the orebody accessed mainly via footwall tunnelling, raised on dip of the reef and stoped on strike.

Kopanang uses conventional semi-autogenously grinding and carbon-in-pulp (CIP) technology to process gold. There are two streams of ore into the plant, one comprised mainly of Vaal Reef ore and the other fed exclusively with marginal ore-dump material. Roughly 60% of Kopanang's ore is treated in this plant. The balance is sent to the Noligwa Gold Plant and South Uranium plant by rail for gold and uranium extraction.

Operating performance

Gold production fell 9% to 305,000oz in 2010, from 336,000oz in 2009. Total cash costs increased 51% to \$613/oz as a result of the stronger currency, lower production, inflationary pressures on labour, power and stores, and royalty payments which came into effect on 1 March 2010.

A 13% decline in volumes mined was the major contributor to the drop in production, as were safety-related work stoppages, and lower-than-anticipated mining grades. The 9% decline in recovered grade was a function of the lower-grade areas mined, and the increase in dilution from tonnages treated at the waste washing plant. A waste washing plant to reduce dust by washing the fines from waste rock was commissioned.

Additional labour was recruited during the second quarter to make up production lost owing to safety-related stoppages during the first half of the year. While these stoppages continued in the second half of the year, this initiative contributed 19,300oz towards the year's total production.

Capital expenditure totalled R443m (\$61m) for the year. This included R340m (\$47m) on Ore Reserve development and stay-in-business capital of R103m (\$14m).

Growth prospects

Life extension projects identified in 2010 were De Pont Landing and Altona, Gencor 1 East extension, Crystalkop Reef (C-Reef) Below 68 level, the Shaft Fault area and pillars. Additional information will be obtained from ongoing exploration to generate Mineral Resources for conversion to Ore Reserves. The mother hole drilled at the Gencor 1E area had intersected the reef which will be sampled early in 2011. Two more long inclined boreholes are planned from the same site for 2011.

Electro-hydraulic drilling, originally scheduled to commence in August 2010 in the De Pont Landing and Altona exploration areas, has been postponed to early 2011 due to ventilation requirements and the delay in the issuing of the prospecting rights for De Pont Landing. The Below 68 level project was also delayed due to ventilation requirements which affected electro-hydraulic drilling, while limited pneumatic drilling was done from the 68 DW4 8 crosscut. The bulk of the exploration programme has been deferred to 2011.

As a result of the C-Reef exploration programme, the Mineral Resource confidence increased and added 129,164oz to the planned Mineral Resource during 2010. The programme will continue into 2011.

The Shaft Fault drilling added 8,179oz to the Mineral Resource during 2010. This remains a very prospective target area for new Mineral Resource ounces and exploration here will continue during 2011.

Outlook

Gold production for 2011 is forecast at between 326,000oz and 340,000oz at a total cash cost of between $599/oz and $622/oz. The higher level of production relates to an overall increase in volumes mined which is expected to result from the implementation of Project ONE initiatives.

Understanding of the orebody ahead of the mining face will improve following an increase in geological drilling, as well as the assessment of true grade estimates of the orebody to the West through Long-Incline-Borehole (LIB) drilling, revised evaluation modelling and the introduction of ‘coffin sampling’

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methodology. Improved drilling efficiencies are anticipated, following the change of drilling contractor in 2010. Project ONE will be implemented in 2011.
Total capital expenditure of R767m ($107m) will be spent on Ore Reserve development to improve and create mining flexibility, as well as stay-in-business capital related to the Kopanang plant. Ore Reserve development for 2011 remains a key focus in re-establishing the operation's available Ore Reserves.
Sustainability
Safety and health
Regrettably, there were two fatal accidents – one each in March and September. This overshadowed a strong safety performance in the preceding months with the mine having achieved 1 million fatality-free shifts in February 2010. The all injury frequency rate improved from 22.71 per million hours worked in 2009 to 21.86 in 2010. Mitigation strategies were implemented, including improved support standards for development areas, to reduce the risks associated with horizontal transport and falls of ground.
Strategies for 2011 include improved dust management systems through a centralised blasting system, improved footwall and dust filtration systems and experimentation with intake 'air scrubbing' systems. Following the noise baseline risk assessment to be conducted in February 2011, the current hearing protection device system will be revised to ensure optimum protection from noise, based on occupational exposures.
The mine successfully achieved recertification for both ISO 14001 and OHSAS 18001.
More than 60% of employees, including contractors, underwent voluntary HIV testing during the year following a concerted effort by AngloGold Ashanti's wellness counsellors, peer educators and its programmes.
Kopanang, Great Noligwa and Moab Khotsong, in conjunction with other mines in the region, regularly interact with the Department of Mineral Resources at a tripartite forum to discuss topical issues related to mining operations in North West Province.
General managers, safety managers, health and safety representatives, as well as unions and association representatives, meet with the state mine inspectors to discuss topical issues including regional health and safety statistics, focus areas and legislation trends.
Community
The mine hosted a number of underground visits from interested parties in the community, organised by Kopanang's social committee, in partnership with a local non-governmental organisation.
A mathematics and science competition was launched for

surrounding secondary schools with the aim of identifying and recognising students who excel in these subjects. Twenty-six children from five schools participated in this competition, which will be repeated. Kopanang is also represented in various activities in the surrounding area through the AngloGold Ashanti Fund's Local Area Committee. These initiatives include the Winter Warming Project, which distributes blankets to the surrounding communities.

During 2010, the mine started its programme to accelerate the conversion of communal rooms in the Kopanang residence to single room accommodation – 198 single rooms were completed, compared to 54 in 2009. Capital has been approved to convert 208 rooms in 2011. Another 1,819 rooms are scheduled for conversion over the next three years.

Environment

An environmental management system (EMS) is in place to address the environmental impacts of the operation, including water and energy consumption, dust levels and potential groundwater pollution from the waste rock dump. To address the dust issue, a waste washing plant was installed and will be fully commissioned in 2011, along with additional dust suppression systems. Storm-water catchment facilities will be put in place and 20ha of phyto-remediation woodlands planted in 2011. Numerous projects resulted in reduced energy consumption from 32Gwh per month in 2003 to 24.5Gwh per month in 2010. Additional projects to reduce consumption to 23.4Gwh per month are planned in 2011 and 2012.

Kopanang retained its ISO 14001 certificate following an audit conducted in August 2010. No environmental incidents were reported during the year.

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Vaal River – Moab Khotsong

Key statistics

Moab Khotsong		2010	2009	2008
Pay limit	(oz/t)	0.49	0.60	0.69
	(g/t)	15.87	20.57	23.51
Recovered grade	(oz/t)	0.263	0.273	0.271
	(g/t)	9.03	9.36	9.31
Gold production	(000oz)	292	247	192
Total cash costs	($/oz)	588	424	379
Total production costs	($/oz)	982	737	632
Capital expenditure	($m)	120	104	89
Total number of employees		6,452	6,069	

4,737
Employees
4,651
4,334
2,914
Contractors
1,801
1,735
1,823
All injury frequency rate
(per million hours worked)
19.72
28.82
38.24
Outlook for 2011
Production
(000oz)
296 – 310
Total cash costs
($/oz)
597 – 620
Capital expenditure
($m)
162
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08
09
10
Gold production (000oz)
292
192
247
08
09
10
Total cash cost ($/oz)
588
379
424
08
09
10
Capital expenditure ($m)
89
104
120
08
09
10
Total number of employees*
6,452

** including contractors*
4,737
6,069

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Description

Moab Khotsong is the newest deep-level gold mine in South Africa. It is situated near Orkney, Klerksdorp and Viljoenskroon, about 180km southwest of Johannesburg.

Following the successful exploration of the Vaal Reef in the Moab lease area, which lies to the south and is contiguous with Great Noligwa, a decision was taken in late 1989 to exploit the Moab Mineral Resource. Shaft sinking started in 1991 and stoping operations in November 2003. The mine is scheduled to reach full production in 2013.

A feasibility study of the lower mine (Zaaiplaats) was recently completed. The project will exploit the reef to depths of 3,455m below collar.

The main shaft was commissioned in June 2002 and the rock ventilation shaft in March 2003. Ore Reserve development on 85, 88, 92, 95, 98 and 101 levels is progressing to plan.

Given the geological complexity of the Vaal Reef, scattered mining is employed.

Operating performance

Moab Khotsong continued to ramp-up its output. Production increased by 18% to 292,000oz in 2010, compared to 247,000oz the previous year. The operation is scheduled to reach full annual production of 368,000oz in 2013.

Total cash costs increased by 39%, as expected, to $588/oz, due mainly to inflationary pressures on the cost of labour, power and stores, royalty payments which came into effect on 1 March 2010 and the stronger currency.

Capital expenditure for the year totalled R879m ($120m), spent mainly on Ore Reserve development R593m ($81m), with the balance for stay-in-business capital R242m ($33m), Project Zaaiplaats phase 1 R23m ($3m) and exploration drilling R20m ($3m).

Mined grade decreased by 4% as mining took place in lower-grade areas in the older northern part of the mine. Volumes treated increased by 22%, mainly due to ramp-up activities. Production, however, was hampered by safety- and mining-related stoppages as well as complex geological structures. These issues are being reviewed. In order to obtain critical information timeously, 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. Ore Reserve development and LIB drilling proceeded according to plan in 2010. The active drilling programme employs a minimum of five LIB machines to ameliorate the risk of intersecting dip features within the 12-month mining plan. There was also a focus on critical-path scheduling and increased development to open up Ore Reserves and create flexibility.

Project ONE was launched on 27 October 2010.

Growth prospects

The initial development of Moab Khotsong included the exploitation of adjacent ore blocks, including Zaaiplaats to the southwest and some 400m deeper than the existing mine. The first phase of Moab Khotsong's business plan, excluding growth projects, sees the mine producing 3Moz of gold over the life of mine. The Zaaiplaats project provides an additional 5Moz (164t) and a life extension of some 15 years, as well as the potential to include additional blocks that rely on the new project infrastructure.

Study work on Project Zaaiplaats began in 2003 and was completed in 2006, following successful scoping and prefeasibility phases. The subsequent feasibility study was completed at the end of 2008 and showed competitive returns following several technical changes, such as flatter declines to be excavated by trackless machinery.

The intersection of geological structures in the current newer eastern portion of the mine, however, was more complex than originally understood, with a consequent impact on safety, the location of infrastructure and production and cost estimates. Accordingly, additional work was undertaken to gain a higher level of confidence in the geological structural setting.

As Moab itself has achieved a stable operating base, Project Zaaiplaats is set to get under way. The project will utilise a modified approach to pre-development in order to facilitate drilling platforms for gathering orebody and structural information, together with the possibility of earlier gold production given the anticipated drilling outcomes. This pre-development also retains the option to fundamentally change the orebody extraction approach by applying different technologies.

Outlook for 2011

Production in 2011 is projected to range between 296,000oz to 310,000oz at a total cash cost of between $597/oz and $620/oz. Capital expenditure of R1,160m ($162m) is planned, with R667m ($94m) allocated for Ore Reserve development, R273m ($38m) as stay-in-business expenditure and R220m ($31m) for growth projects, comprising mainly Project Zaaiplaats, and the exploration drilling programme.

Sustainability

The labour relations climate at the mine was stable during the year, with unions actively consulted on matters affecting their members and wherever possible involved in strategic issues affecting the operation. National Union of Mineworkers' representatives hold monthly meetings with management while ad hoc engagements are expedited quickly to discuss issues of immediate concern.

Workforce transformation in line with South Africa's employment equity goals remains a strategic thrust for the mine and the company as a whole and will receive continued attention during 2011.

Safety

The mine achieved one million fatality free shifts in January 2010. Tragically, however, two fatalities were recorded in March and June, following incidents involving a fall-of-ground and horizontal transport.

The all injury frequency rate improved 32% year-on-year, to 19.72 per million hours worked (2009: 28.82).

An interpersonal communication strategy yielded improvements in personal safety during the second half of 2010, while an aggressive and rigorous audit protocol further improved safety in individual workplaces.

A safety workshop was held and three strategic safety pillars identified. Action plans to address these were devised with the related implementation dates being the focus of 2011. These pillars include:

- removing people from risk;
- planning work; and
- behaviour.

OHSAS 18001 and ISO 14001 accreditation were received during 2010 following external audits.

Community

As part of AngloGold Ashanti's policy of anticipating and responding quickly and efficiently to immediate community needs, Moab Khotsong has a management representative on the local area committee (LAC). This committee was established by the AngloGold Ashanti Fund to disburse charitable donations to communities neighbouring the company’s operations. In addition to LAC funding, Moab Khotsong made donations during the year to:

- Stilfontein and Jouberton Anglican Church, specifically for the care of the elderly;
- Kanana soup kitchen;
- Bosasa Youth Development Centre;
- Hoërskool Schoonspruit, a local high school;
- SPCA;
- Triest Training Centre; and
- Youth Eagle Christian United Movement.

In order to improve the literacy of its workforce and those living in areas nearby, AngloGold Ashanti provides transport for students from neighbouring communities who undertake evening classes in adult basic education and training.

Environment

Moab Khotsong retained its ISO 14001 certification during the first advanced DQS audit conducted in July 2010. No reportable environmental incidents were recorded during the year.

Environmental projects

An Environmental Impact Assessment of the new chilled-water reservoir is in progress and is expected to be completed by the end of February 2011.

The clean and dirty water separation project was completed. This project aimed to reduce dirty water inflows into the dam and determine the ultimate volumes required for the second dam.

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Vaal River and West Wits – Surface operations
Key statistics – Surface sources – Gold

Surface operations		2010	2009 (1)	2008 (1)
Pay limit	(oz/t)	0.010	0.007	0.007
	(g/t)	0.290	0.225	0.206
Recovered grade	(oz/t)	0.016	0.015	0.011
	(g/t)	0.54	0.53	0.36
Gold production	(000oz)	179	164	92
Total cash costs	($/oz)	485	341	440
Total production costs	($/oz)	516	355	469
Capital expenditure	($m)	3	3	1
Total number of employees (2)		374		

234
234
Employees
374
228
227
Contractors
–
6
7
All injury frequency rate
(per million hours worked)
5.99
9.10
11.80
(1)
For the 2009 and 2008 years, 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 Sources.
Outlook for 2011
Production – gold
(000oz)
155 – 162
– uranium
(Mlbs)
1.26
Total cash costs
($/oz)
625 – 648
Capital expenditure
($m)
7
08
09
10
Gold production (000oz)
164
179
92
08
09
10
Total cash cost ($/oz)
485
440
341
08
09
10

Capital expenditure ($m)
1
3
3
08
09
10
Total number of employees*
374
** including contractors*
234
234

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Key statistics – Surface sources – Uranium

Surface operations		2010	2009	2008
Pay limit	(lb/t)	0.316	0.362	0.331
	(g/t)	0.143	0.164	0.150
Recovered grade	(lb/t)	0.622	0.584	0.508
	(g/t)	0.282	0.265	0.231
Uranium production	(000lb)	1,462	1,442	1,283
Capital expenditure	($m)	12	5	6
Total number of employees		213	221	229
Employees		185	194	193
Contractors		28	27	36

Description

South Africa Metallurgy encompasses AngloGold Ashanti's

portfolio of gold and uranium processing plants in South Africa, as well as its Surface Operations, which extract gold and uranium from tailings and rock dumps at surface. This operating unit also produces backfill essential for mining operations. The producing divisions include:
- Vaal River Gold: Kopanang Gold Plant, West Gold Plant, East Gold and Archive Plant and Vaal River Tailings;
- Vaal River Uranium: Noligwa Gold Plant, Mispah Plant, South Uranium Plant and Nufcor;
- West Wits Metallurgy: Mponeng Plant (including a backfill plant), Savuka Plant, West Wits Tailings; and
- Vaal River and West Wits Chemical Laboratories.

Operating performance

Gold production increased by 9% to 179,000oz, compared with 164,000oz in 2009.

Total cash costs increased by 42% to $485/oz, from $341/oz the previous year, due mainly to increased electricity tariffs, higher contractors costs and the stronger rand.

Uranium production increased 1% to 1.46Mlbs in 2010, compared with 1.44Mlbs in 2009. A 6% increase in grade, improved recovery and steady plant operations offset a 6% drop in tonnages treated from the previous year.

Sulphuric acid

Both the East and South Flotation Plants, as well as the East Acid Plant were shut during the year as a cheaper product was available from external suppliers.

The BPF component of Project ONE was successfully implemented at the Savuka and Mponeng Gold Plants, with partial implementation during 2010 at the Noligwa Gold Plant and South Uranium Plant. Implementation of BPF will take place at West Kopanang and East Gold Plants during 2011.

Other aspects of Project ONE, namely SP and the Safety Framework and Engagement Process, have been initiated and are scheduled for implementation during 2011 and 2012.

Growth prospects

South Africa Metallurgy's project pipeline:

Uranium is perceived as a growing opportunity within the South Africa region. The application of new technology has the potential to increase both the gold and uranium reserves.

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Uranium Expansion Project:

An alternative strategy has been identified to increase uranium production, premised on improved utilisation of the uranium recovery process-plant stream. Processing of the highest-grade material will be prioritised and the process plants will be modified to remove throughput restrictions to increase capacity. Higher utilisation will be realised by providing ore-surge capacity on surface and improving rail-network capacity to increase surface tramming tonnages. The surge storage will provide material for processing during weekends when no hoisting takes place from underground. Plant modifications will improve the processing efficiency of the Noligwa plant's thickening circuit and ore reception areas. A feasibility study has identified that an additional 3.2Mlbs of uranium can be produced over the life of mine of Kopanang. Capital investment has been estimated at $27m. Detailed design will commence in 2011, ramping up to full production from the second quarter of 2012.

New acid storage section at South Uranium Plant:

Construction of a new acid storage section at the South Uranium Plant is in progress to take advantage of low acid prices during periods of market surplus. Mechanical installation is nearing completion and the tanks will be commissioned in the first quarter of 2011.

Kopanang waste washing plant:

The objective of this project is to recover extra gold from the Kopanang waste rock and to eliminate fine dust from the waste rock dump, which imposes an environmental liability on the mine. Construction was completed in the second quarter of 2010.

Mponeng feeder upgrades:

The Langlaagte chutes on the mill-feed belts are to be replaced with Weba chutes. An installation on one of the mills showed reduced occurrence of chokes giving more consistent mill feed and improved mill throughput. Installation of the second chute was completed in the fourth quarter of 2010 and the third chute will be installed in 2011.

Outlook for 2011

Gold:

Gold production from surface sources during 2011 is estimated at between 155,000oz and 162,000oz. This is dependent on reef deliveries from underground operations which will determine the volume of marginal ore-dump material processed.

Total cash costs of between $625/oz and $648/oz are expected.

Uranium:

Uranium production in 2011 is estimated to be about 1.26Mlbs, based on planned deliveries from Great Noligwa, Moab Khotsong and Kopanang mines.

Sustainability

Initiatives to improve the relationship with organised labour, particularly in West Wits, have begun with a focus on capacity building and roll-out of the company's values.

Meeting employment equity targets remained key, with significant progress achieved during 2010. Historically disadvantaged South Africans accounted for 41.21% of all management roles, compared to 38.4% in 2009, while female representation across the workforce was 16.8% compared to 16% in 2009.

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Safety

South Africa Metallurgy achieved a remarkable 12 million fatality-free shifts during 2010. The all injury frequency rate improved from 9.10 per million hours worked in 2009 to 5.99 in 2010 and the total number of 'white flag days', signifying days on which no injury occurred, increased from 307 in 2009 to 326 in 2010.

Eight plants achieved more than 100 consecutive 'white flag days'. OHSAS 18001 certification was maintained, ICMI compliance was re-certified and industry milestones for silica dust and noise were achieved.

Environment

As part of the phytoremediation programme, a total of 10ha was planted on the footprint of the East Pay Dam.

Various environmental projects were successfully implemented during the year, including:

- relining the No.2 Barren dam at South Uranium plant;
- construction of lined areas and bund walls at Noligwa Gold plant to manage clean and dirty water;
- construction of lined areas and bund walls at East Gold Acid Float (EGAF) plant to manage clean and dirty water;
- lining of the process water trench from EGAF plant to Central Spillage; and
- cleaning historical pyrite spills outside the Noligwa Gold plant.

ISO 14001 accreditation was successfully maintained during 2010.

A total of eight pre-closure sites were rehabilitated during the year. During the clean-up of the East Pay Dam footprint, 260,392t from the East Pay Dam, 2,101t from the site adjacent to EGAF and 3,522t from the black-reef area were loaded and transported to the screening plant for processing via the Archive mill. In addition, 29,126t of silt material was loaded and transported from the upper residence dam and 19,000t from the lower residence dam to the bunkers built on the old North Tailings Storage Facility.

A total of 51,408t of contaminated gold-bearing material was sold to a third party for processing.

An aggressive invader-plant eradication programme was undertaken in 2010. Independent consultants measured a significant reduction in the prevalence of the three invader plant species targeted.

There were 10 reportable environmental incidents, a marked decline from 2009 when there were 35 incidents. All of the 2010 incidents involved water dam overflows. Dam capacity has been increased and is in the process of being expanded further. Dam level alarms have also been installed to prevent recurrence. The programme to replace pipelines has borne fruit, with no incidents involving pipeline failures occurring during the year. The closure of the acid plant at the EGAF plant meant that there were also no reportable air emission incidents.

Bokkamp water management project:

Construction was undertaken of a storm water dam and pipeline system to eliminate the environmental impact of overflowing dams in the Vaal River area. The dam was completed during the third quarter of 2010 and is operational.

Plant demolition:

Demolition of redundant sections have been scheduled to reduce future environmental liability, with revenue from scrap sales to subsidise dismantling costs.

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West Wits – Mponeng

Key statistics

Mponeng		2010	2009	2008
Pay limit	(oz/t)	0.28	0.25	0.22
	(g/t)	9.14	8.53	7.61
Recovered grade	(oz/t)	0.276	0.253	0.292
	(g/t)	9.48	8.66	10.02
Gold production	(000oz)	532	520	600
Total cash costs	($/oz)	453	329	249
Total production costs	($/oz)	576	399	323
Capital expenditure	($m)	122	109	86
Total number of employees		5,778	6,029	5,685

Employees

5,732
5,926
5,482
Contractors
46
103
203
All injury frequency rate
(per million hours worked)
15.93
14.31
14.29
Outlook for 2011
Production
(000oz)
513 – 535
Total cash costs
($/oz)
486 – 504
Capital expenditure
($m)
210
08
09
10
Gold production (000oz)
600
520
532
08
09
10
Capital expenditure ($m)
122
86
109
08
09
10
Total cash cost ($/oz)
453
249
329
08
09
10
Total number of employees*
** including contractors*
5,685
6,029
5,778

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 mines the Ventersdorp Contact Reef (VCR) at depths between 2,400m and 3,900m. A sequential-grid mining method is employed. Access to the reef is from the main haulage and return airway development, with cross-cuts developed every 212m to the reef horizon. Raises are then developed on-reef to the level above and the reef is stoped-out on strike.

The Mponeng lease area is constrained to the north by the TauTona and Savuka mines, to the east by Gold Fields Limited's Driefontein mine and to the west by Harmony Gold Mining Limited's Kusasalethu mine.

Mponeng comprises a twin-shaft system housing two vertical shafts and two service shafts. Ore is treated and smelted at the mine's gold plant which has a monthly capacity of 160,000t. The plant uses two semi-autogenous (SAG) mills to process ore and the gold is extracted by means of CIP technology.

Operating performance

Mponeng's gold production increased by 2% to 532,000oz in 2010, compared to 520,000oz in 2009. A 9% increase in grade contributed to the rise in production.

Total cash costs rose by 38% to $453/oz, due to the impact of the stronger currency, inflationary pressure on labour, power and stores and royalty payments which came into effect on 1 March 2010.

Capital expenditure for the year totalled R891m ($122m) and was primarily spent on the VCR Below 120 project R339m ($46m). In addition, capital of R330m ($45m) was spent on Ore Reserve development and R222m ($31m) on stay-in-business activities.

Growth prospects

Ventersdorp Contact Reef (VCR) Below 120 Project: Development is ahead of schedule and in line with the project plan. The estimated completion date is 2013 and full production is scheduled for 2016. The project is anticipated to recover 2Moz of gold at a cost of R2bn.

Carbon Leader Reef (CLR) Below 120 Project: A feasibility study currently under way indicates that this project, which targets the mining area from 120 to 141 levels of the Carbon Leader Reef horizon, has the potential to yield 11.3Moz of recovered gold. This project can be undertaken in a phased approach, accessing 123 and 126 levels first in order to bring gold forward. This initial phase could potentially recover 3.5Moz of gold. The feasibility study for this first phase will be completed in February 2012. Construction of the refrigeration infrastructure to enable an early start of the first phase will begin in the latter half of 2011. Feasibility studies for subsequent phases will be completed by December 2012.

Outlook for 2011

Production is forecast at between 513,000oz and 535,000oz at a total cash cost of between $486/oz and $504/oz.

Capital expenditure in 2011 is estimated at R1,493m ($210m), with R825m ($116m) designated for growth, including the VCR and CLR Below 120 projects and the balance for stay-in-business and Ore Reserve development activities.

Sustainability

Safety

Tragically, there were four fatalities at Mponeng during 2010. Two of the fatalities were of undetermined causes and are still pending classification upon completion of the DMR enquiry. The all injury frequency rate deteriorated to 15.93 per million hours worked from a rate of 14.31 in 2009.

The mine embarked on a number of safety initiatives in 2010. These included the introduction of detailed work packages in line with the implementation of BPF; the roll-out of the Safety Transformation programme; promotion of consecutive injury-free days; miner, artisan, team-leader and safety representative meetings; empowering of safety representatives and finally the application of the SANDLA safety system, which focuses on procedures, personal protective equipment and tools and equipment.

The Inspector of Mines issued Mponeng with 10 Section 54 directives during the year. Each directive resulted in Mponeng suspending operations fully or partially in order to comply with the inspector's recommendations on safety aspects. In each case, the suspension order was lifted following investigation and consultation between management, organised labour and the DMR.

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Occupational health and safety assessments for OHSAS 18001 first and second advance assessments were conducted in January and July 2010, with Mponeng retaining accreditation on both occasions.

Health

During 2010, some 111 new cases of occupational tuberculosis (TB) were diagnosed at Mponeng, at an annual incidence of 2%. By year-end, 58 employees were still receiving daily treatment for TB. In addition, 852 Mponeng employees were seen at the Wellness Clinic in the six-month period to December 2010, representing approximately 19% of the group 3-8 workforce. A total of 512 employees had received anti-retroviral therapy by the end of the year.

Training

Key successes of AngloGold Ashanti's adult basic education and training (ABET) initiative at Mponeng included:

- Co-ordinating and hosting International Literacy Day with partners including the Mining Qualification Authority, the National Union of Mineworkers and other mining companies in the region. The event included more than 3,000 ABET learners, staff, representatives from the Department of Labour and other stakeholders;
- Providing learners with the opportunity to study for the national diploma (N1 and N2) courses at Wescol College; and
- Planning a library and resource centre for both AngloGold Ashanti's ABET learners and members of the general community. This library will be an electronic learning centre.

Skills training opportunities were provided to employees and the community. Training opportunities exist in boiler-making, wiring, plumbing, carpentry, welding and computer training. Fifty-nine employees and 52 community members participated during the year.

Community

Mponeng's 'We Care Committee', has formed partnerships in the host communities of Kokosi, Greenspark and Fochville, and is making a concerted effort to understand their environment, traditions and values.

Projects undertaken during 2010 included:

- Winnie the Pooh Nursery School, Greenspark: shelter for the school's sandpit, provision of storage space, new tables, chairs and mattresses, a sustainable vegetable garden to feed children and sell surplus produce to the community to supplement funds;
- Old age centre, Greenspark: construction of shaded areas and provision of food parcels;
- Nursery School, Kokosi: provision of coats for school children during the winter months;
- Fochville Service centre: provision of food parcels;

- Welfare, Fochville: hosting a Christmas party and presents; and
- Fochville and Losberg Primary Schools, Fochville: provision of stationery for learners and other outreach projects.

Environment

In order to prevent the mine from impacting surface and ground water, a number of risk assessments and environmental investigations were conducted during the year. Most of these studies have been completed and the planning and execution of mitigation projects are under way. These include:

- Hydrological and waste assessments – the purchasing and installation of flumes and flow meters in the east and west trenches to measure clean storm water discharge;
- Completion of a legal compliance audit and a polychlorinated biphenyls (PCB) assessment. (PCBs are a group of synthetic oil-like chemicals of the organochlorine family which have been shown to possess carcinogenic properties and damage reproductive, neurological and immune systems of wildlife and humans);
- Coating and sealing of concrete-lined washing bays and waste transferring stations;
- Collection and disposal of asbestos waste;
- Eradication of alien and invader vegetation;
- Purchasing of high pressure cleaners; and
- Sampling and analysis of water discharge to demonstrate continual improvement in monitoring and managing process water.

An ISO 14001 first advancement assessment audit was conducted at Mponeng in August 2010, with the mine retaining its accreditation.

No reportable environmental incidents were recorded during the year.

Review of operations – South Africa

West Wits – Savuka

Key statistics

Savuka		**2010**	2009	2008
Pay limit	(oz/t)	0.56	0.78	0.43
	(g/t)	17.86	26.74	14.91
Recovered grade	(oz/t)	0.155	0.159	0.183
	(g/t)	5.30	5.45	6.28
Gold production	(000oz)	22	30	66
Total cash costs	($/oz)	1,100	1,115	411
Total production costs	($/oz)	1,387	1,387	518
Capital expenditure	($m)	9	13	11
Total number of employees		981	1,054	

1,224
Employees
952
1,019
1,179
Contractors
29
35
45
All injury frequency rate
(per million hours worked)
7.69
13.23
19.82
Outlook for 2011
Production (000oz)
24 – 25
Total cash costs
($/oz)
1,098 – 1,139
Capital expenditure
($m)
3
Review of operations – South Africa
08
09
10
Gold production (000oz)
66
30
22
08
09
10
Capital expenditure ($m)
11
13
9

P
77

Description

Savuka is situated on the West Wits line in the province of Gauteng, approximately 70km southwest of Johannesburg. Savuka is close to the town of Carletonville. 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.

The Savuka lease area is constrained to the north and north-west by DRDGOLD Limited's Blyvooruitzicht Mine, to the east by TauTona, to the west by Harmony's Kusasalethu mine, and to the south by Mponeng.

Operating performance

Savuka produced 22,000oz of gold during 2010, compared with 30,000oz the previous year. Total cash costs decreased by 1% to $1,100/oz, from $1,115/oz in 2009, due primarily to insurance recoveries.

Savuka's operations continued to bear the impact of the seismic event that occurred in May 2009 as rehabilitation work continued during 2010. This resulted in production taking place in the VCR upper level in the first half of the year due to limited access to the CLR. In the interests of capital efficiency, a decision was made in late 2010 to place the mine on care and maintenance and to access its Ore Reserves from the larger, neighbouring Mponeng operation in future.

An insurance claim, covering normal business interruption and material damage was lodged. The payments received and credited to working costs, were R85m ($11m) in June and R37m ($5m) in September.

Capital expenditure declined to R69m ($9m) in 2010, and was spent on sustaining infrastructure. All Ore Reserve development was halted as the mine prepared for transition to care and maintenance.

Outlook for 2011

Several strategic options are currently being considered for Savuka. These options vary from placing the operation on care and maintenance to a continuation of mining activities.

It is anticipated that a formal decision on the future of Savuka will be made by the end of March 2011.

Sustainability

Safety

The all injury frequency rate improved from 13.23 in 2009 to 7.69 per million hours worked in 2010. There were no fatalities during 2010.

Savuka also retained its OHSAS 18001 certification following an audit that was conducted during the course of the year.

The mine continued implementation of the parallel safety initiatives initiated in 2008, including Goldsafe days; the promotion of team-based processes, mass open-air

08
09
10
Total cash cost ($/oz)
411
1,115
1,100
08
09
10
Total number of employees*
1,224
** including contractors*
1,054
981

Review of operations – South Africa

meetings and monthly miner, artisan, team leader and safety representative meetings.

Savuka also participated in AngloGold Ashanti's successful roll-out of the 'It's OK to stop' campaign. In addition, various internal safety audits were conducted to enable management to address and mitigate the risks identified in the process. The AuRisk system was implemented to address risks at the mine.

Community

Savuka's community programme is managed in tandem with that of the TauTona mine. (See TauTona community initiatives on page 81).

Environment

An ISO 14001 first advance assessment audit was conducted at Savuka in September 2010, with the operation retaining its accreditation.

The environmental closure plan has been assessed.

Pumping will be dealt with through Mponeng and TauTona.

Environment-related projects for TauTona/Savuka include the establishment of a centralised oil store and the construction of a storm-water channel at the internal mine store yard.

No reportable environmental incidents were recorded during the year.

West Wits – TauTona

Key statistics

TauTona		2010	2009 (1)	2008 (1)
Pay limit	(oz/t)	0.60	0.74	0.44
	(g/t)	19.27	25.33	15.05
Recovered grade*	(oz/t)	0.204	0.213	0.253
	(g/t)	7.01	7.29	

8.66
Gold production
(000oz)
259
218
314
Total cash costs
($/oz)
700
559
374
Total production costs
($/oz)
980
797
509
Capital expenditure
($m)
75
57
60
Total number of employees
4,609
4,293
4,623
Employees
4,137
3,842
3,849
Contractors
472
451
774
All injury frequency rate
(per million hours worked)
19.03
15.84
19.00
*
Underground operation.
(1)
The 2009 and 2008 years include the results of the West Wits Surface operations.
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Description

TauTona lies on the West Wits Line, just south of Carletonville in Gauteng and about 70km southwest of Johannesburg. Mining at TauTona 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 mining to scattered-grid mining. This change in mining method was necessitated by the increased incidence of complex geology and the unsuitability of the current method for mining through the Pretorius fault. The change will also lead to improved safety.

TauTona shares a processing plant with Savuka. The facility currently has a monthly capacity of 180,000t and uses conventional milling to crush the ore and a CIP plant to treat it. Once the carbon has been removed from the ore, it is transported to the gold plant at Mponeng for elution electro-winning, smelting and the final recovery of the gold.

Operating performance

Production at TauTona rose 19% to 259,000oz during 2010, compared with 218,000oz the previous year. Cash costs rose 25% to $700/oz, from $559/oz in 2009, due mainly to inflationary pressure on the cost of labour, power and stores, royalty payments which came into effect on 1 March 2010 and a stronger currency.

Capital expenditure totalled R545m ($75m), which included R162m ($22m) in stay-in-business expenditure and R371m ($51m) on Ore Reserve development. Additional expenditure was required for the steelwork to complete shaft rehabilitation.

Outlook for 2011

Production
(000oz)
259 – 270
Total cash costs
($/oz)
718 – 745
Capital expenditure
($m)
82

08
09
10
Gold production (000oz)
314
259
218

08
09
10
Total cash cost ($/oz)

700
374
559
08
09
10
Capital expenditure ($m)
60
75
57
08
09
10
Total number of employees*
4,623
4,609
** including contractors*
4,293

The improvement in production was due largely to the successful resumption of mining in January 2010 following closure of the shaft in October 2009. The positive production performance was, however, affected by a Section 54 stoppage imposed on all tramming activities during September by the Department of Mineral Resources.

Project ONE was officially launched on 26 October 2010. A project support team was established and trained. Site configuration and employee training have commenced with full implementation scheduled for the end of September 2011.

Growth projects

CLR Below 120 project: The original project scope was to develop a twin-shaft system – one for men and material and the other a rock decline – to access and mine below the 120 level. Initial production targets were around 46.3t or 1.5Moz of recovered gold, including 42.9t or 1.4Moz directly from the project and the balance from tailings, which would contribute significantly to TauTona's gold production. Following a major seismic event which closed off one of the two access routes, the project was reviewed and impaired in January 2009. A decision was made to limit the scope of the project to the development of the rock decline to 123 level. As a result of unfavourable geological drilling results and a significant increase in the latest cost estimate, the project has been suspended. The project area may be accessed at a later date from Mponeng.

CLR Shaft Pillar Extraction Project: The project was designed to enable stoping operations to be conducted up to an infrastructural zone of influence. However, given the safety and fall-of-ground risks, a decision was made to halt mining of this pillar. Only 65% (434,000oz) of the targeted production was achieved from this project. Capital expenditure on the project was R281m ($34m).

VCR Pillar Project: The aim of this project is to provide the necessary infrastructure to access the VCR pillar area. Production began in 2005 and development was scheduled to have been completed in 2010. Total production was estimated at almost 200,000oz in all at a capital cost of R123m ($14m), most of which has been spent. Following a seismic event in the shaft and after further modelling done by the Rock Mechanics Department, it was decided to stop mining the VCR pillar. As at December 2010, 141,000oz had been produced from this project.

Outlook for 2011

Production in 2011 is projected to be between 259,000oz and 270,000oz. The higher production output relates to an overall increase in yield to an average 7.6g/t. Total cash costs

of between $718/oz and $745/oz are forecast.
Capital expenditure totalling R586m ($82m) is planned for 2011 and will be spent mostly on Ore Reserve development and stay-in-business projects.

Sustainability

Safety

Tragically, two fatalities occurred at TauTona during 2010 resulting from accidents related to winches and horizontal transport. The all injury frequency rate per million hours worked deteriorated from 15.84 in 2009 to 19.03 per million hours worked in 2010.

TauTona retained its OHSAS 18001 certification following an audit conducted during the second quarter of 2010 as the mine implemented the behaviour based safety observations programme to audit the behaviour of the mine's workforce and adopted the MOSH system to further enhance the mine's safety performance. Shaft infrastructure upgrades continued into 2010 following an incident in the fourth quarter of 2009,

Review of operations – South Africa

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81
when a length of penthouse steel fell down the sub-shaft, damaging infrastructure and prompting the suspension of operations while a full inspection was undertaken.

Mining through complex geology, including the Pretorius fault zone, represented one of the chief safety challenges during the year. TauTona continued with the implementation of parallel safety initiatives which begun in 2008, including, the ongoing roll-out of the 'It is OK to Stop' principle to all employees, the White Flag drive and the Laduma for Safety and wellness days. The monitoring of emergency escape routes was improved.

On 2 October 2010, TauTona achieved two years without a fall-of-ground fatality, demonstrating the significant progress made in mitigating one of the most important risks related to deep-level, underground mining. The AuRisk system was implemented to address risk at the mine.

Community

TauTona plays an active role in supporting various community projects in the Merofong district. AngloGold Ashanti made donations to local organisations during the year, including:

- Carletonville Home Based Centre;
- Avondgloor Old Age Home;
- Suid-Afrikaanse Vroue Federasie (SAVF); and
- Timber Twig Pre-Primary School.

Environment

An ISO 14001 first advancement assessment audit was conducted at TauTona in September 2010, with the operation retaining its accreditation.

Additional projects undertaken during the year to minimise the operation's environmental impacts included:

- Upgrading of the waste separation area to improve waste handling and storage, thereby improving recycling capacity;
- The cleanup and removal of steel and redundant equipment which formed part of the backfill testing plant, in order to reduce the size of the mine's footprint; and
- Relocation of the internal mine store and equipment from the ESKOM servitude, bringing TauTona in line with safety and legal requirements on power cabling running through the mine area.

Additional focus areas with regard to environmental aspects included:

- Minimising refrigeration gasses (R134a and R11) that are used in the refrigeration plants as refrigerant to supply cooling power to underground workings;
- Management of hazardous material and waste, specifically hydrocarbons, chemicals and flourescent tube light bulbs;
- The management of clean and dirty water at TauTona; and
- Water and electricity usage.

No reportable environmental incidents were recorded during the year.

Review of operations – Continental Africa

Challenges in
being met
head on

Africa

Podcast available at www.aga-reports.com/10/podcasts.htm

**Richard Duffy, Executive Vice President –
Continental Africa, discusses AngloGold
Ashanti's operations in the region**

Tanzania
Geita
Namibia
Navachab
Iduapriem
Mali
Morila
Guinea
Siguiri
Ghana
Obuasi
Yatela
Sadiola

P
83
$712 /oz
$234 m
15,761 people
1,492 000oz
08
09
10
Attributable gold production (000oz)
1,631
1,585
1,492
08
09
10
Total cash cost ($/oz)
608
712
543
08
09
10
Attributable capital expenditure ($m)
262
198
234
08
09
10
Total number of employees*
15,644
15,267
15,761
** including contractors*
AngloGold Ashanti has eight mining operations in its Continental
Africa region:
- Iduapriem and Obuasi in Ghana;
- Siguiri in Guinea;
- Morila, Sadiola and Yatela in Mali;
- Navachab in Namibia; and
- Geita in Tanzania.

Combined production from these operations declined by 6% to 1.49Moz of gold in 2010, equivalent to 33% of group production. Total cash costs increased by 17% to $712/oz. In all, they employed 15,761 people, including contractors, 494 more than in 2009. Total attributable capital expenditure for the region was $234m, an increase of 18% on the $198m spent in 2009. The bulk of this was spent at the Obuasi and Geita operations.
The Mineral Resource of the mining operations in Continental Africa, attributable to AngloGold Ashanti, totalled 60.99Moz at

year-end, including an attributable Ore Reserve of 22.46Moz.
AngloGold Ashanti also conducts an active greenfield exploration programme, principally in the Democratic Republic of the Congo (DRC), focused on the 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 its existing operations. For further information on the group's exploration programme in Continental Africa, see the Global exploration section of this report.

Geita
23.9%
Obuasi
21.3%
Siguiri
18.3%
Iduapriem
12.4%
Sadiola
7.9%
Morila
6.4%
Navachab
5.8%
Yatela
4.0%
Contribution to Continental
Africa production
– by operation

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AngloGold Ashanti Annual Financial Statements 2010
Review of operations – Continental Africa
Ghana – Iduapriem
Key statistics

Iduapriem
2010
2009
2008
Pay limits
(oz/t)
0.04
0.04
0.04
(g/t)
1.47
1.45
1.43
Recovered grade
(oz/t)
0.050
0.050
0.051
(g/t)
1.70
1.72
1.76
Gold production
(000oz)
185
190
200
Total cash costs
($/oz)
666
516
525
Total production costs
($/oz)
868
579
611
Capital expenditure
($m)
17
28
54
Total number of employees
1,483
1,447

1,780
Employees
729
727
732
Contractors
754
720
1,048
All injury frequency rate
(per million hours worked)
9.73
12.26
13.95
Outlook for 2011
Production
(000oz)
188 – 199
Total cash costs
($/oz)
773 – 802
Capital expenditure
($m)
51
Review of operations – Continental Africa
08
09
10
Gold production (000oz)
200
190
185
08
09
10
Total cash cost ($/oz)
525
516
666
08
09
10
Capital expenditure ($m)
54
28
17
08
09
10
Total number of employees*
1,780

** including contractors*
1,447
1,483

P
85

Description

Iduapriem, wholly owned by AngloGold Ashanti since September 2007, comprises the Iduapriem and Teberebie properties on a 110km
2
concession. The mine is situated in the western region of Ghana, some 70km north of the coastal city of Takoradi and 10km southwest of Tarkwa.

Iduapriem is an open-pit mine and its processing facilities include a CIP plant.

Operating performance

Gold production declined by 3% to 185,000oz in 2010. The decline in production was mainly due to a stoppage from 11 February to 20 April to improve and increase the capacity of the site's tailings storage facilities (TSF). However, a significant portion of production lost due to the stoppage was recovered by re-planning mining operations and achieving designed plant throughput.

Total cash costs increased by 29% from the previous year to $666/oz, due primarily to higher fuel and power prices as well as increased employee and maintenance related costs.

The launch of Project ONE in August 2010 has improved overall mill throughput, which reached a record of 423,000t in December 2010, in line with the upgraded plant design specification.

Capital expenditure for the year was $17m, including $9m for the new TSF, $5m for the water treatment plant upgrade and $3m for other stay-in-business capital. Owing to the operational stoppage between February and April 2010 and based on a review of capital spend, the initial amount of $31m budgeted for the Ajopa project and other projects was deferred.

Growth prospects

While the mine has limited growth prospects on surface, the higher gold price led to renewed interest in evaluating the considerable low-grade Mineral Resources in the Tarkwaian conglomerates that extend below the economic limits of the existing pits. Work is planned in 2011 to determine if there is an economic resource sufficient to support underground mining.

In addition, the Ajopa project, which was anticipated to start in 2010, is to be developed over the next two to three years. Ajopa contains an estimated Ore Reserve of 5.2Mt at a grade of 1.83g/t, equivalent to around 341,000oz of gold. This project is expected to yield approximately 324,000oz over 24 months. The change in projected Ajopa ounces is due to change in planning parameters leading to increased volume to be mined.

Outlook for 2011

Gold production at Iduapriem in 2011 is expected to increase between 188,000oz and 199,000oz. Total cash costs are

estimated to range between $773/oz and $802/oz.
Capital expenditure of $51m is planned primarily for the completion of the greenfield TSF $42m, stay-in-business projects $7m and other projects $2m.

Sustainability

Safety

The all injury frequency rate of 9.73 per million hours worked improved from 12.26 reported in 2009.
Reducing the number of safety-related incidents remains a key focus for management, with a number of interventions already in place. These include hazard identification and risk assessment; incident reporting and investigation; employee engagement and communication; contractor safety management; and more visible leadership inspections by management.
Iduapriem maintained its OHSAS 18001 certification.

Environmental

Permitting issues had a significant impact on operations in 2010, following a shut-down while Block 2 and TSF 3 were closed and the interim TSF built with permission from the Ghana Environmental Protection Agency. In the meantime, construction of a TSF to cater for life of mine tailings deposition is in progress. It is anticipated that tailings deposition in the new facility will start in the first half of 2011.
In addition to this shut-down, four reportable environmental incidents, all related to pipeline failures, took place in 2010.

The online Sustainability Report 2010: Supplementary Information provides details of these incidents and the corrective action taken.

In 2009, the mine applied for temporary withdrawal from the certification to the cyanide code due to the non-compliance of its existing cyanide mixing and storage facility. Construction of the new cyanide storage facility is in progress and a new application will be made to the International Cyanide Management Institute (ICMI) during 2011. During 2010, the original water treatment plant installed in 2009 was upgraded. This work was undertaken to ensure full treatment of contaminants in process water in order to achieve the discharge standard for release of excess water from the operations.

Iduapriem achieved its ISO 14001 certification following a surveillance audit completed in November 2010.

Community

Iduapriem's alternative livelihood programme continued in 2010, with strong support from the communities, local chiefs and local authorities. The programme includes crop, fish and palm farming and processing. In addition, a mushroom farming project is being piloted as part of a broader economic development strategy. Women from local communities will operate the mushroom farms as stand-alone businesses, selling and marketing their produce in and around the Tarkwa region.

Key outstanding issues from previous years, in particular cracks in houses in Teberebie village, were addressed in 2010. Work is still in progress to finalise land-for-land compensation. This would improve an already strong relationship with the mine's surrounding communities.

Ghana – Obuasi

Key statistics

Obuasi		2010	2009	2008
Pay limits*	(oz/t)	0.19	0.21	0.29
	(g/t)	6.60	7.26	9.35
Recovered grade*				

(oz/t)
0.150
0.151
0.127
(g/t)
5.16
5.18
4.37
Gold production
(000oz)
317
381
357
Total cash costs
($/oz)
744
630
633
Total production costs
($/oz)
945
796
834
Capital expenditure
($m)
109
94
112
Total number of employees
5,722
5,759
5,722
Employees
4,225
4,408
4,259
Contractors
1,497
1,351
1,463
All injury frequency rate
(per million hours worked)
2.86
4.73
6.36
*
Underground operation
Outlook for 2011
Production
(000oz)
302 – 312

Total cash costs
($/oz)
790 – 820
Capital expenditure
($m)
125
Review of operations – Continental Africa

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Description

Obuasi is located in the Ashanti Region of southern Ghana, approximately 60km south of Kumasi. It is primarily an underground mine operating at depths of up to 1.5km, though some surface mining in the form of open pit and tailings reclamation occurs. Two treatment plants processed ore this year: the South Treatment Plant, which is a Float-BIOX-CIL plant for treating hard rock sulphides and tailings; and a tailings treatment plant using CIL to treat only tailings. The tailings treatment plant was shut down in October. Tailings will be treated through the South Treatment Plant to increase gold recovery.

Operating performance

Gold production decreased by 17% to 317,000oz in 2010. The reduced gold production was mainly attributable to underground tonnages declining by 8% as a result of reduced flexibility in developed Ore Reserves. Total development metres were 19% lower, due largely to the poorer-than-expected performance of the contractor.

The South Treatment Plant was stopped twice during 2010 – for five days in March and 12 days in October, due to excess water on the TSF at Sansu. The tailings treatment plant was then shut down permanently in October as capacity on the Pompora tailings dam had been exhausted.

The mine also suffered blocked and collapsed ore passes and delays in ore-pass relocation. In order to increase the overall efficiency of the operation in the long term, the number of mining areas at Obuasi was consolidated from 13 to nine as planned. Changes to the mining method included elimination of certain waste footwall drives used for access, definition drilling in all newly designed narrow reef stopes and an increase in stope length to 150m. The transverse open stoping mining method will be applied to widen sections of the reef.

AngloGold Ashanti has appointed a high-level, multi-disciplinary taskforce to address the operating problems at Obuasi. This team, comprising senior management, will analyse the recent underperformance and design a turnaround plan that will touch all aspects of the operation, from mining and processing to a holistic approach in addressing legacy sustainability issues resulting from a century of mining. Peter Anderton, a seasoned engineer with several years experience, will lead the rapid turnaround effort; Toby Bradbury will lead the sustainability effort; and Keith Faulkner, the former AngloGold Ashanti (Ghana) managing director, will oversee the planning of Obuasi’s long-term future. This team will report its findings to the board and table a detailed plan for Obuasi’s sustained turnaround.

Total cash costs increased by 18% to $744/oz from $630/oz in 2009. The increase was mainly attributable to the decline in production, an increase in the power tariff and the once-off

settlement of historical worker claims. These negative factors were partially offset by a reduction in the cost of consumables, which were sourced via a focused procurement strategy.
The Sulphide Treatment Plant metallurgical recovery rate was 86% against the target of 82% set during 2009.
Capital expenditure amounted to $109m for the year. Of this $11m was spent on projects; $36m on Ore Reserve development, and $62m on stay-in-business activities.
Growth prospects
Ore production from underground activity is planned at 1.82Mt in 2011, compared to 1.85Mt achieved in 2010.
Obuasi has a Mineral Resource base of approximately 30Moz. Within the task force structure implemented to manage the mine, one of the three elements is to identify
08
09
10
Gold production (000oz)
357
381
317
08
09
10
Total cash cost ($/oz)
744
633
630
08
09
10
Capital expenditure ($m)
112
109
94
08
09
10
Total number of employees*
5,722
5,759
5,722
** including contractors*

the level and methods of production best suited to exploiting the deposit at Obuasi, given advances made in modern mining technology.

Development at Obuasi Deeps on level 50 for both the Kwesi Mensah Shaft and Brown Sub-Vertical Shaft, as well as exploration drilling on the level 50 platform, were suspended because of flooding in July 2009. Development was restarted in the fourth quarter of 2010 and exploration drilling is planned from the first quarter of 2011.

Outlook for 2011

Production at Obuasi in 2011 is projected to be between 302,000oz and 312,000oz, at an estimated total cash cost ranging from $790/oz to $820/oz as the taskforce undertakes planning for the mine’s future.

Planned capital expenditure is expected to be approximately $125m, with $10m allocated to projects, $80m to stay-in business activities and $35m to Ore Reserve development.

Sustainability

Safety

The safety performance at Obuasi improved significantly compared to 2009 with an all injury frequency rate of 2.86 per million hours worked recorded in 2010 compared with 4.73 per million hours worked in 2009. There were no fatalities during the year.

The safety strategy drawn up in 2009 and implemented in 2010 contributed significantly to this performance. It focused on four interlinked goals: processes that assign accountability and drive performance; effective employee dialogue and engagement; improving health and safety systems and establishing a health and safety support function that suits the operation’s needs.

Community

The implementation of the recommendations of the 2009 Social Study report on Obuasi communities continues to receive attention.

The mine site continued to engage with surrounding communities including the Artisanal Miners Association. There was an increase in the number of communities covered under the stakeholder engagement plan from 48 in 2009 to 58 in 2010.

On legacy issues, farms impacted by mining activities have been assessed and some compensation paid. Grievances have been investigated and documented, and proactive engagement through regular meetings with communities has been instituted.

Regarding economic development, three projects are being piloted at Obuasi to create employment opportunities for the communities, namely a piggery, aqua culture and a garment factory.

AngloGold Ashanti's staffing needs in the community and social development spheres have been expanded and training is being provided to environment and community staff.

Implementation of management standards to prevent or avoid the creation of additional legacy issues has commenced.

The occasional chemical treatment of process water for discharge in positive water balance situations to streams and rivers has been curtailed and rehabilitation of mined-out pits has commenced at Adubriem and Sansu. The road to Sansu village is being resurfaced by the company.

The mine continued to fund and operate its Malaria Control Programme, which has successfully reduced the incidence of malaria in the community, of more than 250,000 people, by more than 75%. The programme is a world benchmark and has been selected by the United Nation's Global Fund with AngloGold Ashanti as the principal recipient to expand the Obuasi model to 40 districts around Ghana. Funding of $130m will be provided over five years at which time the Obuasi programme will be included in the Global Fund programme. The programme awaits government tax exemption on the Global Fund donor funds, which should be forthcoming in 2011.

In addition, Obuasi continues its support of the municipality on waste and hygiene management, education, HIV/Aids awareness and treatment.

Environment

Six reportable environmental incidents, two of which were related to tailings management, took place in 2010. Details of the incidents and the corrective action taken are available in the online Sustainability Report 2010: Supplementary Information.

A tailings retreatment project is under way to retreat tailings in the facilities at the northern end of the mine and simultaneously address stability and drainage issues as part of Obuasi's mine closure obligations.

Construction of two process water treatment plants to mitigate the positive water balances to the north and south of the mine is scheduled for completion by the second quarter of 2011.

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Guinea – Siguiri

Key statistics

Siguiri		2010	2009	2008
Pay limit	(oz/t)	0.02	0.02	0.03
	(g/t)	0.66	0.71	0.93
Recovered grade	(oz/t)	0.028	0.032	0.035
	(g/t)	0.97	1.11	1.20
Gold production – 100%	(000oz)	321	372	392
– 85%		273	316	333
Total cash costs	($/oz)	643	519	466
Total production costs	($/oz)	701	595	542
Capital expenditure – 100%	($m)	12	26	22

– 85%
10
22
18
Total number of employees
3,170
2,973
2,933
Employees
1,531
1,492
1,489
Contractors
1,639
1,481
1,444
All injury frequency rate
(per million hours worked)
6.15
5.54
9.42
Outlook for 2011 (attributable)
Production
(000oz)
270 – 281
Total cash costs
($/oz)
693 – 719
Capital expenditure
($m)
30
08
09
10
Attributable gold production (000oz)
333
316
273
08
09
10
Total cash cost ($/oz)
643
466
519
08
09
10
Attributable capital expenditure ($m)
18
22

10
08
09
10
Total number of employees*
2,933
2,973
3,170
** including contractors*
Permitting processes are also under way ahead of the construction of a return water dam to be commissioned by 2012, to enhance the stability of the south tailings storage facility.
The mine underwent its ISO 14001 surveillance audit in November after successfully completing a certification audit in December 2009.

Description

AngloGold Ashanti has an 85% interest in Siguiri and the government of Guinea owns the balance. Siguiri is a multiple open-pit, oxide gold mine situated in the Siguiri district in northeast of the Republic of Guinea, about 850km northeast of the capital, Conakry. Siguiri's open pits are operated by mining contractors using conventional techniques. Mineralisation at Siguiri is hosted within the Birimian System. The plant processes at a rate of about 30,000t of ore a day.

Operating performance

Attributable gold production declined by 14% to 273,000oz, due mainly to the mining of lower grade ore. The decline in grade was a result of lower overall grades mined in the Sintroko and Tubani pits. Production was also affected by lower drawdown rates, which affected geotechnical stability and caused the failure of the main ramp of Sintroko pushback 1. This delayed mining operations in the affected area from August to November.

The mine implemented the BPF component of the Project ONE business improvement initiative during 2010. It is anticipated that plant efficiencies will improve as a result of increased throughput as new initiatives are introduced.

Total cash costs increased by 24% to $643/oz, from $519/oz in 2009, due to higher fuel prices and costs related to labour and mining contractors.

Capital expenditure totalled $12m ($10m attributable) with $6m spent on brownfield exploration and $6m on stay-in-business projects.

Growth prospects

Scoping studies are being undertaken on the mining optimisations and expanded metallurgical processing capability of the mine. These studies are expected to:

- provide direction for the short- and long-term development of the mine;
- address the 30Mt a year treatment of saprolite ore from areas to the northwest and southeast of the current pits, as well as the overlying cap rock in those areas and the transitional and hard oxide deposits below the existing pits; and
- conduct mining scenarios to provide cut-off grades that will feed into blue sky exploration drilling programmes.

Successful completion of the studies will provide direction on the expected increase in throughput over the life of mine.

Current Proved and Probable oxide Ore Reserves at Siguiri are around 2Moz of gold at 1.28g/t from the operation's pits and 1.77 Moz at 0.55g/t from stockpiles and spent heaps. This is sufficient to feed the plant at a rate of 10.2Mt a year for three to four years. Studies are planned for 2011 to determine options available to improve plant throughput.

There remains potential for additional sulphide and low-grade oxide Mineral Resources in the regional gold belt, which remains very prospective and under explored.

Support for this view is based on gold showings in surface geochemistry and on interpretations based on geophysical and geological understanding. Fast-tracking of drilling is required to upgrade 'blue sky' estimates into Proved and Probable Ore Reserves.

Outlook for 2011

Attributable gold production for 2011 is projected at between 270,000oz and 281,000oz at a total cash cost of between $693/oz and $719/oz.

Capital expenditure of $36m (attributable $30m) is scheduled for 2011, comprising project capital of $12m, $21m of stay-in-business capital and $3m for exploration.

Review of operations – Continental Africa

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Sustainability
Safety
Siguiri had one fatality in January 2010 when a collision occurred between two trucks. Management implemented an action plan whereby contractors are closely managed and monitored with regards to safety. The all injury frequency rate for the year was 6.15 per million hours worked (2009: 5.54).
Management identified the need to entrench the view that safety remains more important than production goals. To achieve this, improvements are to be made to enforce basic safety rules and standards in contractor management, management visibility at the workplace, and operator training and awareness.
Preparations for continuous occupational hygiene measurement have been completed and this will be fully operational from January 2011.
The mine maintained its OHSAS 18001 certification.
Community
Siguiri continued its engagement with stakeholders to assure adoption of strategies to achieve common goals. An annual forum was initiated and held to solicit recommendations from interested stakeholders with a view to strengthening relationships with these groups. Long- and short-term community infrastructure projects were undertaken, including:
- health post (Kourouda);
- Great Mosque of Kintinian;
- Arabic school of Kintinian;
- upgrading of rural roads within and between villages;
- water drainage systems;
- water boreholes; and
- renovation of Siguiri Central police station and the airport.

The second round of the year’s malaria control initiative for the mine village and six major surrounding communities progressed steadily and was identified as the main reason for the reduction in malaria-related illnesses reported at the new medical centre. The challenge for the malaria control programme is how to attend to the larger community in the town of Siguiri, where about 70% of mine employees currently reside. It appears that the Global Fund is in the process of funding malaria projects in Guinea’s mining industry.
Environment
Three reportable environmental incidents occurred during the year, all involving tailings spillages. High density polyethylene pipelines are being replaced by steel pipes on an ongoing basis. The frequency of pipeline inspections has been increased in order to minimise the volume of material spilled should a leak occur. One incident was as a result of sabotage by community members. Community engagement including local and regional authorities was stepped up to prevent a recurrence.

Dust control on haul and access roads and at the ROM1 stockpile was satisfactory, but remains a challenge in the dry months. The operations relied heavily on recirculation of process water and extracted less than a third of its annual water allocation from Tinkinsso River.

The land management programme was well executed during the year, with no land-use conflicts with neighbouring communities. Mine closure planning remained high on the agenda, resulting in a closure gap analysis being carried out and measures put in place to close the identified shortfalls.

Siguiri was certified to be in full compliance with the International Cyanide Management Code in March 2010. Certification is valid for three years. A successful ISO 14001 surveillance audit was conducted during the year.

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AngloGold Ashanti Annual Financial Statements 2010
Review of operations – Continental Africa
Mali – Morila
Key statistics

Morila		**2010**	**2009**	**2008**
Pay limit	(oz/t)	0.02	0.04	0.06
	(g/t)	0.67	1.21	2.17
Recovered grade*	(oz/t)	0.050	0.072	0.090
	(g/t)	1.70	2.47	3.08
Gold production				
– 100%	(000oz)	238	342	425
– 40%		95	137	170
Total cash costs	($/oz)	715	527	419
Total production costs	($/oz)	766	583	495
Capital expenditure				
– 100%	($m)			

3
10
3
– 40%
1
4
1
Total number of employees
– 100%
891
1,053
1,703
Employees
476
518
605
Contractors
415
535
1,098
*
Open-pit operation
Outlook for 2011 (attributable)
Production
(000oz)
82 – 85
Total cash costs
($/oz)
838 – 869
Capital expenditure
($m)
1
Review of operations – Continental Africa
08
09
10
Attributable gold production (000oz)
170
137
95
08
09
10
Total cash cost ($/oz)
715
419
527
08
09
10
Attributable capital expenditure ($m)

1
4
1
08
09
10
Total number of employees*
1,703
** including contractors*
1,053
891

P
93
Description
The Morila mine is situated some 180km southeast of Bamako, the capital of Mali. The operation currently treats low-grade stockpiles. The plant at Morila, which incorporates a conventional CIL process with an upfront gravity section to extract the free gold, has an annual throughput capacity of 4.3Mtpa.
Morila is 80% owned by Morila Limited, a joint venture in which AngloGold Ashanti and Randgold Resources Limited each have a 50% stake, giving AngloGold Ashanti an effective interest of 40% in Morila. The government of Mali owns the remaining 20%. Randgold Resources manages the mine.
Operating performance
Attributable gold production declined by 31% to 95,000oz, mainly due to a 30% drop in head grade as a result of the treatment of low-grade stockpiles.
Total cash costs increased by 36% to $715/oz as a result of the lower production and higher costs for reagent and also for fuel burnt in power generation.
Morila spent stay-in-business capital of $3m in 2010, of which $1m was attributable. The major elements of this were the SAG and ball mill main gearbox, conveyor belting and the replacement of the Knelson concentrators.
Morila will continue the current process of treating low-grade ore stockpiles until 2013. Attributable production is therefore expected to decrease further as Morila reaches the end of its life.
Outlook for 2011
Attributable gold production for 2011 is projected to be in a range of 82,000oz to 85,000oz at a total cash cost of between $838/oz and $869/oz. Attributable capital expenditure is estimated at $1m.
Sustainability
Safety
The safety statistics for Morila are reported by Randgold Resources, the operator, and are not included in AngloGold Ashanti's statistics.
Environment
No significant environmental incidents were reported during the year. ISO 14001 certification was maintained after an external assessment audit was completed during 2010. No non-conformance issues were raised.
Community
The mine maintained a good relationship with communities and regular meetings were held. All community development projects planned for the year were completed. The mine continued to provide malaria spraying services and treated five villages during 2010, through three spraying cycles.
Morila's closure committee is operational and meets quarterly. A sustainable agribusiness project is being developed to

continue wealth creation after closure of the mine, with 1,270ha having been identified for agriculture. Plans are in place to convert the bulk mining yard and the batch plant into an area for poultry farming and animal husbandry.

The micro-finance project (CAMIDE) has funded 20 undertakings for former staff members. Morila's management and unions are formulating a social plan for employees. The ongoing closure process focuses on the social plan submitted by labour unions and the closure coordinator, as well as engagement with government agencies to provide training assistance to affected employees.

The New Mine Collective Convention was implemented in September 2010, with no major issues identified. Compulsory health insurance and the payment of the related subscription came into effect in November 2010.

Mali – Sadiola
Key statistics
Sadiola
2010
2009
2008
Pay limit
(oz/t)
0.04
0.04
0.07
(g/t)
1.28
1.46
2.18
Recovered grade*
(oz/t)
0.060
0.074
0.100
(g/t)
2.04
2.52
3.42
Gold production
– 100%
(000oz)
287
354
453
– 41%
(1)
118
135
172
Total cash costs
($/oz)
650
488
399
Total production costs
($/oz)
698
571
554
Capital expenditure
– 100%

($m)
20
10
8
– 41%
(1)
8
4
3
Total number of employees
– 100%
1,771
1,532
1,510
Employees
790
705
634
Contractors
981
827
876
All injury frequency rate
(per million hours worked)
1.65
2.31
4.37
*
Open-pit operation
(1)
Effective 29 December 2009, AngloGold Ashanti increased its interest from 38% to 41%.
Outlook for 2011 (attributable)
Production
(000oz)
123 – 129
Total cash costs
($/oz)
699 – 725
Capital expenditure
($m)
23
Review of operations – Continental Africa
08
09
10
Attributable gold production (000oz)
172
135
118
08
09

10
Attributable capital expenditure ($m)
3
4
8

P
95

Description

Sadiola is situated in the far southwest of Mali, 77km south of the regional capital, Kayes. Sadiola is a joint venture in which AngloGold Ashanti and IAMGOLD each have a 41% interest and the government of Mali 18%.

Mining at Sadiola takes place in five open pits. Ore is treated and processed in a CIL gold plant with a monthly capacity of 364,000t.

Operating performance

Attributable production decreased by 13% to 118,000oz, from 135,000oz in 2009, mainly as a result of a 12% decline in head grade.

The decline in grade is as a result of the depletion of the Sadiola main pit Ore Reserves and a change in the mining focus to the lower-grade satellite pits.

A new gravity circuit was introduced in the plant and aided recovery in the processing of oxide and sulphide feed materials. Advance crushing and screening of both ore types significantly improved plant throughput in the latter part of the year by minimising the introduction of large rocks and associated blockages early in the process.

Total cash costs increased by 33% to $650/oz, owing mainly to the lower-grade feed supplied to the priority plant. In addition, mining contractor costs were higher as a result of the longer haulage distance, higher maintenance costs and increases in the fuel price.

The BPF component of the Project ONE initiative was introduced during 2010 and is expected to be fully entrenched during 2011. Initial BPF work will be directed at optimising processing activities so as to increase availability, utilisation and throughput of the plant.

Total capital expenditure for the year was $20m ($8m attributable). Of the total, $10m was spent on projects, $7m was stay-in-business capital and $3m was spent on exploration projects.

Growth prospects

Sadiola is currently investigating two expansion opportunities, namely the Deep Sulphide project, which is in feasibility stage, and the Oxide Expansion project, which is currently undergoing a prefeasibility study.

The Deep Sulphide project will treat both oxide (5Mt per year) and sulphide (3.6Mt per year) ores. Initial waste stripping at Sadiola’s main pit and the commissioning of the sulphide plant is expected to commence in 2012. Once current oxide Ore Reserves are depleted, the plant will be modified to treat only sulphide material at a capacity of 7.2Mt per year. The Deep Sulphide project will extend the mine’s life and add 4.2Moz to Sadiola’s current life of mine production profile. The feasibility study is expected to be completed early in 2011.

The oxide expansion project is based on exploration results that indicate additional oxide potential in the Sadiola area. Current work includes expediting the exploration programme to better define the potential of all existing targets and profile new target areas.

Outlook for 2011

Attributable production is expected to be between 123,000oz and 129,000oz. The increase will be mainly driven by improved throughput following the introduction of the new screening plant.

Total cash costs are expected to increase to between $699/oz and $725/oz.

Capital expenditure of $54m ($23m attributable) is planned.

08
09
10
Total cash cost ($/oz)
399
488
650
08
09
10
Total number of employees*
1,771
** including contractors*
1,510
1,532

Review of operations – Continental Africa
Sustainability
Safety
Sadiola had one fatality in August 2010. Whilst positioning a submersible de-watering pump, the supervisor fell into a temporary sump following the collapse of the area. All the recommendations arising from the investigation into the incident have been implemented. The all injury frequency rate for the year improved to 1.65 per million hours worked (2009: 2.31).
As contractor-related incidents were the major source of injury, contractor management received concerted attention to ensure alignment and compliance with AngloGold Ashanti's standards and practices.
Other safety-related programmes and initiatives are directed at pre-work planning, hazard analysis, vehicle safety and training focused on crisis and emergency plans.
The mine maintained its OHSAS 18001 certification in 2010.
*Community (including Yatela)**
Annual workshops comprising government, national and regional authorities, local communities, media, Non-Governmental Organisations (NGOs) and other associations have been held since 2003. These workshops provide a forum to communicate the activities planned by Sadiola and Yatela, while providing an opportunity for the relevant stakeholders to comment and make recommendations.
The Integrated Development Action Plan (IDAP) has been in place since 2004. Covering villages located around the Sadiola and Yatela mines, it focuses on agricultural capacity-building and micro-financing activities. The plan is managed by the communities themselves and includes a general assembly with representatives from each village. The IDAP has received funding from Sadiola and Yatela which enables it to function successfully and independently.
Community members from the villages surrounding Sadiola and Yatela have been trained in malaria mitigating techniques, which has aided a decline in the incidence of the illness since the implementation of the programme in 2005.
It is the responsibility of both Sadiola and Yatela to contribute to an HIV/AIDS programme. Initiatives focus specifically on awareness, testing and peer educators in the workplace. The company partnered with NGOs during the soccer World Cup 2010 to attract villagers to central locations to watch games and participate in voluntary testing.
Environment
One reportable environmental incident occurred on 26 April 2010 when the incorrect disposal of 75 litres of a pesticide into drains led to contamination of the final effluent from the

sewage treatment plant, resulting in the death of more than 200 birds. This incident resulted in a fine levied by local authorities. Management implemented measures to prevent a repeat of the incident by including regular inspections of the site and the education of employees on the importance of adhering to the correct disposal procedures.

The environmental impact assessment for the Sekokoto road diversion was completed and approved by government. ISO 14001 certification was maintained following an external surveillance audit.

Review of operations – Continental Africa

*

Given their proximity to each other, Sadiola and Yatela conduct their local community initiatives jointly.

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Mali – Yatela
Key statistics
Yatela
2010
2009
2008
Pay limit
(oz/t)
0.01
0.04
0.04
(g/t)
0.45
1.52
1.34
Recovered grade*
(oz/t)
0.036
0.106
0.078
(g/t)
1.23
3.62
2.66
Gold production
– 100%
(000oz)
150
222
165
– 40%
60
89
66
Total cash costs
($/oz)
807
368
572
Total production costs
($/oz)
883
455
591
Capital expenditure
– 100%
($m)
5
2

8
– 40%
2
1
3
Total number of employees
– 100%
878
803
888
Employees
308
298
305
Contractors
570
505
583
All injury frequency rate
(per million hours worked)
2.28
5.54
6.13
*
Open-pit operation
Outlook for 2011 (attributable)
Production
(000oz)
31 – 32
Total cash costs
($/oz)
977 – 1,014
Capital expenditure
($m)
1
08
09
10
Attributable gold production (000oz)
89
60
66
08
09
10
Attributable capital expenditure ($m)
3
1
2

Description

The Yatela mine is situated some 25km north of Sadiola and approximately 50km south-southwest of Kayes. Ore extraction is conducted from the Yatela main pit as well as the satellite pit at Alamoutala. The ore mined is treated at a heap-leach pad together with carbon loading. The carbon is then eluted and the gold smelted at nearby Sadiola.

Yatela is 80% owned by the Sadiola Exploration Company Limited, a joint venture in which AngloGold Ashanti and IAMGOLD each have an interest of 50%, giving AngloGold Ashanti an effective stake of 40% in Yatela. The government of Mali owns the remaining 20% stake in the mine.

Operating performance

Yatela was originally scheduled for closure in 2010, though the life has since been extended. Attributable gold production at Yatela dropped by 33% from 2009 levels to 60,000oz in 2010. The decline in production was due mainly to a decrease in the head grade of the ore stacked as a result of non-conformity at the bottom of mineralised structures in Alamoutala.

Total cash costs increased by 119% to $807/oz, due to the significant decrease in production coupled with higher stripping costs to access the Alamoutala ore and an increase in contract mining costs.

Capital expenditure for the year of $6m ($2m attributable) was spent mostly on exploration $4m and stay-in-business capital $2m to support the extended mine life.

Growth prospects

The current life of mine is based on the successful conversion of the Inferred Mineral Resource in Yatela North, where the opportunity lies in the northeast and northwest extensions. Furthermore, a focused exploration programme will be undertaken over the next year to ensure continuation of the mining operation.

Outlook for 2011

Attributable production at Yatela is projected to be between 31,000oz and 32,000oz for the year at a total cash cost of between $977/oz and $1,014/oz. Capital expenditure of $2m ($1m attributable) is planned.

Sustainability

Safety

The all injury frequency rate for the year improved to 2.28 per million hours worked (2009: 5.54).

Programmes which enabled this improvement included pre-work planning, hazard analysis and also vehicle safety and training directed at crisis and emergency plans.

Management identified effective contractor management as a

key area for safety improvement and contractor alignment with
group safety standards as a priority.
The mine maintained its OHSAS 18001 certification in 2010.
Community
See Sadiola.
Review of operations – Continental Africa
08
09
10
Total cash cost ($/oz)
807
572
368
08
09
10
Total number of employees*
888
803
** including contractors*
878

P
99

Environment

There were no reportable environmental incidents at Yatela during 2010. This was as a result of increased inspection and regular interaction with site personnel and management on accident prevention.

The mine rehabilitated 19.5ha of waste dumps and heap leach pads during the year. The rehabilitation of a further 160ha has been built into the current business plan and will be accelerated.

Furthermore, a closure manager has been appointed by Yatela to ensure that all requirements are fulfilled. The closed Obotan mine in Ghana was visited jointly with the National Closure Commission to better understand closure-related issues and help in the development of a formal closure plan for Yatela that considers the physical environment, social issues and worker development.

ISO 14001 recertification of Yatela was achieved following an audit. An external surveillance audit will be undertaken in 2011.

Namibia – Navachab

Key statistics

Navachab		2010	2009	2008
Pay limit	(oz/t)	0.07	0.05	0.04
	(g/t)	2.53	1.55	1.29
Recovered grade	(oz/t)	0.052	0.046	0.042
	(g/t)	1.80	1.58	1.43
Gold production	(000oz)	86	65	68
Total cash costs				

($/oz)
727
622
534
Total production costs
($/oz)
786
663
601
Capital expenditure
($m)
14
20
12
Total number of employees
687
578
482
Employees
687
578
482
Contractors
–
–
–
All injury frequency rate
(per million hours worked)
25.60
26.30
20.63
Outlook for 2011
Production
(000oz)
83 – 87
Total cash costs
($/oz)
921 – 955
Capital expenditure
($m)
10

Description

The Navachab gold mine is situated near the town of Karibib, some 170km northwest of the capital Windhoek and 171km inland on the southwest coast of Africa.

Navachab, which began operations in 1989, is an open-pit mine with a processing plant which includes a mill as well as CIP and electro-winning facilities, all with a monthly capacity of 120,000t.

In addition to the current operation, a Dense Media Separation (DMS) plant with a monthly capacity of 120,000t was commissioned during 2010.

Operating performance

Gold production increased by 32% to 86,000oz in 2010, due to greater volumes mined from the bottom of the pit and the treatment of high-grade concentrate from the DMS plant.

Total cash costs rose by 17% to $727/oz as a result of higher labour and power costs and rising contractor fees, though this was partly offset by an increase in production.

Capital expenditure for the year was $14m, which included $9m spent on stay-in-business projects, $3m to complete construction of the DMS plant and $2m on exploration.

Growth prospects

The optimisation process at Navachab indicated that the main pit will be expanded to the east from 2011 to access footwall mineralisation north of the current east pushback. The west cut is expected to be mined from 2013 to access the hanging wall mineralisation. Exploration during 2011 will focus on the down plunge extension of the existing orebody of the main pit. Drilling will focus on the North Pit 2 and the down plunge extension, while also exploring the strike extent of the satellite target areas where previous exploration indicated potential, as well as the western limb of the fold hinge at anomaly 16. This campaign has the potential to add approximately 450,000oz to the Mineral Resource at a cost of approximately $7/oz.

Outlook for 2011

Gold production for 2011 is expected to be between 83,000oz and 87,000oz, at a total cash cost of between $921/oz and $955/oz.

Capital expenditure of $10m is forecast for 2011, of which $7m is stay-in-business expenditure primarily to be spent on the water filtration plant and heavy mining equipment.

Sustainability

Safety

The all injury frequency rate per million hours worked improved from 26.30 in 2009 to 25.60 in 2010.

Navachab complied with OHSAS 18001 assessments

conducted in March and October 2010.
Safety interventions include ongoing speed surveillance on the access roads in the mine, quarterly vehicle safety audits, regular safety representative meetings and quarterly safety steering-committee meetings. The behavioural safety initiative, known as Ostrich, is ongoing and has begun to produce results.
Review of operations – Continental Africa
08
09
10
Gold production (000oz)
86
68
65
08
09
10
Total cash cost
($/oz)
727
534
622
08
09
10
Capital expenditure ($m)
12
20
14
08
09
10
Total number of employees*
687
** including contractors*
482
578

P
101
Community
Navachab made contributions to educational projects, including the 'Spell it Right' competition, spring school for grade 12 learners and prize giving ceremonies at local and regional schools. Navachab also sponsored the building of a house for volunteer teachers at the local government school, contributed to the young scientist exhibition and made its annual donation to the private school in the town of Karibib.
A pool of 100 unemployed women was identified in Karibib in order to create ad-hoc employment on a short-term basis where possible.
Environment
No reportable environmental incidents occurred during 2010.
The construction of the water filtration plant commenced in 2010 with commissioning planned to be complete by the third quarter of 2011. This facility will ensure additional recovery of water from the plant to eliminate the need for a third TSF and also negate the inherent safety, health and environment risk associated with a TSF.
ISO 14001 environment certification was maintained during the year. Navachab further received a formal notification of compliance with the Cyanide Code from the Code Secretariat.
Tanzania – Geita
Key statistics

Geita		2010	2009	2008
Pay limit	(oz/t)	0.07	0.09	0.10
	(g/t)	2.38	3.08	3.10
Recovered grade*	(oz/t)	0.069	0.055	0.056
	(g/t)	2.36	1.89	1.92
Gold production	(000oz)			

357
272
264
Total cash costs
($/oz)
777
954
728
Total production costs
($/oz)
981
1,121
929
Capital expenditure
($m)
38
19
53
Total number of employees
3,265
3,186
3,116
Employees
1,874
1,990
2,130
Contractors
1,391
1,196
986
All injury frequency rate
(per million hours worked)
5.38
5.56
8.52
*
Open-pit operation
Outlook for 2011
Production
(000oz)
485 – 506
Total cash costs
($/oz)
631 – 655
Capital expenditure
($m)
66

Review of operations – Continental Africa
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 an Archaean mesothermal orebody, largely hosted in a banded ironstone formation. It is a multiple open pit operation with underground potential and is currently serviced by a 5.2Mt per annum CIL processing plant.
Operating performance
The turnaround at Geita resulted in gold production increasing by 31% to 357,000oz in 2010. Significant quarterly improvements were achieved during the first half of the year, with gold production rising from 84,000oz in the first quarter to 90,000oz in the second quarter. Output was hampered during the third quarter as a result of a major planned plant shutdown to replace the SAG mill discharge end-plate and to rebuild the crusher dump-pocket. Production was also supported by improved grades from Nyankanga pit, which delivered an average grade of 3g/t.
Total cash cost for the year improved by 19% to $777/oz, mainly as a result of lower reagent costs, as well as a reduction in general and engineering stores. The favourable movement in costs was partially offset by the deferred stripping charge.
In addition, other initiatives included the start, in 2010, of the construction of a re-designed run-of-mine pad to improve the ore-blending capability of the plant. All planned performance parameters were achieved.
The fleet rationalisation strategy also saw the number of trucks used during the year reduce from 48 to 34. This, in conjunction with improved operating practices, resulted in significant productivity gains as the same volume of material was moved with fewer haul trucks. Fleet rationalisation will continue through 2011 as truck productivity is expected to improve by an additional 10% to 20%, as a result of the new larger, lightweight trays.
Geita’s turnaround and the implementation of Project ONE initiatives which include the BPF and SP, continued throughout 2010. The work management aspect of BPF was successfully implemented in the mining maintenance and processing divisions, resulting in continued improvements.
Under the SP component, the Geita organisational structure was re-designed. Managerial Leadership Practices (MLP) training is being delivered to senior management and is due to be completed by 2011.
Capital expenditure for 2010 totalled $38m and was spent on stay-in-business projects $35m and exploration

activities $3m.
Review of operations – Continental Africa
08
09
10
Gold production (000oz)
357
264
272
08
09
10
Total cash cost ($/oz)
954
728
777
08
09
10
Capital expenditure ($m)
53
19
38
08
09
10
Total number of employees*
3,116
3,186
3,265
** including contractors*

Growth prospects

Exploration drilling was undertaken to increase confidence in the Nyankanga Cut 9 volumes, Cut 6 volumes behind the 2007 failure zone, and in the near-surface volume of Block 1 in the Nyankanga underground. Results confirmed current mineralisation and the Nyankanga Mineral Resource model will be updated to incorporate additional drilling and mapping data in 2011.

Both the Nyankanga and Geita Hill Mineral Resource models were updated in April 2010. The Geita Hill Mineral Resource decreased by 2% and the Nyankanga Mineral Resource by 1%. Both reductions resulted from decreased mineralised volumes.

Exploration activities outside of the active mining areas comprised IP-surveying and geological mapping of five targets: Nyakabale, Mgusu, Nyankumbu, Kukuluma A and Kukuluma B. Except for Kukuluma B, all targets revealed promising combined chargeability and resistivity signatures indicative of disseminated sulphides and potentially associated with gold mineralisation. Drill testing of these anomalies is ongoing.

Outlook for 2011

Gold production for 2011 is forecast to increase to between 485,000oz and 506,000oz at a total cash cost ranging from $631/oz to $655/oz.

Capital expenditure of $66m is planned and will be spent on ensuring the integrity of the process plant and on further rationalisation of the mining fleet. This figure includes drilling expenditure of $2m, project capital of approximately $30m and stay-in-business capital of some $34m.

Sustainability issues

Safety

Geita achieved 11.5 million hours free of lost-time injuries before two tragic fatalities in May 2010, resulting from a collision between two trucks on one of the haul roads during the night shift. The all injury frequency rate for 2010 was 5.38 per million hours worked (2009: 5.56).

Fatigue continues to pose a major threat to Geita's safety record, making it a priority for safety management. The safety management programme in 2010 included the completion of a hazard identification and reporting course, plan task observation training to all frontline managers and rescue team refresher courses.

Geita was second runner-up in the country OHSAS competition.

Community

Resolution of land compensation claims progressed well during the year, with the completion of the Nyamatagata and Katoma claims. Phase 5 of Nyankumbu Girls Secondary School started in 2010 and construction of the school will be completed in 2011.

Design work was completed on the Geita Town Water Supply

Project, which will be built in 2011. This project, which will draw water from the Nyankanga dam on the mine's lease area, will include transfer pumping, a treatment and storage system and will deliver water at a rate of 4,800 cubic metres per day to the town.

Environment

One reportable environmental incident took place in 2010, following the death of two birds.

Cyanide management has been enhanced with the completion of the plant tailings dilution circuit. Improved control may be expected once the second oxygen injection system on the conditioning tanks is satisfactorily commissioned at the beginning of 2011.

The key requirements of the cyanide code have now been met and the main remaining objective is to achieve compliance with the code requirement that weak acid dissociable (WAD) cyanide levels in the tailings slurry should not exceed 50 parts per million for a period of three to six months. This will be the objective for the first two quarters of 2011.

ISO 14001 environment certification was maintained during the year.

Australia

Western Australia

Sunrise Dam

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Review of operations – Australasia

Review of operations – Australasia

performance

Solid

operational

Podcast available at www.aga-reports.com/10/podcasts.htm

Graham Ehm, Executive Vice President – Australasia, discusses AngloGold Ashanti's operation and project in the region

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AngloGold Ashanti's sole operating mine in Australasia is Sunrise Dam.
Production from Australasia declined by 1% to 396,000oz in 2010, equivalent to 8.8% of group production. Total cash costs increased by 48% to $982/oz, whilst in local currency, total cash costs rose 29% to A$1,070/oz, due primarily to the increase in the unwinding of deferred stripping costs. In all, 494 people, including contractors were employed, 39 more than in 2009. Total attributable capital expenditure for the region, including Tropicana, was $40m, a decrease of 77% on the $177m spent in 2009, which included the Boddington project that was sold. The bulk of this was spent on Ore Reserve development at Sunrise Dam and at Tropicana.
The group is also developing the new Tropicana gold mine in Western Australia, along with joint venture partner Independence Group Ltd. (30%). Tropicana, a greenfield discovery made by AngloGold Ashanti, is expected to deliver its first production in 2013. AngloGold Ashanti is managing the project along with a vast exploration programme in the area that covers some 13,500km
2
of tenements along a 600km
strike length, considered one of the most prospective regions for new gold discoveries in Australia.
The Mineral Resource for Australasia, attributable to AngloGold Ashanti, totalled 7.05Moz at year-end, including an attributable Ore Reserve of 3.74Moz.
Exploration in the Australasia region was conducted in the Cornelia Range, in Western Australia, and in the Solomon Islands. For further information on the group's exploration programme in Australasia, see the Global exploration section of this report.
Australia – Sunrise Dam
Key statistics

Sunrise Dam		2010	2009	2008
Pay limit	(oz/t)	0.14	0.08	0.09
	(g/t)	4.32	2.45	2.79
Recovered grade*	(oz/t)			

0.094
0.084
0.101
(g/t)
3.22
2.87
3.46
Gold production
(000oz)
396
401
433
Total cash costs
($/oz)
957
646
531
Total production costs
($/oz)
1,038
751
635
Capital expenditure
($m)
29
31
19
Total number of employees
494
455
410
Employees
93
99
77
Contractors
401
356
333
All injury frequency rate
(per million hours worked)
13.65
8.94
15.85
*
Open-pit operation
Outlook for 2011
Production
(000oz)
344 – 360
Total cash costs

($/oz)
852 – 883
Capital expenditure
($m)
34
Australasia
8.8%
Rest of AngloGold Ashanti 91.2%
Contribution to group production

Review of operations – Australasia
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 fourteenth 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 CIL processing plant, which is owner-managed.
Operating performance
Production in 2010 decreased by 1% to 396,000oz, from 401,000oz the previous year. This was equivalent to 9% of group gold production. The decline reflects the marginally lower average grade of ore processed as anticipated in the mine plan. Open-pit mining continued in the North Wall Cutback providing over 80% of production. Ore continued to be sourced from a combination of underground and open pit operations with the use of lower-grade stockpiles to supplement the ore feed to the plant.
Underground tonnage decreased by 12%, or 94,000t, to 686,000t. Underground ore yielded approximately 75,000oz, contributing 19% to total mine production compared with 28%, or 111,000oz, the previous year.
Total cash costs increased by 48% to $957/oz, from $646/oz in 2009. In local currency terms, costs rose by 29% to A$1,043/oz. The higher costs were in line with expectations and primarily due to the accounting effects of deferred stripping costs of A$285/oz. Deferred stripping costs for the open-pit will continue to impact upon cash costs until the end of 2013. The lower production base also placed upward pressure on unit costs.
Capital expenditure for the year was $29m (A$30m), a decrease of 6% on the previous year. Stay-in-business capital increased by 86% to $13m (A$14m), due to the completion of planned projects relating to asset integrity, the pastefill plant and power upgrades. Ore Reserve development expenditure was $16m (A$16m).
Growth prospects
The North Wall Cutback will continue to supply ore to the plant until the second half of 2012, which is a year longer than originally planned. Ore from the cutback will be blended with ore from stockpiles and from the underground mine.
The contribution from the underground mine is planned to increase substantially in 2011. As a result, a paste fill plant has been constructed to enable larger orebodies to be fully extracted. Continued exploration and advances in geological understanding have also resulted in further growth of underground Mineral Resources.

Review of operations – Australasia
08
09
10
Gold production (000oz)
433
401
396
08
09
10
Total cash cost ($/oz)
531
646
957
08
09
10
Capital expenditure ($m)
31
19
29
08
09
10
Total number of employees*
455
494
** including contractors*
410

Underground Ore Reserves decreased to 0.85Moz after depletion. Due to the time required to convert Mineral Resources to Ore Reserves, it is anticipated that Ore Reserves will increase significantly in 2011. The underground Mineral Resource at year-end was 2.39Moz. The mine's total Ore Reserve at year-end was 1.38Moz and the total Mineral Resource 3.35Moz. Both figures account for depletion.

Outlook for 2011

Gold production in 2011 is projected at between 344,000oz and 360,000oz, with more than 200,000oz sourced from underground.

Total cash costs are forecast to decline to between $852/oz (A$845/oz) and $883/oz (A$885/oz), as a result of the reduction in the impact of deferred stripping costs. Capital expenditure is anticipated to be $34m (A$36m), with Ore Reserve development expenditure of $18m (A$19m) and stay-in-business expenditure of $16m (A$17m).

Sustainability

Sunrise Dam maintained its OHSAS 18001 and ISO 14001 certification. Recertification with the International Cyanide Code was approved by the ICMI.

Safety

Safety performance at Sunrise Dam reached a plateau during 2010 with an all injury frequency rate of 13.65 per million hours worked (2009: 8.94). There were no fatalities during the year.

Training in hazard identification and risk assessment was the focus at Sunrise Dam over the course of 2010. In addition, training aimed at providing an open, transparent culture of safety and safety systems, was undertaken in: risk management; values-based safety leadership; role clarity and personal accountability, open, transparent and learning safety culture; and safety systems.

In May, the Sunrise Dam team won the 2010 Chamber of Minerals and Energy Surface Emergency Response competition for the second year in a row. In addition, the Emergency Response Team went on to win the Underground Emergency Response competition in November.

Community

Sunrise Dam continues to support the Laverton community through its involvement with the Laverton Mining Liaison Committee and Shire Council. AngloGold Ashanti also has representation on the Laverton Leonora Cross Cultural Association (LLCCA) and contributes to the Mt Margaret Mission and Laverton School lunch programmes. An Indigenous People's Engagement strategy is being progressed by the company's cross functional team with support from an external representative.

Environment

A mine closure plan is in place and progressive rehabilitation in line with this plan is being undertaken. Governance reporting for Energy Efficiency Opportunity, National Greenhouse and Energy Reporting, and National Pollutant Inventory is being maintained and is in compliance with government regulations. No reportable environmental incidents took place in 2010.

United States
Cripple Creek & Victor
Brazil
Serra Grande
AGA Mineração
Argentina
Cerro Vanguardia
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Review of operations – Americas
Review of operations – Americas
Hard-won
in Brazil and Argentina
cemented
improvements
Podcast available at www.aga-reports.com/10/podcasts.htm
Ron Largent, Executive Vice President –
Americas, discusses AngloGold Ashanti's
operations in this region

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AngloGold Ashanti has the Cripple Creek & Victor mine in the United States, the Cerro Vanguardia mine in Argentina, the AngloGold Ashanti Córrego do Sítio Mineração (AGA Mineração) and Serra Grande operations, both in Brazil. The Americas represents one of the most important growth regions for AngloGold Ashanti.

Combined production from these operations increased by 3% to 842,000oz of gold in 2010. This was equivalent to 18.7% of group production. Total cash costs increased by 19% to $432/oz. In all, 6,582 people including contractors, were employed, 698 more than in 2009. Total capital expenditure for the region was $311m, an increase of 21% on the $258m spent in 2009. The bulk of this, 50%, was spent on projects, 32% stay-in-business capital, and the balance on Ore Reserve development.

The total Mineral Resource across the Americas, attributable to AngloGold Ashanti, was 44Moz at the end of 2010 and the attributable Ore Reserve was 10Moz.

AngloGold Ashanti also conducts an extensive greenfield programme across the Americas, most notably in Colombia, where it holds a significant land position and has made two greenfield discoveries – Gramalote and La Colosa – which together account for 13.5Moz of the Americas Mineral Resource. The company also has exploration activities, either conducted by its own teams or with joint venture partners, in Canada, Brazil and Argentina, among others. See Global exploration on page 128 of this report.

AngloGold Ashanti's Americas region fully endorses the company's objective to eliminate workplace injuries, incidents and illnesses across its operations. As in the previous year, no fatal injuries occurred in 2010. Underpinning this performance has been a significant reduction in the total number of safety-related incidents, where an all injury frequency rate of 5.66 per million hours worked was achieved during the year. This represents a 21% reduction when compared with 2009 and a 43% improvement since 2008 (2009: 7.12 and 2008: 9.92).

08
09
10
Gold production (000oz)
819
816
842
08
09
10
Total cash cost ($/oz)
432

381
362
08
09
10
Attributable capital expenditure ($m)
154
258
311
08
09
10
Total number of employees*
5,588
5,884
6,582
** including contractors*
$432 /oz
$311 m
6,582 people
842 000oz
AGA Mineração
40.1%
CC&V
27.7%
Cerro Vanguardia
23.1%
Serra Grande
9.1%
Contribution to Americas production

Review of operations – Americas

United States – Cripple Creek & Victor (CC&V)

Key statistics

Cripple Creek & Victor		2010	2009	2008
Pay limit*	(oz/t)	0.007	0.008	0.008
	(g/t)	0.23	0.28	0.27
Recovered grade	(oz/t)	0.013	0.013	0.014
	(g/t)	0.43	0.46	0.49
Gold production	(000oz)	233	218	258
Total cash costs	($/oz)	493	376	309
Total production costs	($/oz)	610	475	413
Capital expenditure	($m)	73	87	27
Total number of employees		646	562	

421
Employees
403
367
350
Contractors
243
195
71
All injury frequency rate
(per million hours worked)
12.26
15.80
30.19
*
Recoverable pay limit based on recovered grade.
Outlook for 2011
Production
(000oz)
300 – 314
Total cash costs
($/oz)
541 – 561
Capital expenditure
($m)
72
Description
Located in the state of Colorado in the United States, CC&V's Cresson Project is an open-pit operation which treats extracted ore through a heap-leach pad, and is one of the largest in the world. Production at this operation began in 1994. AngloGold Ashanti holds a 100% interest in CC&V.
In 2009, construction began on the mine life extension (MLE1) project. The project will provide four additional years of production capacity to the heap-leach pad. Production from the expanded heap-leach pad area is expected to begin in 2011 and proceed through to 2016 at current mine production rates.
Review of operations – Americas
08
09
10
Gold production (000oz)
258
218
233
08
09
10
Total cash cost ($/oz)
493

309
376
08
09
10
Capital expenditure ($m)
87
27
73
08
09
10
Total number of employees*
** including contractors*
421
562
646

P
111
Operating performance
Production increased by 7% to 233,000oz from 218,000oz in 2009. A total of 20.7Mt of ore was placed on the heap-leach pad, compared with 18.7Mt in 2009.
The increase in production resulted from the greater availability of the pad area near the liner following the removal of a truck load-out bin to another location. This change shortened the percolation time of the gold-bearing solution from the ore placed in this small, newly-lined area. In addition, successful test programmes were undertaken to improve leach conditions at depth via deep injection into the pad to remediate an issue identified during the 2008 pad drilling programme. The injected solution improves alkalinity and cyanide availability at depth to allow favourable conditions for leaching residual gold into solution. The injection programmes are to be expanded, given their early success. Given the size of the pad, recovery of residual gold is expected to continue for several years.
Total cash costs increased 31% to $493/oz, due primarily to the higher unit cost for the new ounces placed, rising commodity prices (diesel fuel in particular), and increased royalty costs, driven by higher gold prices.
Capital expenditure for the year amounted to $73m (2009: $87m), spent mainly on equipment and pad facilities for the implementation of the MLE1 project.
Growth prospects
In 2008, CC&V was granted permits from the State of Colorado and Teller County for a mine-life extension (MLE1) that includes the development of new sources of ore and an extension to the heap-leach facility. The permits extend the operation of the expanded valley leach facility and closure and reclamation activities. Development drilling continues to further define areas of interest. Engineering analysis and permitting requirements were evaluated as part of a prefeasibility study for a second mine-life extension (MLE2) completed in late 2010. This new project will involve milling the higher-grade ores and heap-leaching the lower-grade ores in a new valley leach facility. The MLE2 project will, after receiving all required approvals, extend the mine life to 2025 and possibly beyond.
Outlook for 2011
Gold production is expected to increase to between 300,000oz and 314,000oz, at a total cash cost ranging from $541/oz to $561/oz as MLE1 implementation places new ore on the new pad space near the liner. Capital expenditure of $72m is scheduled for the year, to be spent mostly on major mine equipment purchases and the implementation of the MLE1 project.
Sustainability
Safety

CC&V continued to report a strong safety performance. The all injury frequency rate for 2010 improved to 12.26 per million hours worked (2009: 15.80). There were no fatalities during the year. CC&V has implemented various safety programmes in recent years, including the Safety Transformation Programme in 2009. In 2010, the mine developed and implemented its own Safety & Environmental Observation Programme where all employees provide written observations on best practices, as well as on deficiencies at the operation. In addition to immediate responses to these deficiencies, the employees' observations are reviewed and acted on by the management team at weekly meetings. The programmes have been implemented to ensure continued improvement in the safety performance at CC&V. Project ONE was rolled out in 2009 and further positive results are expected over the two-year implementation process.

Community and environment

CC&V and the Victor Lowell Thomas Museum finished a successful season of mine site tours. The museum managed reservations, safety training and advertising while CC&V provided tour guides and buses. Tour fees collected were donated to the museum. The 2010 tours were 96% full, doubling revenues and visitation for the museum. The greater number of visitors to the museum has increased Victor's foot traffic, leading to increased sales for local businesses. This initiative by CC&V contributes to the town's viability and sustainability.

CC&V continued to be recognised as a Gold Leader in the State of Colorado's Environmental Leadership Programme, the first mine in Colorado to attain that level of recognition. In addition, CC&V's Environmental Management System was again recommended for continued certification under the ISO 14001 standard. In September 2010, the operation was recognised by the International Cyanide Management Institute (ICMI) to be recertified "In Full Compliance" on all nine principles of the International Cyanide Management Code (ICMC). No reportable environmental incidents took place in 2010.

Review of operations – Americas
Argentina – Cerro Vanguardia
Key statistics
Cerro Vanguardia
2010
2009
2008
Pay limit
(oz/t)
0.13
0.15
0.22
(g/t)
4.36
5.02
7.50
Recovered grade
(oz/t)
0.178
0.190
0.159
(g/t)
6.11
6.51
5.44
Gold production
– 100%
(000oz)
209
208
166
– 92.5%
194
192
154
Silver production
– 100%
(Moz)
2.8
2.2
1.7
– 92.5%
2.6
2.0
1.6
Total cash costs
($/oz)
366

355
608
Total production costs
($/oz)
517
487
757
Capital expenditure
– 100%
($m)
41
18
16
– 92.5%
38
17
15
Total number of employees
1,242
1,069
1,072
Employees
883
753
756
Contractors
359
316
316
All injury frequency rate
(per million hours worked)
8.08
9.34
9.72
Outlook for 2011 (attributable)
Production
(000oz)
190 – 198
Total cash costs
($/oz)
536 – 556
Capital expenditure
($m)
61
Review of operations – Americas
08
09
10
Attributable gold production (000oz)
192
194

154
08
09
10
Total cash cost ($/oz)
608
355
366
08
09
10
Attributable capital expenditure ($m)
15
17
38
08
09
10
Total number of employees*
1,242
** including contractors*
1,072
1,069

P
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Description

AngloGold Ashanti has a 92.5% interest in Cerro Vanguardia with Fomicruz (the province of Santa Cruz) owning the remaining 7.5%. Located to the northwest of Puerto San Julian in the province of Santa Cruz, Cerro Vanguardia consists of multiple small open pits with high stripping ratios. The orebodies comprise a series of hydrothermal vein deposits containing gold and large quantities of silver, which is mined as a by-product. Ore is processed at the metallurgical plant which has a capacity of 3,000t per day and includes a cyanide recovery facility. Technology at the plant is based on a conventional leaching process in tanks and carbon-in-leach with a tailings dam incorporated in a closed circuit. The final recovery of gold and silver is achieved through a Merryl Crowe method with metallic zinc.

Operating performance

Attributable gold production of 194,000oz was marginally up on the previous year. The mine's production strategy focused on ensuring 100% supply of plant feed.

Cerro Vanguardia was the group's lowest cost producer in 2010. Cash costs of $366/oz were 3% higher than the $355/oz in 2009, chiefly reflecting increased labour costs and the impact of local inflationary pressures. Higher spot prices and increased royalties also contributed to the higher costs but were partially offset by higher silver credits. The stockpile movement was favourable as a consequence of higher ore tonnes mined compared with last year.

Capital expenditure of $41m (attributable $38m) included $21m for stay-in-business activities and $20m for expansion projects. Capital expenditure focused primarily on underground development, heap leach construction and exploration activities, all of which will have a beneficial impact on Cerro Vanguardia's life and add ounces to the operation's production profile.

Growth prospects

The 2010 brownfield exploration programme added vein Mineral Resources of 0.45Moz of gold and 10.4Moz of silver.

The underground mine project was launched in July. Underground development excavation reached 3,800m at the end of 2010. Three mine portals were opened in Mangas Norte, Osvaldo CB4 and Osvaldo CB9.

The implementation of the heap leach project will enable Cerro Vanguardia's annual gold production to increase by 20,000oz, maintaining total production at around 200,000oz by enabling the processing of low-grade material. Cerro Vanguardia's marginal-grade ores, below the cut-off grade of the current plant process, range from 0.35g/t to 1.5g/t. Project implementation will start in mid 2011.

The 2011 exploration programme is based on 31,000m of diamond drillholes and 17,000m of reverse circulation holes.

The programme aims to expand the mine's Mineral Resource at depth and to the north and west of the concession.

The 2011 budget allocated to brownfield exploration is $9m.

Outlook for 2011

Attributable gold production for 2011 is projected to be between 190,000oz and 198,000oz. Additionally, underground operations will maintain their share of the mine's production. Total cash costs are expected to increase to between $536/oz and $556/oz, due mainly to rising inflation expected in Argentina, lower grades from open pit operations, as well as higher unit costs from the heap leach and underground. Capital expenditure is forecast at $66m ($61m attributable) for 2011 and includes $25m for the heap leach project implementation.

Sustainability

Cerro Vanguardia's sustainability programme aims primarily to implement the Safety Transformation programme in order to eliminate lost-time incidents.

Safety

Cerro Vanguardia's safety performance improved during the year under review. For the eighth consecutive year no fatalities were recorded, while the all injury frequency rate improved to 8.08 per million hours worked (2009: 9.34), the best performance ever for the mine.

The Safety Transformation Programme is to be implemented during the first quarter of 2011.

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Review of operations – Americas

Cerro Vanguardia's brigade members received theoretical and practical training on underground mining rescue procedures at a training course in Copiapo, Chile.

Community

The Development Agency is one of the major programmes the mine shares with the local community of Puerto San Julian. This year it was agreed that the funds to sponsor these activities will be revised in line with the mine's profitability. The application of these funds will be agreed between the Development Agency representatives, the mayor and a representative from the mine.

Environment

All of Cerro Vanguardia's environmental initiatives and ISO 14001 certification were maintained. One reportable environmental incident took place during 2010. An excavator ruptured a buried tailings pipeline, spilling 10m^3 of tailings containing cyanide solution. The spillage was cleaned up and measures implemented to prevent a recurrence.

Cerro Vanguardia will apply for Cyanide Code certification during the first half of 2011.

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

Key statistics

AGA Mineração		2010	2009	2008
Pay limit	(oz/t)	0.13	0.11	0.12
	(g/t)	4.40	3.82	4.16
Recovered grade*	(oz/t)	0.210	0.205	0.222
	(g/t)	7.21	7.02	7.62

Gold production
(000oz)
338
329
320
Total cash costs
($/oz)
407
339
300
Total production costs
($/oz)
651
486
432
Capital expenditure
($m)
142
84
69
Total number of employees
3,426
2,964
2,987
Employees
2,486
2,249
1,954
Contractors
940
715
1,033
All injury frequency rate
(per million hours worked)
2.62
4.19
5.79
*
Underground operation
Outlook for 2011
Production
(000oz)
361 – 378
Total cash costs
($/oz)
497 – 516
Capital expenditure
($m)
234
Review of operations – Americas

P
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Description

Reorganisation of the corporate structure was completed during the first half of the year, combining the Cuiabá/Lamego/Queiroz and the Córrego do Sítio and São Bento operations to capture operating and financial synergies. The new company is called AngloGold Ashanti Córrego do Sítio Mineração (AGA Mineração).

The wholly owned AGA Mineração mining complex is located in southeastern Brazil, in the state of Minas Gerais, close to the city of Belo Horizonte, with operations in the municipalities of Nova Lima, Sabará and Santa Bárbara.

Ore is sourced from the Cuiabá and Lamego underground mines and processed at the Cuiabá and Queiroz plants, while the Córrego do Sítio open pit mine has a heap-leaching facility.

Operating performance

Gold production increased by 3% to 338,000oz from 329,000oz in 2009, due mainly to the implementation of the Lamego project. Total cash costs increased by 20% to $407/oz, driven largely by higher maintenance costs. These effects were partially offset, however, by higher revenue from the sale of sulphuric acid, a by-product of the Cuiabá mining operation.

Capital expenditure was $142m, of which $73m related to expansion projects, $25m to Ore Reserve development and $44m to stay-in-business activities.

As part of the conceptual study for the Cuiabá Future Project, which is investigating ways of sustaining performance in the longer term, actions were taken to enhance production from underground ore and waste transport logistics and to investigate alternative mining methods. A study was conducted in support of this initiative to define the best technical approaches regarding transport logistics (large truck capacity, conveyor and new shaft) that will be detailed throughout 2011, in parallel with the conceptual mining methods study.

The management maintenance programme continued its focus on the optimisation of costs and also on improving fleet availability. Efforts have been made since January 2010 to improve the maintenance management process for heavy mobile equipment at Cuiabá. In addition to the implementation of Project ONE, an integrated maintenance management system is ongoing and all efforts are organised into two strategies: short-term results focused on costs and equipment availability and medium- to long-term results focused on SIGM Pyramid (maintenance management process). These initiatives resulted in a 7% improvement in the performance of sponsored heavy mobile equipment during the year.

Further productivity improvements are expected from Project ONE. Previous implementation experiences show that the successful stabilisation of the work management portion can help operations to improve key parameters from the historical average to the 75th percentile of production rate.

Growth prospect

An exploration programme is currently under way on the former São Bento property, acquired in December 2008 from Eldorado Gold. The property adjoins AngloGold Ashanti's existing Córrego do Sítio mine which, together with São Bento, has been renamed Córrego do Sítio Mineração. Phase 1 of the Córrego do Sítio project, approved by the board in May 2010

08
09
10
Gold production (000oz)
320
329
338
08
09
10
Total cash cost ($/oz)
407
300
339
08
09
10
Capital expenditure ($m)
142
69
84
08
09
10
Total number of employees*
2,987
2,964
3,426
** including contractors*

with estimated capital expenditure of $195m, covers the Laranjeiras, Carvoaria Velha and Cachorro Bravo orebodies with trial mining at the latter already completed. The capital project is proceeding according to schedule. The initial focus of the project team is on the refurbishment of the São Bento plant, the ramp-up in mine production and construction of infrastructure, including the new road to transport ore and waste. Annual production from Phase 1 is planned to start in 2011, following a mine and plant ramp up and will continue at an average of 140,000oz a year for the initial 11-year life of mine. The second phase of this project has the potential to increase production through the addition of Mineral Resources and the expansion of the plant. The scope and size of the expansion will depend on the results of exploration drilling currently under way.

The Lamego project, approved in September 2009, is currently being implemented. Production from the mine rose from 18,000oz in 2009 to 35,000oz in 2010, with full production of 47,000oz scheduled for 2011. Lamego is expected to produce approximately 469,000oz of gold over nine years from 3.2Mt of milled ore.

A feasibility study on the Nova Lima Sul Project, which involves the restart of the mothballed Raposos mine, is being prepared for submission to the board in mid 2011. If approved, the implementation will start late in 2011, with refurbishment of the underground infrastructure and construction of a new ventilation system. Mine development will take place in 2012 and 2013 with production scheduled to begin in 2014.

Outlook for 2011

Production for 2011 is planned to increase to between 361,000oz and 378,000oz. This figure includes initial production of 21,000oz from the Córrego do Sítio phase 1 project.

Total cash costs are expected to rise to between $497/oz and $516/oz, reflecting the continued strength of the real, the impact of inflation and the additional ounces coming from the projects at a higher unit cost.

Total capital expenditure expected for 2011 is around $234m, of which $100m relates to expansion projects, $47m to Ore Reserve development, $81m to stay-in-business activities and $6m to capitalised exploration.

Sustainability

Safety

A vastly improved safety performance during 2010 resulted in an all injury frequency rate of 2.62 per million hours worked for the year (2009: 4.19). There were no fatalities.

After taking into account the results of a survey conducted during December 2009 to assess attitudes toward safety, an integrated strategic safety programme was designed to address deficiencies, drive further improvements and reinforce awareness of the importance of working safely. The plan is based on optimising technology to reduce workers' exposure to risks in the production process and on introducing controls that account for human fallibility in overall safety performance. Cuiabá completed construction of the refrigeration plant on surface with zero lost-time injuries.

AngloGold Ashanti accepted an invitation to participate in the Brazilian Mining Association's Safety and Health Strategic Group, which aims to promote institutional actions to ensure improved competitive conditions for Brazilian mining companies.

Community

AngloGold Ashanti is the first mining company in Brazil to receive Social Responsibility (NBR 16001) certification according to the Brazilian Association of Technical Standards (ABTN). ABTN is a private non-profit organisation and a founding member of the International Organisation for

Standardisation, the Pan-American Standards Commission and the Asociación Mercosur de Normalización.

A Portuguese-language website was developed and launched in 2010 to aid AngloGold Ashanti's communication efforts with its Brazilian stakeholders.

The company signed contracts with 25 beneficiary institutions on the First Public Call for Projects Subscription. According to the project timetable, AngloGold Ashanti provided the funds in parallel with meetings and visits to follow up on project implementation. These projects are focused on education, job and income generation and health, and have been run in communities surrounding the group's operations. This is a voluntary company initiative focused on local development.

Preparations for the local sustainability report in May included a poll of stakeholder expectations. A multi-stakeholder forum included 42 participants from a variety of sectors (e.g. communities, NGOs, clients, suppliers, employees, academies, etc.) and was well received. Participants were invited to provide a critique of AngloGold Ashanti's Social Responsibility Policy in practice. Responses included an acknowledgement that while the intentions of the policy appear favourable, it requires clarification in certain activities with regard to its local priorities, specifically: health, education, entrepreneurship and socio-economic empowerment, as well as the long-term sustainability of communities. It was also recommended that the company detail its efforts around mitigation and compensation strategies for certain key issues, including greenhouse gas emissions, mine tailings, water usage, closure, economic diversification and community empowerment. Respondents further suggested the company explicitly highlight past, present and future impacts and continue to improve and update its understanding of local social and cultural issues.

Environment

ISO 14001 environment certification was maintained during the year.

Córrego do Sítio II, the former São Bento mine, has a forest reserve which may have to be relocated in order to receive permission from the authorities to conduct exploration work on surface. A request has been submitted to the authorities and is under review.

New regulations have increased the management and cost in respect of the mine closure plan, land impacted by mining, disturbed land, taxes for water consumption, environmental compensation for the new project and especially for the impact of land clearance.

The necessary permits for the underground mine expansion at Córrego do Sítio and the licence for the raising of the wall of the Cuiabá dam were granted by the Environmental Agency.

It was announced in November 2010 that AngloGold Ashanti would receive an environmental award from the Minas Gerais state government at a ceremony in February 2011. This award reflects the alignment of the company's environmental goals and initiatives with those of the government.

No reportable environmental incidents occurred in 2010.

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AngloGold Ashanti Annual Financial Statements 2010
Review of operations – Americas
Brazil – Serra Grande
Key statistics
Serra Grande
2010
2009
2008
Pay limit
(oz/t)
0.09
0.11
0.11
(g/t)
3.20
3.92
3.91
Recovered grade
(oz/t)
0.118
0.132
0.200
(g/t)
4.05
4.52
6.85
Gold production
– 100%
(000oz)
155
154
174
– 50%
77
77
87
Total cash costs
($/oz)
481
406
294
Total production costs
($/oz)
690
542
394
Capital expenditure
– 100%
($m)

52
67
41
– 50%
26
33
20
Total number of employees
1,268
1,289
1,108
Employees
965
864
725
Contractors
303
425
383
All injury frequency rate
(per million hours worked)
7.22
8.99
13.34
Outlook for 2011 (attributable)
Production
(000oz)
74 – 77
Total cash costs
($/oz)
601 – 624
Capital expenditure
($m)
23
Review of operations – Americas
08
09
10
Attributable gold production (000oz)
87
77
77
08
09
10
Attributable capital expenditure ($m)
20
33
26

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Description
Serra Grande is located in central Brazil, in the state of Goiás, 5km from the city of Crixás. AngloGold Ashanti and Kinross Gold Corporation are equal partners in this operation. In terms of the shareholders' agreement, AngloGold Ashanti manages the operation and has the right to access a maximum of 50% of the earnings accrued and dividends paid by Serra Grande.
Serra Grande currently comprises three mechanised underground mines, Mina III, Mina Nova – which includes the Pequizão orebody and Palmeiras – and an open pit above Mina III.
The Palmeiras mine, where development began in May 2008, started production in 2009 from the primary development works. Annual capacity of the processing circuit, which has grinding, leaching, filtration, precipitation and smelting facilities, was expanded from about 0.8Mt to 1.15Mt. This expansion was completed in February 2009.
Operating performance
Attributable production of 77,000oz was unchanged from the previous year.
Total cash costs increased 18% to $481/oz, due mainly to local currency appreciation and inflationary pressure.
In May, Serra Grande underwent re-evaluation of its Mineral Resources and Ore Reserves and the production programme was revised. The tonnages mined remained unchanged, while plant throughput exceeded the 30,000t initially planned. The feed grade was 13% lower than expected for the year. Despite these challenges, the total cash cost for the year was only 2% higher than forecast.
Growth prospects
A total of 32,447m was drilled in the 2010 exploration programme, which focused on Pequizão, Palmeiras and Cajueiros targets at a cost of more than $5m. The exploration team has reviewed both geological mapping and the database, including agreements with joint venture partners, in order to assist in new target generation.
The Pequizão orebody has shown potential for increased Mineral Resource both down plunge and along strike. The infill drilling campaign confirmed previous results and the deepest hole showed a high-grade intersection 850m deep, keeping the down plunge potential totally open. At the Cajueiro target, drilling was undertaken to understand mineralised structure controls. Preliminary results have confirmed the low-grade potential. During the third quarter of 2010, the Magnetoteluric geophysical method was tested at Mina III, aiming to define the structure III geometry below level 1,000. The preliminary results are being evaluated by specialists.
In 2011, a fast-track exploration programme is planned to

define and evaluate the complete potential of mine targets at Pequizão, Palmeiras, Orebody IV and Mina Nova and also to generate new targets in the northwest structure and joint venture partner areas. More than 70,000m of drilling is planned in this programme, including underground and surface drilling as well as geochemical and geophysical surveys to support target generation.

08
09
10
Total cash cost ($/oz)
481
294
406
08
09
10
Total number of employees*
1,289
1,268
** including contractors*
1,108

Outlook for 2011

Attributable production for 2011 is forecast to be between 74,000oz and 77,000oz at a total cash cost of between $601/oz and $624/oz.

Capital expenditure of $45m ($23m attributable) is anticipated for 2011, with the main items being primary development, mine infrastructure, mobile equipment and the fast-track exploration programme.

Sustainability

The company retained its safety, health and environmental certifications, including ISO 14001, OHSAS 18001 and ISO 9001. It is fully compliant with the Cyanide Code.

Safety

Safety performance at Serra Grande improved in 2010 with an all injury frequency rate of 7.22 per million hours worked (2009: 8.99) recorded for the year. There were no fatalities recorded for the second consecutive year.

Continuous investments were made during the year in the development of a safety culture across the workforce. All leadership at site underwent seven modules of training with specialist consultants about the nature of human behaviour, how to enhance safety awareness in the workplace and a one-on-one safety approach to work on a daily basis.

Significant investments in technology for safety were made in 2010 and a second scaler to remove rock from the roof and galleries was acquired.

There was increased use of sub-level mining methods during the year in order to minimise the exposure of people at the stope face. Serra Grande currently uses four remote-controlled loaders and Simbas for longer drilling. The ventilation system at the mine was upgraded using raise borer drilling.

Radio communication was installed in every piece of mobile equipment and a dispatch system implemented in all Serra Grande's mines.

Community

Continuous support was given to local social institutions that assist people, especially children and those with special needs. Support was also given to cultural and religious celebrations and to the restoration of historical buildings to protect the city's heritage, including an old house dating from the 1700s when the first miners arrived in the area. Donations were made to: the Association of Parents and Friends of Disabled Children; an amateur acting school for youngsters; free soccer lessons for 102 children; and the support of a day care centre that caters for 165 children every day.

Environment

Reviews were undertaken of all safety, health and environmental-related measurements such as water, air, dust, noise and vibration after blasting to ensure compliance with international standards.

Improvements in water usage controls across all industrial processes were developed and locations for all meters were identified with several having been installed by year-end. This will allow improved control of water usage. About 80% of all water used in the production process is currently recycled.

No reportable environmental incidents occurred in 2010.

Review of operations – Americas

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AngloGold Ashanti's investment in greenfield exploration and projects in recent years is beginning 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. Together these greenfield projects have Mineral Resources totalling 27.42Moz, of which Ore Reserves account for 6.88Moz.

Americas – Colombia

Gramalote

Description

The Gramalote project is a joint venture owned by AngloGold Ashanti (51% and operator) and B2Gold Inc. (49%). The project is located in the rural Antioquia Department, approximately 110km northeast of the city of Medellin and 220km northwest of Bogota, Colombia. Basic infrastructure consisting of roads, power and water currently serve the site. The deposit lies in modestly hilly terrain at an elevation of 900m and is characterised as a bulk tonnage, low-grade, intrusive-hosted and structurally-controlled quartz stockwork system within the Cretaceous Antioquia Batholith. Gold mineralisation is associated with stockwork veining and in particular quartz, quartz-pyrite and quartz-carbonate veins.

Greenfield projects
Ensuring AngloGold Ashanti's
growth
future

Greenfield projects
Surface exploration and mapping of the region indicates these gold-bearing structures have strike lengths of up to 1.5 km and depths of up to 450m. Mineral Resources are currently 37.7Mt at an average grade of 0.90g/t (at 0.4g/t cut-off), for contained gold of 1.09Moz.

Growth prospects

A prefeasibility study of the project is currently under way and is expected to be concluded at the end of 2011. A key aim of the prefeasibility study will be to increase the Mineral Resource by an additional 35Mt of ore at a similar gold grade in order to achieve what is believed to be the deposit's potential of 86Mt of ore yielding 3.1Moz of gold.

Assuming positive results from the prefeasibility work, progression of project development would include a bankable feasibility study in 2012, after which Gramalote would again be evaluated. Assuming continued positive results, the project would proceed to full construction in 2013. This schedule would see operations and first gold production by around late 2015.

Outlook for 2011

Prefeasibility study work, scheduled to be completed by April 2012, is aimed at expanding the Mineral Resource; purchasing additional land for the project's development; confirming mining and processing options, facilities and infrastructure requirements and locations; engagement of environmental, social and sustainability programmes; and validation of the project's economic viability.

The 2011 attributable budget to perform all activities according to schedule is $15m.

Sustainability

Some future sustainability work requires discussions with authorities to reduce the environmental impact caused by artisanal miners who have been operating in the region for several years.

Community

Working relationships with the local authorities have been positive. The project is located in the municipality of San Roque (roughly 20,000 inhabitants), with the Providencia section of about 1,500 inhabitants being closest. The main issue to be dealt with by the project teams involves the formulation and conclusion of agreements with artisanal miners working in the project area. Such agreements will be negotiated during the prefeasibility phase.

Environment

Compliance with the obligations of the licence already issued for the core project tenement is required, while the potential for a larger project is defined and application has been made for a revised licence. Baseline studies will accompany this process during the prefeasibility and feasibility phases of the project. Application for the final licence will follow the environmental impact study, which will include the mitigation and compensation schemes required by law and international best practice.

La Colosa

Description

The La Colosa project is a 100% AngloGold Ashanti-owned development project located approximately 150km west of Bogota, Colombia, in the rural Tolima Department. The project is located near the major regional city of Ibague and is reasonably served by road, power, and water infrastructure.

The deposit lies in mountainous terrain at a mean elevation of 2,800m and is characterised as a copper-poor porphyry gold system, genetically associated with the evolution of a Miocene porphyritic intrusive centre, intruded in Paleozoic schist.

The Mineral Resource at La Colosa currently stands at 392Mt at an average gold grade of 0.99g/t for contained gold of 12.4Moz. The deposit remains open in several directions and at depth. Current exploration activities seek to expand confidence in the resource extensions and obtain metallurgical test samples.

Greenfield projects

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Growth prospects

AngloGold Ashanti secured the necessary permit authorisations from the national authorities to resume exploration activities in August 2010, thereby allowing resumption of the project prefeasibility study. This work will be conducted through to 2014/2015 when the feasibility study is expected to be finalised.

Surface mapping and sampling in the La Colosa region have continued to reveal strong mineral exploration opportunities with additional porphyry systems having been discovered.

Given the potential to significantly increase the Mineral Resource at La Colosa and also to make additional discoveries in the broader region, La Colosa remains a leading growth project in the medium to long term for both AngloGold Ashanti and Colombia as a whole.

Outlook for 2011

The project is currently undergoing a prefeasibility study, which is expected to be concluded in 2013, during which time several key objectives are to be attained, namely: to close off Mineral Resource projections in order to better define the size of the project; to define higher grade Mineral Resources in order to advance gold production during early years of operation; to purchase remaining lands for project development and exploitation; to confirm mining and processing options as well as the facilities and infrastructure requirements and locations; to engage environmental and sustainability programmes; and to validate the project’s economic, social and environmental viability.

Greenfield exploration activities will also be initiated on several of the regional targets while this prefeasibility study is under way. If successful, expansion of the project could well occur, at which time the prefeasibility timeline may be reviewed.

Assuming no further changes to the scope of the project resulting from exploration, and that the prefeasibility is successful in all respects, a bankable feasibility study is planned for 2014/2015, followed by construction of the project once the economic viability of the project is established.

Expenditure of $70m has been budgeted for all activities scheduled for 2011.

Sustainability

Anglogold Ashanti engaged actively in the creation of the ‘Water Roundtable’ in Tolima to discuss and implement possible solutions to water management issues. In addition, the company has initiated several biodiversity campaigns in the region, with the support of non-governmental organisations, aimed at protecting certain species indigenous to the Tolima region.

Community

Community sentiment toward the project in Cajamarca province, where the project is located, improved during 2010 as the company worked to demonstrate the benefits of the undertaking and its ability to execute the development for the benefit of all stakeholders. Rice growers and environmental organisations in the region, however, continued to express concerns over the use and quality of the region's water. AngloGold Ashanti will continue to provide information on its strategies for water management in order to address these concerns from one of the region's most important constituencies. Multi-partite social programmes and projects accompany the exploration phase and are based on long-term sustainability considerations for the region, which include improvements in agricultural productivity, the elimination of sicknesses currently affecting cattle in the region and several educational programmes.

Environment

A monitoring programme, undertaken in conjunction with local universities, will accompany the exploration phase of the project and be designed to provide data on the potential impact of mining activities on the region's flora, fauna and water resources. The company is working with Conservation

International and a number of other NGOs to address biodiversity issues.

Continental Africa – Democratic Republic of the Congo

Kibali

Description

The Kibali Gold Project is a joint venture between AngloGold Ashanti and Randgold Resources, which together hold an effective 90% stake, with the remaining 10% held by OKIMO, the state-owned gold company of the Democratic Republic of the Congo (DRC). The project, operated by Randgold Resources, has the potential to become one of the world's largest gold mines. Located in the northeast DRC, near the village of Doko, some 560km northeast of the city of Kisangani and 150km west of the Ugandan border, the project is currently undergoing an updated feasibility study, the results of which are expected in the second quarter of 2011.

The orebody is hosted within the Moto Greenstone Belt, which is comprised of the Archaean Kibalian volcano-sedimentary rock and ironstone chert horizons that have been metamorphosed to greenschist facies.

An updated Mineral Resource and Ore Reserve model has been completed for the main KCD (previously referred to as the Karagba, Chauffer and Durba orebody), Sessenge, Pakaka and Pamao orebodies, which represent 83% of the declared Mineral Resource and 93% of the declared Ore Reserve. A total Mineral Resource of 8.3Moz of gold exists between the planned open pit and underground operations.

Pre-construction activities are scheduled to commence in early 2011 with the establishment of civil engineering and construction teams, coupled with design and engineering of the metallurgical plant and mine infrastructure. Erection of the construction camp began in January 2011 and first gold production remains on schedule for 2014.

Growth prospects

An active greenfield exploration campaign is under way, including an extensive sampling campaign.

Outlook for 2011

During the course of 2011, main activities will include infrastructure development as well as establishment of the site for civil and construction teams to allow completion of bulk earthworks for mining, infrastructure and the metallurgical plant. In addition, long lead items will be ordered including mills, crushers and power generation equipment.

Expenditure of $42m (attributable) is anticipated for 2011.

Sustainability

Safety

No fatalities occurred during 2010.

Community

The project teams continue to engage extensively with the community and stakeholders. Several engineering projects that will benefit both the Kibali project and community were completed, including construction of a new road between Aru and the village of Doko, a key staging point for the project, reducing travel times from several days – particularly during rainy weather – to three hours.

Ongoing work with both the community and Okimo has led to cessation of illegal mining activities within a defined exclusion zone. Alternate work programmes have been introduced following extensive negotiations, to compensate for the resultant loss in income to the community.

Public participation engagements with the community continued throughout the year, focusing on critical issues including the relocation of some 3,700 dwellings from the defined exclusion zone. A memorandum of understanding, regarding relocation of the local church, was agreed with the Catholic Church.

Greenfield projects

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Environment
A full environmental study is being undertaken as part of the ongoing updated feasibility study.

Mongbwalu

Description

The Mongbwalu project, currently undergoing a fast tracked feasibility study, is located within the 5,487km^2 tenement package held by AngloGold Ashanti and its joint venture partner Okimo, the state-owned gold company of the DRC, which owns a 13.8% stake. The Mongbwalu licence areas are northwest of Lake Albert in the Ituri province of the north eastern DRC. The Archaean granites and greenstones of the Kilo Moto belt extend some 850km west-northwest of the lake.

Ongoing feasibility work is focused on the former Adidi underground mine workings, close to the village of Mongbwalu. The study calls for a 60,000t a month underground operation producing approximately 120,000oz of gold a year when in full production.

An updated Mineral Resource of 1.90Moz was declared in 2010 following an infill-drilling campaign. A further Mineral Resource update is expected midway through 2011.

Data collection work undertaken during 2010 in support of the feasibility study included environmental, geotechnical, ground water and engineering information. The feasibility report is due for completion in the first quarter of 2011 and, subject to approval, first gold production is scheduled for late 2014.

Growth prospects

There is considerable opportunity for growth both in the vicinity of the current Mongbwalu feasibility study area and in the area covered by the greater Kilo Regional Exploration campaign. Drilling and trenching is now under way at the Mont Tsi project and at other sites in the concession area and will continue throughout 2011.

Drilling is continuing at the Mongbwalu feasibility study area to further upgrade and expand the Mineral Resource base.

The greater Kilo exploration project (including Mongbwalu) has the potential to form a major growth centre for the company and country in the coming years.

Outlook for 2011

The main activities planned in the Mongbwalu project area during 2011 include continued drilling and a preconstruction phase involving road development and other infrastructure projects. Planned operating costs for 2011, excluding greenfield exploration, are budgeted at $36m.

Sustainability

Safety
Tragically, a fatality occurred at the Mongbwalu camp in 2010

when an employee slipped and fell while working on a stationary bulldozer. Safety measures have been improved to prevent a recurrence of this accident and a dedicated safety manager is to be appointed in 2011.

A major upgrade of the camp electrical reticulation is scheduled for early 2011 in order to improve work and living conditions. An on-site clinic was established in 2010 and is manned by a senior nurse and paramedic. This clinic operates in conjunction with the local hospital and in consultation with the regional health authorities.

Community

The company has engaged stakeholders at all levels, from local communities to provincial and state entities, in order to ensure sustainable development in the area. Early planning work is also focusing on critical infrastructure to facilitate economic development in the region, including power generation and road construction.

A number of initiatives have been initiated in the local communities, including refurbishment of the Ecole Primaire 3 local school in Mongbwalu and the establishment of literacy and finance programmes under the auspices of the ‘Washa Washa’ community development programme.

Greenfield projects

Support has also been given to local vaccination campaigns and malaria prevention. These are to be expanded in the coming year.

A major study has been undertaken to understand the impact of any future mine development on the economic activity in the region. Consultative and information sharing forums are regularly held with the local community and include participation by artisanal and small-scale mining operators.

Environment

Environmental studies have been commissioned both as part of the feasibility study and also to determine broader regional biodiversity, water quality and land-use, which in many areas have been heavily impacted by previous formal and informal mining activity. An audit of existing disturbance to the environment is being compiled as part of the feasibility study.

Australasia – Australia

Tropicana

Description

The Tropicana Gold Project (TGP) is part of a joint venture between AngloGold Ashanti (70% interest and manager) and Independence Group (30%). The project is located 330km east-northeast of the mining service centre, Kalgoorlie, in Western Australia and 200km east of AngloGold Ashanti's Sunrise Dam Gold Mine. The area is remote and infrastructure is limited.

The boards of AngloGold Ashanti and Independence approved development of the TGP in November 2010.

Tropicana was discovered in 2005 in an area not previously thought to be prospective for gold, and represents the most significant gold discovery in Australia for more than a decade. The Tropicana joint venture's first mover advantage has enabled it to peg tenements over the bulk of what is now recognised as a major new gold province, whilst ownership of the first processing plant in the Tropicana Belt will put the joint venture in a strong strategic position to leverage value from future discoveries.

The approved project will utilise conventional open-cut mining methods to mine the Tropicana and Havana deposits and conventional carbon-in-leach processing technology to process the ore at a rate of 5.8m tonnes per annum.

Besides the processing plant and mining area, project infrastructure will include 220km of new road, a water bore field, a sealed airstrip and an accommodation village.

Average annual gold production is anticipated to be 330,000oz to 350,000oz (100% project) over the life of the mine and 470,000oz to 490,000oz per annum over the first three years, when higher grade ore will be processed.

Total cash costs are expected to be A$710/oz–A$730/oz (real) over the life of the mine and A$580–A$600/oz over the first three years.

Growth prospects

A feasibility study is under way to determine the viability of open-cut mining of the Boston Shaker deposit, immediately north of the proposed Tropicana pit, following encouraging results from scoping studies. A prefeasibility study on underground mining of the Havana Deeps mineralisation beneath the proposed Havana pit, will commence in 2011.

Outlook for 2011

Extensive exploration will continue in 2011 given the studies being undertaken on the Boston Shaker and Havana Deeps Greenfield projects

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prospects. Tendering of contracts, initially focused on infrastructure requirements, will begin in January 2011. Construction will start in the June quarter of 2011 and will include construction of a new section of road, the airstrip and the accommodation village.

Sustainability

The processing plant has been designed to be energy and water efficient. The mine will utilise high pressure grinding rolls which use less energy than conventional ball or SAG milling. Leach and tailings thickeners will be used to recover and recycle process water, and grey water from the village will be recycled for use in the processing plant.

Community

The proposed project will provide employment in the local community and goods and services will be procured from local businesses wherever possible. Tropicana will also generate royalties and taxes for the state and federal governments. Consultation with key community groups has been under way for several years. A full spectrum of stakeholder consultation commenced very early in 2008, well before the project was referred to the Western Australian Environmental Protection Agency later that year. The joint venture held several public meetings in Perth, Kalgoorlie and Menzies during the various phases of the approvals process to address community concerns on an ongoing basis. Regular meetings are also held through the joint venture's Indigenous Reference Group to keep members of the Aboriginal community informed about the development of the project, including heritage matters and employment and contracting opportunities when they arise.

Environment

Significant environmental baseline surveys were conducted between 2006 and 2009 to understand key environmental and heritage values. This information was used to design a project that avoids all known populations of Declared Rare Flora and Archaeological Heritage Sites and minimises impacts on priority and threatened flora and fauna habitats. The project was referred to the Western Australia Environmental Protection Authority and the Commonwealth government in the first half of 2008. The project underwent a public environmental impact assessment in the second half of 2009 and received state and Commonwealth approval towards the end of 2010.

Global exploration

Total exploration expenditure in 2010 amounted to $198m, of which $89m was spent on greenfield exploration, $51m on brownfield exploration and the balance of $58m on prefeasibility studies. The main aim of AngloGold Ashanti's greenfield 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

An expansive greenfield exploration programme was undertaken during 2010 in Australia, China, North and South America, the Middle East and North Africa (MENA), Sub-Saharan Africa and South East Asia. A total of 276,346m of diamond, reverse circulation, and aircore drilling was completed in testing existing priority targets and in the delineation of new targets in Australia, Colombia, the Solomon Islands, Gabon, Guinea, Egypt, the Democratic Republic of the Congo (DRC) and Canada. This compares to 183,481m drilled the previous year.

Greenfield activities were undertaken through joint ventures, strategic alliances and on wholly owned ground holdings. The principal objective of the greenfield 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.

In 2011, total exploration expenditure of some $375m is planned, with $100m to be spent on greenfield exploration and $111m allocated to prefeasibility studies at the La Colosa and Gramalote projects in Colombia, as well as feasibility studies at the Central Mongbwalu deposit in the DRC and associated expenditures. Of the balance, $143m is earmarked for brownfield exploration inclusive of $50m of capitalised expenditure and $21m for the De Beers joint venture focusing on marine exploration on the continental shelf.

Strategic context

AngloGold Ashanti's greenfield exploration strategy maintains a balanced portfolio and a pipeline of projects at various stages of exploration. Importantly, this requires diversification across new frontiers, emerging regions and known terranes. The range of ownership and partnership structures employed by AngloGold Ashanti helps to 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 land holdings while maintaining a balanced portfolio.

AngloGold Ashanti's global exploration portfolio includes strategic world-class holdings in Colombia and Australia, where the company has progressed frontier exploration from broad geological concepts to major discoveries of the La Colosa and Tropicana-Havana deposits, two of the worlds' largest virgin gold finds of recent times. In addition, the

Global exploration

Delivering

shareholder

value

real

through greenfield exploration

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Greenfield exploration countries
Greenfield strategic alliances
Pre 2010 100% AngloGold Ashanti
Pre 2010 JVs
New 2010 JVs
2010 100% AngloGold Ashanti
AngloGold Ashanti/ De Beers
marine exploration JV
Argentina
Santa Cruz (El Volcan)
Brazil
Falcão JV
Juruena
Santana JV
Colombia
Gramalote JV
Western Cordillera JV
Rio Dulce
Quebradona JV
La Colosa
Chaparral JV
Salvajina
La Llanada
Canada
Melville Project
Superior JV
Baffin Is JV
Egypt
Wadi Kareem
Hodine
Eritrea
Akordat North
Kerkasha
Guinea
Siguiri Blocks 2-4
Gabon
Dome JV
Ogooue
Amiga JV
Tanzania
Oryx JV
Mkurumu JV
DRC
Kibali
Kilo Project
(Mongbwalu)
China
Yili Yunhai CJV
Jinchanggou CJV

Australia
Cornelia Range
Tropicana JV
Viking
Saxby JV
Gawler JV
Solomon Islands
Kele & Mase JV
New Georgia &
Vangunu JV
Djibouti
Stratex Afar JV
Ethiopia
Stratex Afar JV
South
Africa
SASA*
New Zealand
Seafield JV
** South African sea areas*

Greenfield exploration

Podcast available at www.aga-reports.com/10/podcasts.htm

Tony O'Neill , Executive Vice President – Business and Technical Development, discusses the group's exploration programme

dominant strategic land holdings of some 44,838km^2 in Australia and 15,815km^2 in Colombia have the potential to yield further significant new discoveries.

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 is also conducting project generation in Saudi Arabia and has entered into an exploration joint venture with Stratex International in Ethiopia and Djibouti. Once again, AngloGold Ashanti has been ahead of the curve in anticipating the importance of these regions, allowing it to gain early mover advantage ahead of several of its peers.

In Sub-Saharan Africa, the focus is on new opportunities in Gabon and Tanzania, in addition to the Kilo project in the DRC and regional exploration around Siguiri in Guinea.

Work undertaken in 2008 and 2009 to rebuild a balanced exploration portfolio is starting to produce the desired results.

In 2009, drilling activities were restricted to three countries as a result of changes in legislation and evolving risk profiles in the remaining countries in AngloGold Ashanti's exploration portfolio. In 2010, however, a total of 276,346m was drilled in nine countries, including, Argentina, Colombia, Canada, DRC, Guinea, Gabon, Australia, Solomon Islands and Egypt, as the company began to leverage its exploration land holdings to greater effect.

Global exploration
Achievements
Significant achievements for 2010 included the successful completion of the scoping study of the Boston Shaker and Havana Deeps extensions to the Tropicana-Havana trend in Australia and resumption of drilling at the La Colosa project in Colombia to delineate additional pre-inferred gold ounces (see table above.

Considerable progress was also made in advancing AngloGold Ashanti's greenfield exploration portfolio elsewhere in 2010. Following the company's entry into four new regions in 2009, 2010 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 Gabon, Canada, Egypt and the Solomon Islands.
Expansion
During the course of 2010, AngloGold Ashanti entered into a number of new joint ventures and strategic alliances in Brazil, Australia and the Middle East and North Africa, while downsizing in China and exiting Russia altogether. These new ventures include the Falcão joint venture in Brazil with Horizonte Minerals; the Stratex joint venture in Ethiopia/Djibouti with Stratex International; the Lusahunga joint venture in Tanzania with Oryx Mining; the Gawler joint venture in Australia with Stellar Resources; and the New Georgia and Vangunu joint ventures with XDM Resources in the Solomon Islands. AngloGold Ashanti has also applied for wholly-owned tenure in Canada known as the Melville Project and in Australia at the Cornelia Range Project. In Eritrea, two tenements known as Kerkasha and Akordat North were granted and are included in the Thani Ashanti Alliance.
Impediments
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 quarter ended December 2010.
Project pipeline
AngloGold Ashanti holds a total of 122,286km^2 of high-priority

Greenfield tenements globally from which there is a robust project pipeline. This is illustrated in the graph alongside for a number of key regions, but does not reflect AngloGold Ashanti's full project pipeline.

2010 initiatives

Initiatives to enhance the success of the greenfield exploration team included a rigorous assessment of the existing exploration portfolio. The work focused on establishing the appropriate split between frontier, emerging and known geological terranes. As a consequence the team is well positioned to increase drilling on both existing and new projects that were at or near drill-ready stage in 2010.

To further improve decision-making processes in project and portfolio management, a global portfolio management process is being implemented to encompass both technical and commercial gating elements.

Colombia

Exploration in Colombia focused upon quantifying the potential of the identified La Colosa and Gramalote gold projects by dedicated multidisciplinary brownfield project feasibility study teams, and advancing exploration for further world-class Greenfield discoveries of Miocene aged gold-rich porphyry systems in the wider La Colosa region, Quebradona, Rio Dulce, Chaparral, Salvajina and the La Llanada mineral fields.

Global exploration

Project	Tonnage (Mt)	Grade (g/t Au)	Ounces (Moz Au)	Lower cut-off (g/t Au)
Havana Deeps*	2.376	3.60	0.275	2.8
Boston Shaker*	4.236	2.46	0.335	0.5 (oxide) / 0.6 (fresh)
Total**	6.612	2.87	0.61	

* *Assumed gold price of $1,100 at an A$:$ exchange rate of 0.84:1*

** *Attributable ounces Au only (AngloGold Ashanti – 70%)*

The synthesis of proprietary airborne and ground geophysical and geochemical data sets built up over the last decade of AngloGold Ashanti's involvement in Colombia has facilitated consolidation of a world-class tenement portfolio with a robust project pipeline.

Systematic regional greenfield exploration was undertaken by AngloGold Ashanti and its joint venture partners B2Gold, Glencore International and Mineros S.A. in Colombia. AngloGold Ashanti has consolidated the tenement position from roughly 100,000km^2 in 2009, to 15,815km^2 at the end of 2010 through a variety of structures including joint ventures and the relinquishment of non-prospective areas.

At the wholly owned La Colosa project, brownfield exploration led drilling and prefeasibility development resumed during the third quarter. AngloGold Ashanti secured regional opportunities surrounding La Colosa and exploration of the greater La Colosa area is continuing with the objective of discovering and quantifying similar gold-rich porphyry mineralisation styles.

At Gramalote (51% AngloGold Ashanti, 49% B2Gold), the joint venture partners renegotiated their agreement, resulting in AngloGold Ashanti assuming management of the project via a designated brownfield-exploration-led project feasibility study team. Feasibility drilling began during the last quarter of 2010, after a hiatus of more than 12 months.

In all, a number of targets were generated by systematic exploration of an area covering 15,815km^2 of mineral tenement contracts and applications in 2010. Two targets were drilled and four remain to be drill tested in Colombia. AngloGold Ashanti will continue to push its first-mover advantage and dominant land position, particularly as major competitors realise the potential of Colombia, which has not seen a major gold mine development for decades.

Canada

AngloGold Ashanti continued greenfield exploration in several areas of Canada in 2010, both on its own at the Melville Project and in joint venture with Laurentian Goldfields and Commander Resources.

Superior joint venture (Laurentian Goldfields) – the Laurentian Goldfields Superior Province alliance is active in several areas of eastern Canada. Some 669km^2 of tenements considered prospective for gold mineralisation have been pegged in the

Goldpines South joint venture.

Baffin Island joint venture (Commander Resources) – AngloGold Ashanti is earning into a joint venture on Commander's Baffin Island properties. Field work completed during 2010 included 5,500m of diamond drilling at the Kanosak and Malrok prospects. The gold occurrences on Baffin Island are hosted by a package of gently dipping rocks in a fold and thrust belt.

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 yrs
3-4 yrs
2-3 yrs
1-2 yrs
LaMbouli
Ndjole
Mevang
Gabon Regional
Hutite
Hodine
Egypt
Malrok, Kanosak
Baffin Island
Superior JV
Arctic Canada
Vulu, Tango
Mase/Kele JV
New Georgia JV
Soloman Is.
La Colosa Regional, Salvajina,
Quebradona, Rio Dulce
Colombia Regional
Havana Deeps
Boston Shaker
Tumbleweed,
Black Dragon, Dragonfly
Tropicana Regional

Global exploration
The gold event appears to be relatively late and is associated with arsenopyrite. Significant drill results from the Malrok prospect include 3.24m @ 7.65g/t Au and 0.50m @ 14.4g/t Au. High-grade intersections such as 0.51m @ 31.38g/t Au and 1.45m @ 7.48g/t Au were returned from the Kanosak prospect.

Brazil

AngloGold Ashanti completed the first year of greenfield exploration at the Santana joint venture with Horizonte Minerals and has signed a new joint venture agreement with the same partner over the advanced Falcão project, where infill soil sampling over the 6km x 2km, gold-in-soil anomaly was completed, along with detailed geological surface mapping. Ground gradient array induced polarisation and airborne magnetic-radiometric geophysical surveys were also conducted to assist with the definition of drill targets. Encouraging results were received for the Santana joint venture and work will continue in 2011.

Democratic Republic of the Congo

AngloGold Ashanti owns an 86.22% stake in Ashanti Goldfields Kilo (AGK), the joint venture company, while the remaining 13.78% is held by OKIMO, the country's state-owned gold company. Of the 7,443km^2 previously held under exploitation licences by OKIMO, 5,447km^2 has been transferred to AGK under the terms of the agreement, with 399km^2 pending transfer. A feasibility study on the 1.90Moz Central Mongbwalu project is scheduled for completion in the first half of 2011.

Regional drilling programmes recommenced during the fourth quarter of 2010 and a total of 139m in one diamond hole was completed at the Mont Tsi prospect. Soil and stream sediment sampling and reconnaissance mapping of the tenement is ongoing.

A total of 7,729 soil, 408 stream sediment, 1,600 trench and pit samples were collected for the year.

Gabon

In Gabon, AngloGold Ashanti and its joint venture partners advanced exploration over 16,248km^2 of tenements, using geological mapping, soil sampling, channel sampling and drilling. Some 1,223m of diamond drilling were completed at the LaMboumi prospect, with a best result returned of 3m @ 0.72g/t Au. Further work will be undertaken in 2011 to test a number of well defined gold in soil anomalies.

Russia

During the year, AngloGold Ashanti developed a plan to monetise its assets and withdrew from greenfield exploration in Russia.

Middle East and North Africa

The Thani Ashanti strategic alliance with Thani Investments significantly increased its presence in the Arabian Nubian Shield and other parts of the Middle East and North Africa during 2010.

Active exploration in Egypt returned significant trench results (33m @ 4.37g/t Au) at the Hutite prospect of the Hodine concession, where drilling commenced in late 2010. Two licences, were applied for and granted to the Thani Ashanti joint venture in Eritrea during 2010 and a further two applications were made late in the year. A new joint venture was formed in Ethiopia/Djibouti with Stratex International to explore for epithermal mineralisation in the Afar Depression. Extensive project generation activities were also conducted in Saudi Arabia.

South East Asia

In the Solomon Islands, AngloGold Ashanti signed two new joint venture agreements with XDM Resources – New Georgia and Vangunu – following the two joint ventures initiated the previous year. These new joint ventures cover an additional 1,171km^2 in the New Georgia Belt, effectively consolidating the greenfield exploration potential of the entire island chain. The potential to host high-grade, gold-silver bearing low sulphidation epithermal veins and gold-copper porphyry systems has been demonstrated during 2010.

The Kele and Mase joint venture agreements, formed in 2009 and covering 738km^2, have been the focus of exploration efforts. Exploration activities in 2010 included drilling (8,747m), trenching, field mapping, soil and rock chip sampling, spectral studies and airborne electromagnetic surveying. Best results from drilling at Kele include 15.5m @ 7.89g/t Au, 30.2m @ 2.74g/t Au and 6.2m @ 8.63g/t from argillic alteration zones. Best results from trenching include 25m @ 3.1g/t, 8m @ 3.5g/t

Global exploration

and 13m @ 1.61g/t Au. Mase exploration is at an earlier stage, trench results from 2010 include 57m @ 0.51g/t Au, 83m @ 0.19g/t Au, 25m @ 0.47g/t Au and 37m @ 0.51g/t Au. Mineralisation is associated with stockworking and overlapping epithermal veining.

China

AngloGold Ashanti's exploration activity in China declined during 2010 and is now restricted to opportunity-based business development and exploration. AngloGold Ashanti retained its 70% interest in the Gansu Longxin Minerals co-operative joint venture over the Jinchanggou group of properties in the province of Gansu, located in western China.

Australia

The Tropicana joint venture (AngloGold Ashanti 70%, Independence Group NL 30%) is systematically targeting a belt of tectonically reworked Archaean (c. 2640 Ma) rocks that form the eastern margin of the Yilgarn Craton, Western Australia. The +3.7Moz (attributable) Tropicana gold discovery is a new mineral deposit style in this previously unrecognised and unexplored gold province. Exploration in the "Tropicana Belt" has primarily focused on reverse circulation (RC) and diamond drill testing of targets in support of the Tropicana Gold Project resource development, with regional exploration predominantly in early stages of work to advance about 50 key prospects to drill testing stages.

In 2010, the region's exploration potential was further realised with the discovery of the Boston Shaker deposit, about 360m north of the Tropicana open pit, and underground resource extensions down plunge of the Havana deposit (Havana Deeps). Scoping level studies for Boston Shaker and Havana Deeps were completed in December 2010 and have defined a total of 1.1Moz Mineral Resource. The potential for further Mineral Resource growth is highlighted by a recent step-out exploration drill hole which intercepted mineralisation 1.2km down plunge of the Havana open pit design at vertical depth of 1km.

During the year, a total of 2,889 aircore holes were drilled for 123,973 metres, 552 reverse circulation holes for 76,802.3m and 137 diamond holes for 41,094m. In addition, 3,194 surface auger samples were collected, 32,962 line kilometres of aeromagnetic and radiometric surveys flown, and 200 line kilometres of EM data were acquired.

The best results for the year came from diamond drilling intercepts at Boston Shaker, including 32m @ 3.7g/t Au from 181m and 18m @ 4.3g/t Au from 34m. The best results from Havana Deeps include 35m @ 5.0g/t Au from 514m and 16m @ 9.7g/t Au from 369m.

In regional exploration, significant aircore results were returned from a number of prospects. At Black Dragon, 30km northeast of Tropicana, results included 6m @ 1.66g/t Au from 12m and 4m @ 0.54g/t Au from 30m. At Springbok, 5km north of Tropicana, results included 12m @ 0.53g/t Au from 32m. At Iceberg, 30km south of Tropicana, results included 3m @ 0.61g/t Au from 53m, 2m @ 0.82g/t Au from 50m and 1m @ 1.45g/t Au from 66m in the same hole, and 1m @ 1.03g/t Au from 39m.

In addition to the 16,104km^2 of the Tropicana joint venture, the company holds a 100% interest in the 12,949km^2 Viking project to the southwest, including 9,313km^2 of granted exploration licences. Surface geochemical sampling continued at Viking throughout the year, resulting in the definition of a pipeline of geochemical targets for follow-up exploration. First-pass aircore drilling began in the fourth quarter and with 11,437m of drilling having been completed, geochemical results are awaited. The two strongest gold-in-soil anomalies tested by aircore drilling are of similar dimensions and gold tenor as the original geochemical anomaly that delineated the Tropicana deposit.

AngloGold Ashanti completed five diamond drill holes, for 4,044m at the Saxby (815km^2) joint venture with Falcon Minerals Limited in northwest Queensland. Results include 15m @ 9.09 g/t Au from 701m. Further work is required to understand the significance and access the full potential of this system. Subsequent to year-end, AngloGold Ashanti withdrew from exploring in Saxby.

AngloGold Ashanti entered into two new projects in Australia in 2010. The first of these is the wholly-owned Cornelia Range project covering 13,780km^2 of exploration licence applications made over the eastern Capricorn Orogen and adjacent Paterson Orogen in central Western Australia. The project is 500km north of Sunrise Dam and 300km from each of the major gold mining centres of Telfer (Paterson Orogen), Jundee and Plutonic (Yilgarn Craton). The second project is the Gawler joint venture with Stellar Resources Limited (1,190km^2) to explore for iron oxide-copper-gold (IOCG) deposits in the Gawler Craton of South Australia.

Mineral Resource and Ore Reserve
– a summary

Mineral Resources and Ore Reserves are reported in accordance with the minimum standards described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (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). Mineral Resources are inclusive of the Ore Reserve component unless otherwise stated.

Mineral Resources

When the 2009 Mineral Resource is restated to exclude the sale of Tau Lekoa (6.2Moz), the Mineral Resource is reduced from 226.7Moz to 220.5Moz. The total Mineral Resource remained steady, dropping slightly from 220.5Moz in 2009 to 220.0Moz in December 2010. A year-on-year increase of 5.8Moz occurred before depletion is taken into account and a decrease of 0.5Moz after depletion. It should be noted that changes in economic assumptions from 2009 to 2010 resulted in the Mineral Resource increasing by 3.5Moz whilst exploration and modelling resulted in an increase of 0.7Moz. The remaining increase of 1.6Moz resulted from various other factors. Depletions from the Mineral Resource for 2009 totalled 6.3Moz.

Mineral Resources have been estimated using a gold price of $1,100/oz (2009: $1,025/oz).

Ore Reserves

When the 2009 Ore Reserve is restated to exclude Tau Lekoa (0.8Moz), the 2009 Ore Reserve is reduced from 71.4Moz to 70.6Moz. Using the restated figure, the AngloGold Ashanti Ore Reserve increased from 70.6Moz in 2009 to 71.2Moz in December 2010. A year-on-year increase of 6.2Moz occurred before depletion of 5.6Moz, resulting in an increase of 0.6Moz after depletion. It should be noted that changes in the economic assumptions from 2009 to 2010 resulted in the Ore Reserve increasing by 2.4Moz while exploration and modelling resulted in a further increase of 3.8Moz.

Ore Reserves were estimated using a conservative gold price of $850/oz (2009: $800/oz).

Mineral Resources and Ore Reserves
growth
underpin

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135
Mineral Resource
Moz
Mineral Resource as at 31 December 2009
226.7
Sale of Tau Lekoa
(6.2)
Restated 2009 Mineral Resource
220.5
Reductions
Great Noligwa
Due to economics and depletion
(2.4)
TauTona
Transfers to Mponeng to improve change of mining
(1.3)
Siguiri
Revision to modelling procedures and increased costs
(1.0)
Other
Total of non-significant changes
(3.6)
Additions
Vaal River Surface
An economic study demonstrated that these tailings can
3.0
West Wits Surface
be economically reworked to recover uranium
1.3
Other
Total of non-significant changes
3.5
Mineral Resource as at 31 December 2010
220.0
Rounding of numbers may result in computational discrepancies
{
Ore Reserve reconciliation
2010 vs 2009 (Moz)
Moz
(3)
Reductions
73
71
69
67
65
63
61
59
57

55
71.2
2010
Change
(1.2)
Other
4.7
Additions
70.6
2009*
** Restated to exclude Tau Lekoa*
Mineral Resource reconciliation
2010 vs 2009 (Moz)
Moz
(4.7)
Reductions
225
220
215
210
205
200
220
2010
Change
(3.6)
Other
7.8
Additions
220.5
2009*
** Restated to exclude Tau Lekoa*

Mineral Resource and Ore Reserve
– a summary

Ore Reserve		Moz
Ore Reserve as at 31 December 2009		71.4
Sale of Tau Lekoa		(0.8)
Restated 2009 Ore Reserve		70.6
Reductions		
Geita	Depletions and model changes	(0.9)
Obuasi	Depletions and refinements to Ore Reserve estimation	(0.7)
Siguiri	Remodelling in accordance with reconciliation and depletion	(0.7)
TauTona	Depletion and transfers to Mponeng, minor model changes	(0.7)
Other	Total of non-significant changes	(1.2)
Additions		
Cripple Creek & Victor	MLE2 project study incorporated	1.4
Mponeng	Successful conversion drilling and minor transfers from TauTona and Savuka	1.2
Sadiola	Additions from Deep Sulphide project	0.8
Other	Total of non-significant changes	1.3
Ore Reserve as at 31 December 2010		71.2

Rounding of numbers may result in computational discrepancies

By-products

Several by-products are recovered as a result of the processing of gold Ore Reserves. These include 21,591t of uranium oxide from the South African operations, 443,761t of sulphur from Brazil and 34.6Moz of silver from Argentina.

Details of by-product Mineral Resources and Ore Reserves are given in the Mineral Resource and Ore Reserve Report 2010*.

External audit of Mineral Resource

During the course of the year and as part of the rolling audit programme, AngloGold Ashanti's 2010 Mineral Resources at the following operations were submitted for external audit by the Australian-based company Quantitative Group (QG):

- Vaal Reef at Great Noligwa, Kopanang and Moab Khotsong mines;
- Cerro Vanguardia;
- Serra Grande;
- Cripple Creek & Victor; and
- Mongbwalu.

AngloGold Ashanti's 2010 Ore Reserves at the following operations were submitted for external audit by a number of international consulting companies, namely:

- Geita

AMC

- Obuasi

AMC

- Siguiri

AMC

- Sunrise Dam: Underground

Optiro

- Cripple Creek & Victor

Pincock Allen and Holt

- Cerro Vanguardia

Xstract

- Serra Grande

Xstract

- AGA Mineração-Cuiabá

Xstract

The company has been informed that the audits identified no material shortcomings in the process by which AngloGold Ashanti's Mineral Resources and Ore Reserves were evaluated. It is the company's intention to continue this process so that each of its operations will be audited, on average, every three years.

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Competent persons

The information in this report relating to exploration results, Mineral Resources and Ore Reserves is based on information compiled by the Competent Persons. These individuals are identified in the expanded Mineral Resource and Ore Reserve Report 2010*. 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.

During the past decade, the company has developed and implemented a rigorous system of internal and external reviews of Exploration Results, Mineral Resources or Ore Reserves. 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, MAusIMM, assumes responsibility for the Mineral Resource and Ore Reserve processes for AngloGold Ashanti and is satisfied that the Competent Persons have fulfilled their responsibilities.

*

A detailed breakdown of Mineral Resources and Ore Reserves is provided in the Mineral Resource and Ore Reserve Report 2010, which is available on or about 26 March 2011 on the AngloGold Ashanti website (www.anglogoldashanti.com), from where it may be downloaded as a PDF file using Adobe Acrobat Reader. The report is also available in printed format on request from the AngloGold Ashanti offices at the addresses given at the back of the Annual Financial Statements.

Inclusive Mineral Resource – attributable

		Tonnes	Grade	Contained gold	
As at 31 December 2010	Category	million	g/t	Tonnes	Moz
South Africa	Measured	26.51	15.30	405.52	13.04
	Indicated	753.04	2.76	2,075.87	

66.74
Inferred
40.82
13.81
563.55
18.12
Total
(1)
820.38
3.71
3,044.94
97.90
Democratic Republic of
Measured
–
–
–
–
the Congo
Indicated
59.67
3.64
217.41
6.99
Inferred
30.54
3.27
99.94
3.21
Total
90.21
3.52
317.35
10.20
Ghana
Measured
77.12
4.83
372.49
11.98
Indicated
83.38
3.82
318.84
10.25
Inferred
105.26
3.71
390.99
12.57
Total

265.76
4.07
1,082.33
34.80
Guinea
Measured
43.18
0.65
28.28
0.91
Indicated
101.78
0.77
78.19
2.51
Inferred
77.77
0.85
66.11
2.13
Total
222.73
0.77
172.58
5.55
Mali
Measured
15.52
1.36
21.17
0.68
Indicated
54.86
1.79
98.07
3.15
Inferred
19.87
1.66
32.98
1.06
Total
90.24
1.69
152.22
4.89

Mineral Resource and Ore Reserve
– a summary

Inclusive Mineral Resource – attributable (continued)

		Tonnes	Grade	Contained gold	
As at 31 December 2010	Category	million	g/t	Tonnes	Moz
Namibia	Measured	23.30	0.86	20.09	0.65
	Indicated	72.57	1.28	92.78	2.98
	Inferred	23.33	1.13	26.41	0.85
	Total	119.20	1.17	139.28	4.48
Tanzania	Measured	–	–	–	–
	Indicated	80.32	3.37	270.88	8.71
	Inferred	21.95	3.62	79.57	

2.56
Total
102.27
3.43
350.46
11.27
Australia
Measured
34.88
1.74
60.55
1.95
Indicated
35.49
2.85
101.12
3.25
Inferred
19.84
2.90
57.63
1.85
Total
90.21
2.43
219.30
7.05
Argentina
Measured
11.12
1.50
16.63
0.53
Indicated
20.86
3.82
79.69
2.56
Inferred
10.20
3.19
32.55
1.05
Total
42.18
3.06
128.87
4.14
Brazil
Measured
11.18

6.39
71.43
2.30
Indicated
15.60
6.10
95.14
3.06
Inferred
30.80
6.81
209.73
6.74
Total
57.57
6.54
376.31
12.10
Colombia
Measured
–
– –
–
Indicated
15.78
0.93
14.75
0.47
Inferred
414.06
0.98
406.06
13.06
Total
429.85
0.98
420.81
13.53
United States
Measured
283.04
0.78
221.76
7.13
Indicated
216.53
0.73
157.18
5.05
Inferred
79.61

0.75
59.66
1.92
Total
579.18
0.76
438.60
14.10
Total
Measured
525.84
2.32
1,217.92
39.16
Indicated
1,509.88
2.38
3,599.94
115.74
Inferred
874.07
2.32
2,025.18
65.11
Total
2,909.79
2.35
6,843.04
220.01

(1)
The reduction in grade relative to the Measured and Inferred Mineral Resource is due to the inclusion of 505Mt at 0.28g/t of tailings and rock dump
Mineral Resource.

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Exclusive Mineral Resource – attributable		Tonnes	Grade	Contained gold	
As at 31 December 2010	Category	million	g/t	Tonnes	Moz
South Africa	Measured	15.29	17.73	271.14	8.72
	Indicated	563.41	1.65	927.58	29.82
	Inferred	19.64	18.69	367.04	11.80
	Total (1)	598.34	2.62	1,565.75	50.34
Democratic Republic of	Measured	–	–	–	–
the Congo	Indicated	26.23	2.93	76.72	2.47
	Inferred	30.54	3.27	99.94	3.21

Total
56.77
3.11
176.66
5.68
Ghana
Measured
29.69
6.96
206.52
6.64
Indicated
34.46
2.45
84.26
2.71
Inferred
105.26
3.71
391.01
12.57
Total
169.41
4.02
681.79
21.92
Guinea
Measured
4.46
0.80
3.59
0.12
Indicated
34.07
0.77
26.22
0.84
Inferred
77.77
0.85
66.11
2.13
Total
116.30
0.82
95.91
3.08
Mali
Measured
4.69
0.75

3.50
0.11
Indicated
18.27
1.69
30.79
0.99
Inferred
19.09
1.70
32.37
1.04
Total
42.05
1.59
66.66
2.14
Namibia
Measured
9.03
0.58
5.24
0.17
Indicated
42.83
1.11
47.50
1.53
Inferred
23.33
1.13
26.41
0.85
Total
75.20
1.05
79.15
2.54
Tanzania
Measured
–
– –
–
Indicated
41.62
2.93
121.83
3.92
Inferred
21.95
3.62

79.57
2.56
Total
63.57
3.17
201.40
6.48
Australia
Measured
10.83
0.93
10.10
0.32
Indicated
12.10
2.92
35.29
1.13
Inferred
19.84
2.90
57.63
1.85
Total
42.77
2.41
103.02
3.31

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AngloGold Ashanti Annual Financial Statements 2010
Mineral Resource and Ore Reserve – a summary
Mineral Resource and Ore Reserve
– a summary
Exclusive Mineral Resource – attributable (continued)
Tonnes
Grade
Contained gold
As at 31 December 2010
Category
million
g/t
Tonnes
Moz
Argentina
Measured
1.36
3.61
4.91
0.16
Indicated
16.70
2.20
36.72
1.18
Inferred
9.95
2.97
29.56
0.95
Total
28.01
2.54
71.18
2.29
Brazil
Measured
6.37
6.15
39.19
1.26
Indicated
8.35
6.10
50.93
1.64
Inferred
28.08
6.78

190.31
6.12
Total
42.81
6.55
280.44
9.02
Colombia
Measured
–
– –
–
Indicated
15.78
0.93
14.75
0.47
Inferred
414.06
0.98
406.06
13.06
Total
429.85
0.98
420.81
13.53
United States
Measured
135.85
0.75
102.38
3.29
Indicated
137.77
0.71
98.42
3.16
Inferred
69.52
0.77
53.85
1.73
Total
343.14
0.74
254.66
8.19
Total
Measured
217.57

2.97
646.57
20.79
Indicated
951.59
1.63
1,551.01
49.87
Inferred
839.05
2.15
1,799.86
57.87
Total
2,008.21
1.99
3,997.44
128.52
(1)
The reduction in grade relative to the Measured and Inferred Mineral Resource is due to the inclusion of 505Mt at 0.28g/t of tailings and rock dump
Mineral Resource.
Ore Reserves by country – attributable
Tonnes
Grade
Contained gold
As at 31 December 2010
Category
million
g/t
Tonnes
Moz
South Africa
Proved
12.03
8.24
99.07
3.19
Probable
191.99
4.41
845.74
27.19
Total
(2)
204.02
4.63
944.81
30.38
Democratic Republic of
Proved

–
–
–
–
the Congo
Probable
33.44
4.21
140.69
4.52
Total
33.44
4.21
140.69
4.52

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Ore Reserves by country – attributable (continued)
Tonnes
Grade
Contained gold
As at 31 December 2010
Category
million
g/t
Tonnes
Moz
Ghana
Proved
44.01
3.13
137.85
4.43
Probable
49.30
4.41
217.28
6.99
Total
93.31
3.81
355.13
11.42
Guinea
Proved
39.05
0.62
24.38
0.78
Probable
67.44
0.74
49.71
1.60
Total
106.49
0.70
74.08
2.38
Mali
Proved
4.96
2.23
11.03
0.35
Probable

39.18
1.78
69.82
2.24
Total
44.14
1.83
80.86
2.60
Namibia
Proved
14.27
1.02
14.49
0.47
Probable
29.74
1.45
42.99
1.38
Total
44.01
1.31
57.48
1.85
Tanzania
Proved
–
– –
–
Probable
40.92
3.20
131.06
4.21
Total
40.92
3.20
131.06
4.21
Australia
Proved
24.05
2.10
50.45
1.62
Probable
23.39
2.81
65.83
2.12

Total
47.44
2.45
116.28
3.74
Argentina
Proved
9.54
1.22
11.63
0.37
Probable
8.57
5.32
45.62
1.47
Total
18.10
3.16
57.25
1.84
Brazil
Proved
6.91
5.80
40.06
1.29
Probable
7.40
5.26
38.88
1.25
Total
14.30
5.52
78.94
2.54
United States
Proved
147.19
0.81
119.37
3.84
Probable
78.76
0.75
58.76
1.89
Total
225.95
0.79

178.13
5.73
Total
Proved
302.00
1.68
508.32
16.34
Probable
570.12
2.99
1,706.39
54.86
Total
872.12
2.54
2,214.71
71.20
(2)
The reduction in grade relative to the Proved Ore Reserve is due to the inclusion of 111Mt at 0.49g/t of tailings and rock dump Ore Reserve.

Gold, uranium and silver markets

Gold market in 2010

Product and marketing channels

Gold accounts for 98% of AngloGold Ashanti's revenue, with the balance derived from sales of silver, uranium oxide and sulphuric acid. These products are sold on international markets.

Gold produced by AngloGold Ashanti's mining operations is processed to saleable form at various precious metals refineries. Once gold is refined to this marketable form (normally large bars weighing about 12.5kg and containing 99.5% gold, or smaller bars of equal or greater purity weighing 1kg or less) the metal is sold through refineries or directly to bullion banks.

Bullion banks are registered commercial banks that deal in gold, distributing bullion bought from mining companies and refineries to markets worldwide. These banks hold consignment stocks in all major physical markets and finance these inventories from the margins they charge physical buyers.

Gold market characteristics

Gold price movements are largely driven by macroeconomic factors such as inflation expectations, currency and interest rate fluctuations or global and regional political events that are judged to affect the world economy. For millennia, gold has been a store of value in times of price inflation and economic uncertainty. This attribute, together with the presence of significant gold stocks held above ground, has at times dampened the impact of supply and demand fundamentals on the market. Trade in physical gold, however, remains an important factor in determining a price floor. Gold bars and high-caratage jewellery remain a major investment vehicle in the emerging markets of India, China and the Middle East.

The gold market is relatively liquid compared to those for many other commodities, with deep and established markets for gold futures and forward sales on the various exchanges, as well as in over-the-counter markets.

Gold, uranium and silver markets

Commodities buoyant in 2010
as gold price reaches an
high
all-time

Physical gold demand

The physical gold market is dominated by the jewellery and investment sectors, which together account for some 90% of total demand. The balance of gold supply is used in dentistry and electronics.

While the quantity of gold used in jewellery consumption has decreased over the last decade, the investment market has largely absorbed available supply. Investment in physical gold includes bar hoarding, coins, medals and other retail investment instruments as well as a burgeoning market for exchange traded funds (ETFs). The latter have, since their inception in 2002, entrenched their position as a vehicle for retail and institutional investors. ETF investment activity was once again strong during 2010, with overall holdings continuing to grow, albeit at a slower rate than in 2009.

Newly mined gold accounts for just over 60% of total supply. Due to its high value, gold is rarely destroyed and some 161,000t of the metal, the equivalent of about 65 years of newly mined supply at current levels, is estimated to exist in the form of jewellery, central bank gold reserves and private investment.

Gold demand by sector

Jewellery demand

The jewellery market improved in 2010 from the previous year, with a welcome return to form for the vital Indian jewellery market. China, the only major gold jewellery market to grow in 2009, showed further growth in 2010. These two countries are the world's largest gold consumers with high-caratage jewellery (22 carat in India and 24 carat in China) serving an important investment purpose. In fact, jewellery demand significantly exceeds investment demand in the form of ETFs, coins and bar hoarding in both nations.

In India, over 750t of gold were imported in 2010, a new record, and up from 557t the previous year. Indian consumers view gold jewellery as a form of savings and so do not readily sell their jewellery. Gold reached record prices in rupee terms and still consumers did not cash-out en masse, with so-called ´recycling´ of jewellery remaining around the longer-term average levels of 25%. Unlike 2009, the record gold price has been accepted by Indian consumers who continued a long tradition of buying the precious metal as insurance against inflation and economic shock.

Chinese jewellery demand in 2010 rose some 10% over 2009. Most of this increase took the form of pure gold jewellery, which holds superior investment appeal to the 18 carat variety known in China as K Gold. Nevertheless, the K Gold market also showed a welcome gain of 5%, following a 10% decline in 2009. Consumer psychology in 2010 was marked by the growing perception that gold is an important component of any asset portfolio. This view was previously the domain of wealthy

Chinese, but encouragingly, the middle class began to exhibit a similar tendency. Chinese consumers showed little aversion to the higher price of gold, given the investment appeal of pure gold jewellery and a bullish outlook on the gold price.

The Middle Eastern market improved from 2009 levels, but the recovery was patchy and less substantial than the Indian resurgence. In the United Arab Emirates, the jewellery sector experienced a strong rebound in the second half of the year as consumer confidence returned to the local economy. The 22 carat segment remained the category leader thanks to heavy buying from expatriates from the Asian subcontinent. Turkey experienced a moderate increase in jewellery sales and exhibited a promising trend for most of the year. In dollar terms, gold jewellery exports from the region increased by 22%. In the Kingdom of Saudi Arabia, each quarter saw a year-on-year increase in gold demand but consumers remained cautious given the rising price. Elevated prices, however, kept recycling at customary levels.

Investment demand

ETF holdings experienced mixed fortunes in 2010, after registering net disinvestment in the first quarter. This trend reversed in the second and third quarters before stagnating in the final three months of the year at approximately 2,100t, or around 68Moz.

Gold, uranium and silver markets
The cumulative growth in ETFs for 2010 was around 330 tonnes, in line with annual average growth rates since 2003. In 2009, however, ETF holdings grew by 617 tonnes in a year that saw a 24% rise in the gold price. In 2010, ETF growth was significantly slower despite a 30% rise in the price of the metal. However, the value of the gold ETF market grew by 55% to $34bn.

The universe of gold ETFs has grown steadily since inception, with 16 products now spanning global financial exchanges from New York to Johannesburg and Istanbul to Dubai, among others. In the second half of 2010, China permitted domestic institutional investors to invest in international ETFs, broadening global investment channels for gold and – given the Chinese appetite for gold – generating significant potential for a fresh, largely untapped demand source. In India, the ETF market doubled in volume to around 16 tonnes.

Coin and bar markets in most major markets saw continued firm demand in 2010. In China, investment demand grew to 35% of total demand. China Gold Corporation reported remarkable sales of 45t, while ICBC bank sold 27t of the yellow metal. In the US, several reports chronicled the US Mint's inability to keep pace with gold coin demand. The Middle Eastern market saw sustained interest in large denomination bullion bars from high-net-worth individuals.

Central bank holdings, sales and purchases

Central banks periodically sell or add to their gold reserves. Most central bank sales take place under so-called Central Bank Gold Agreements (CBGA), which compel signatories to sell in a stable and responsible fashion to minimise the impact on the global market. The third of these agreements, in effect since 27 September 2009, limits signatories to annual sales of 20% less than the previous agreement.

Given the turmoil in global financial markets and the strong performance of gold, it is unsurprising that there was little central bank selling in 2010. In the first full year of the third CBGA, just 6t of sales were reported against the annual quota of 400t excluding sales by the International Monetary Fund (IMF).

Official sector activity in 2010 was dominated by sales of a portion of the IMF inventory announced in late 2009. In addition to the purchase by the Reserve Bank of India in 2009 of roughly half the 403t offered, Mauritius, Sri Lanka and Bangladesh made their own acquisitions from the IMF. These four countries account for roughly 55% of the gold the IMF had to sell, with the balance sold on the open market.

AngloGold Ashanti's marketing spend

AngloGold Ashanti has remained committed to growing the

gold market.
Gold, uranium and silver markets
Growth in gold holdings held by ETFs
2009 vs 2010 (indexed)
Ind points
Jan
Aug
Apr
Mar
Feb
1.60
1.50
1.40
1.30
1.20
1.10
1.00
0.90
0.80
2009 ETF growth
2010 ETF growth
May
Jul
Jun
Sep
Oct
Nov
Dec

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The company is an active member of the World Gold Council, and subscriptions to this industry body account for the bulk of marketing expenditure. AngloGold Ashanti also remains involved in independent projects to grow jewellery demand in partnership with companies including Tanishq, a subsidiary of the TATA Group. AuDITIONS, the company's own global gold jewellery design competition, promotes improved gold jewellery design and has become a well-recognised corporate marketing tool. See the competition website at www.goldauditions.com.

Uranium market in 2010

AngloGold Ashanti's uranium production is sold via a combination of spot sales and residual legacy agreements expiring in 2013.

After languishing between $40/lb to $50/lb for more than a year, the spot price of uranium began to rise sharply toward the end of October and ended 2010 at $61.50/lb, the highest price since the onset of the global financial crisis in September 2008. The move appears to have been caused by a combination of a production shortfall, restocking by utilities and the launch of a physically backed ETF for uranium.

Demand is likely to remain robust as the number of nuclear reactors increases globally – there are currently 441 reactors in operation and a further 58 under construction. This number is likely to increase as global emphasis shifts towards greener, more environmentally friendly energy sources.

At the moment current demand can be met from existing mine production and stockpiles, however within the next two to three years the market is likely to move to a deficit.

Silver market in 2010

AngloGold Ashanti produces silver as a by-product of gold at a number of its global operations and principally at its Cerro Vanguardia mine in Argentina.

The silver price rallied more than 80% over the course of the year, ending at almost $31/oz from the year’s opening levels of $17/oz. The gold/silver ratio, which measures how many ounces of silver can be bought with an ounce of gold, ended the year well below its five-year average at 47. In addition to robust investor demand, industrial and retail offtake helped improve fundamentals for the white metal.

Although COMEX investors sold silver rather aggressively during the latter part of the year, global silver ETF holdings continued to climb throughout 2010, exceeding 500Moz at year end. This represents an increase of some 100Moz. In addition to the significant ETF boost, GFMS estimated that silver coin minting rose 23% in 2010 and reports suggest continued robust physical demand for silver bars and coins in North America.

Gold-silver ratio

2006 - 2010
02 Jan 06
90
80
70
60
50
40
30
20
10
Five-year average = 59
02 Mar 06
02 May 06
02 Jul 06
02 Sep 06
02 Nov 06
02 Jan 07
02 Mar 07
02 May 07
02 Jul 07
02 Sep 07
02 Nov 07
02 Jan 08
02 Mar 08
02 May 08
02 Jul 08
02 Sep 08
02 Nov 08
02 Jan 09
02 Mar 09
02 May 09
02 Jul 09
02 Sep 09
02 Nov 09
02 Jan 10
02 Mar 10
02 May 10
02 Jul 10
02 Sep 10
02 Nov 10

Board of directors and executive management
Executive directors
Mr M Cutifani (52) (Australian), BE (Min. Eng)
Chief executive officer
Mark Cutifani was appointed to the board of AngloGold Ashanti on 17 September 2007 and as chief executive officer on 1 October 2007. He is chairman of the Executive Committee and a member of the Transformation and Human Resources Development, Safety, Health and Sustainable Development, Investment, Party Political Donations, Risk and Information Integrity committees. He attends Audit and Corporate Governance Committee meetings as an invitee.
Mark has considerable experience across several mining sectors and operating jurisdictions, having worked extensively in the gold, coal and base metals industries since 1976 in the Americas, Africa, Australia and the Asia Pacific regions. Prior to joining AngloGold Ashanti, he held the position of chief operating officer at CVRD Inco, a Toronto-based company, where he was responsible for Inco's global nickel business. He is currently Vice-President of the South African Chamber of Mines.
Mr S Venkatakrishnan (Venkat) (45) (British), BCom, ACA (ICAI)
Chief financial officer
Venkat joined AngloGold Ashanti on 1 July 2004 from Ashanti Goldfields Company Limited (Ashanti) where he was Chief Financial Officer until that company's merger with AngloGold Limited in May 2004. He was appointed to the board on 1 August 2005, is a member of the Executive, Investment and Risk and Information Integrity committees and is invited to attend meetings of the Audit and Corporate Governance Committee.
Venkat has extensive financial experience, having been a director in the reorganisation services division of Deloitte & Touche in London prior to joining Ashanti in 2000.
Non-executive directors
Mr TT Mboweni (51) (South African), BA, MA, (Development Economics)
Chairman and independent non-executive
Tito Mboweni was appointed to the board and as chairman of AngloGold Ashanti on 1 June 2010. Mr Mboweni has a long and outstanding record of public service. As Labour Minister from 1994 to 1998, he was the architect of South Africa’s post-apartheid labour legislation which today continues to provide the basis for the mutually respectful labour relationships central to AngloGold Ashanti’s operational approach in South Africa. The past ten years have cemented his reputation as one of the world’s foremost and highly respected Central Bank governors. He is chairman of the Nominations Committee and is a member of the Investment, Financial Analysis and Party Political

Donations committees.

Dr TJ Motlatsi (59) (South African),
Hon DSoc Sc (Lesotho)

Deputy chairman and independent non-executive

James Motlatsi was appointed to the board of AngloGold Ashanti on 1 April 1998 and deputy chairman on 1 May 2002.

Board of directors and executive management

Directors and management noted for their

experience

expertise

and

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He is chairman of the Transformation and Human Resources Development and the Party Political Donations committees and a member of the Safety, Health and Sustainable Development, Nominations and Remuneration committees.
James has substantial experience in and knowledge of the mining industry in general and of South Africa in particular. His association with the industry in South Africa spans more than 30 years in various positions including that of past president of the National Union of Mineworkers. He is the executive chairman of TEBA Limited, a service organisation primarily responsible for the recruitment of mineworkers for the South African mining industry.
James retired from the board on 17 February 2011.
Mr FB Arisman (66) (American), MSc (Finance)
Independent non-executive
Frank Arisman joined the board of AngloGold Ashanti on 1 April 1998. He serves on six board committees: Audit and Corporate Governance, Safety, Health and Sustainable Development, Nominations, Remuneration, Risk and Information Integrity committees and chairs the Investment and the Financial Analysis committees.
Frank, who resides in the USA, has a rich background in management and finance through his experiences at JP Morgan where he held various positions prior to his retirement.
Mr R Gasant (51) (South African), CA (SA), ACIMA
Independent non-executive
Rhidwaan Gasant was appointed to the board of AngloGold Ashanti on 12 August 2010 and is chairman of the Risk and Information Integrity Committee, as well as a member of the Audit and Corporate Governance, Nominations and Financial Analysis Committees. He is the former Chief Executive Officer of Energy Africa Limited and a former finance director of Engen Ltd and sits on the board of South African and international non-public companies in the MTN Group.
Mr F Ohene-Kena (74) (Ghanaian), MSc Engineering, DIC, ACSM
Independent non-executive
Ferdinand (Fred) Ohene-Kena was appointed to the board of AngloGold Ashanti on 1 June 2010. He is the former Ghanaian Minister of Mines and Energy and is currently a member of the Ghana Judicial Council. He is the Chairman of the Ghana Minerals Commission and is a member of the President’s Economic Advisory Council. Mr Ohene-Kena is a member of the Safety, Health and Sustainable Development, Transformation and Human Resources Development and Nominations Committees.
Mr WA Nairn (66) (South African), BSc (Mining Engineering)
Independent non-executive

Bill Nairn has been a member of the board of AngloGold Ashanti since 1 January 2000 and chairs the Safety, Health and Sustainable Development Committee. He is a member of five other committees: Transformation and Human Resources Development, Investment, Party Political Donations, Nominations and Risk and Information Integrity committees. Bill, a mining engineer, has considerable technical experience, having been the group technical director of Anglo American plc until 2004 when he retired from the company.

Prof LW Nkuhlu (66) (South African), BCom, CA (SA), MBA (New York University)

Independent non-executive

Wiseman Nkuhlu was appointed to the board on 4 August 2006. He has been the chairman of the Audit and Corporate Governance Committee since 5 May 2007, having served as deputy chairman of the committee from 4 August 2006. He also serves as a member of the Nominations, Party Political Donations, Remuneration, Safety, Health and Sustainable Development and Risk and Information Integrity, and the Financial Analysis committees.

Wiseman, a respected South African academic, educationist, professional and business leader, served as Economic Adviser to the former President of South Africa, Mr Thabo Mbeki, and as Chief Executive of the Secretariat of the New Partnership for Africa's Development (NEPAD) from 2000 to 2005. From 1989 to 2000, he served as a director on a number of major South African companies, including Standard Bank, South African Breweries, Old Mutual, Tongaat Hulett, BMW and JCI. Wiseman was President of the South African Institute of Chartered Accountants from 1998 to 2000 and Principal and Vice Chancellor of the University of Transkei from 1987 to 1991. He is also a member of the board of Datatec Limited. He was elected President of the Geneva based International Organisation of Employers (IOE) in May 2008 for a period of two years. He is a member of the Financial Crisis Advisory Group of the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB).

Board of directors and executive management
Mr SM Pityana (51) (South African), BA (Hons) (Essex), MSc (London), Dtech (Honoris) (Vaal University of Technology)
Independent non-executive
Sipho Pityana joined the board of AngloGold Ashanti on 13 February 2007 and assumed the chairmanship of the Remuneration Committee on 1 August 2008. He is a member of the Safety, Health and Sustainable Development, Party Political Donations, Investment, Nominations, Transformation and Human Resources Development, Risk and Information Integrity and the Financial Analysis committees. Sipho has extensive experience in management and finance, and has occupied strategic roles in both the public and private sectors, including that of Director General of the national departments of both labour and foreign affairs. He was formerly a senior executive of Nedbank Limited and is currently the executive chairman of Izingwe Holdings (Proprietary) Limited, a local empowerment group and a significant investor in mining, engineering, infrastructure and logistics, and AngloGold Ashanti's BEE partner. He serves as a non-executive director on the boards of several other South African companies.
Executive management
In addition to Mr M Cutifani and Mr S Venkatakrishnan, the two executive directors, the following make up the Executive Committee:
Dr CE Carter (48), BA (Hons), DPhil, EDP
Executive Vice President – Business Strategy and Organisational Effectiveness
Charles Carter has worked in the mining industry in South Africa and the US since 1991, in a range of corporate roles with Anglo American Corporation, RFC Corporate Finance and AngloGold Ashanti. He was appointed Executive Vice President – Business Strategy in December 2007 and is responsible for corporate strategy and business planning, risk management and investor relations. In late 2009, he assumed additional responsibility for the group's Human Resources function, and now also has oversight of Project ONE's ongoing implementation and integration into the business.
Mr RN Duffy (47), BCom, MBA
Executive Vice President – Continental Africa
Richard Duffy joined Anglo American in 1987 and in 1998 was appointed executive officer and managing secretary of AngloGold. In November 2000, he was appointed head of business planning and in 2004 assumed responsibility for all new business opportunities globally. In April 2005, this role was expanded to include Greenfield exploration. He was appointed to the Executive Committee in August 2005. Richard was

appointed as Executive Vice President – Continental Africa in July 2008.

Mr GJ Ehm (54), BSc Hons, MAusIMM, MAICD

Executive Vice President – Australasia

Graham Ehm has, since 1979, gained diverse experience in mine operations and project management, covering the nickel, phosphate, copper, uranium and gold sectors. He was appointed General Manager Sunrise Dam Gold Mine in 2000, Regional Head – Australia in 2006 and Executive Vice President – Australasia in December 2007. He assumed the role of Executive Vice President – Tanzania on 1 June 2009 where he led a successful implementation of a turnaround strategy for the Geita mine. In August 2010 he resumed the position of Executive Vice President – Australasia.

Mr RW Largent (50), BSc (Min. Eng), MBA

Executive Vice President – Americas

Ron Largent has been with AngloGold Ashanti since 1994. He has served on the board of directors for the Colorado Mining Association, California Mining Association and Nevada Mining

Board of directors and executive management

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Association. In 2001, he was appointed general manager of the Cripple Creek & Victor Gold Mine and took up his current role as Executive Vice President – Americas in December 2007.

Mr RL Lazare (54), BA, HED, DPLR, SMP
Executive Vice President – South Africa
Robbie Lazare joined Anglo American Gold and Uranium Division in 1982, working in a variety of management posts until 1999 when he was appointed general manager of TauTona. In December 2004, he was appointed an executive officer with responsibility for South African operations and in July 2008, Executive Vice President – Human Resources. From 17 November 2009, Robbie was assigned to lead a strategy review of the South African operations and is now responsible for the South Africa region as Executive Vice President – South Africa Region.

Mr AM O'Neill (53), BSc (Mining Engineering), MBA
Executive Vice President – Business and Technical Development
Tony O'Neill joined AngloGold Ashanti in July 2008 as Executive Vice President – Business and Technical Development, having consulted to the company prior to this on its asset portfolio strategy. His extensive career in mining since 1978 included the roles of executive – operations at Newcrest Mining Limited and executive general manager for gold at Western Mining Corporation.

Mr TML Setiloane (51), FAE, BSc (Mech Eng)
Executive Vice President – Business Sustainability
Thero Setiloane joined AngloGold in May 2003 from Real Africa Holdings, where he had been an executive director. He was appointed an executive officer and a member of AngloGold Ashanti's Executive Committee in February 2006 and as Executive Vice President – Sustainability in December 2007.

Ms YZ Simelane (45), BA LLB, MAP, EXMPM
Senior Vice President – Corporate Affairs
Yedwa Simelane joined AngloGold in November 2000 from the Mineworkers' Provident Fund where she was the senior manager of the Fund. She was appointed an executive officer in May 2004 and Vice President – Government Relations in July 2008. In November 2009, she was appointed Senior Vice President – Corporate Affairs.

Company secretary

Ms L Eatwell (56), FCIS, FCIBM
Lynda Eatwell joined AngloGold in 2000 as assistant company secretary and was appointed company secretary in December 2006. She is responsible for ensuring compliance with statutory and corporate governance requirements and the regulations of the stock exchanges on which AngloGold Ashanti is listed. She also advises members of the board on

their duties and responsibilities as directors.

Group information

AngloGold Limited was founded in June 1998 with the consolidation of the gold mining interests of Anglo American. The company, AngloGold Ashanti as it is now, was formed on 26 April 2004 following the business combination between AngloGold and Ashanti Goldfields Company Limited. AngloGold Ashanti is currently the third-largest gold producer in the world.

Current profile

AngloGold Ashanti Limited, headquartered in Johannesburg, South Africa, is a global gold company with a portfolio of long-life, relatively low-cost assets and differing orebody types in key gold producing regions. The company's 20 operations are located in 10 countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the US), and are supported by extensive exploration activities. The combined Proved and Probable Ore Reserves of the group amounted to 71.2Moz as at 31 December 2010.

The primary listing of the company's ordinary shares is on the JSE in South Africa. Its ordinary shares are also listed on stock exchanges in London, Paris and Ghana, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs), in New York in the form of American Depositary Shares (ADSs), in Australia, in the form of Clearing House Electronic Subregister System Depositary Interests (CDIs) and in Ghana, in the form of Ghanaian Depositary Shares (GhDSs).

AngloGold Ashanti Limited (Registration number 1944/017354/06) was incorporated in the Republic of South Africa in 1944 under the name of Vaal Reefs Exploration and Mining Company Limited and operates under the South African Companies Act 61 of 1973, as amended.

History and significant developments of the company

Below are highlights of key corporate activities from 1998:

1998

- Formation of AngloGold Limited through the consolidation of East Rand Gold and Uranium Company Limited; Eastvaal Gold Holdings Limited; Southvaal Holdings Limited; Free State Consolidated Gold Mines Limited; Elandsrand Gold Mining Company Limited; H.J. Joel Gold Mining Company Limited and Western Deep Levels Limited into a single, focused, independent, gold mining company. Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs), the vehicle for the consolidation, changed its name to AngloGold Limited and increased its authorised share capital, effective 30 March 1998.

1999

- Acquisition of non-controlling shareholders interest in Driefontein Consolidated Limited (17%); Anmercosa Mining (West Africa) Limited (100%); Western Ultra Deep Levels

Group information

Founded in 1998, AngloGold Ashanti is the
producer in the world
gold
third-largest

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Limited (89%); Eastern Gold Holdings Limited (52%); Erongo Mining and Exploration Company Limited (70%);

- Purchased Minorco's gold interests in North and South America; and
- Acquisition of Acacia Resources in Australia.

2000

Acquired:

- a 40% interest in the Morila mine in Mali from Randgold Resources Limited;
- a 50% interest in the Geita mine in Tanzania from Ashanti Goldfields Company Limited (Ashanti); and
- a 25% interest in OroAfrica, South Africa's largest manufacturer of gold jewellery.

2001

- AngloGold sold the Elandsrand and Deelkraal mines to Harmony Gold Mining Company Limited (Harmony); disposed of its interests in No. 2 Shaft Vaal River Operations to African Rainbow Minerals (ARM) and made an unsuccessful take-over bid for Normandy Mining Limited.

2002

- Sold the Free State assets to ARM and Harmony; and
- Acquired an additional 46.25% of the equity, as well as the total loan assignment, of Cerro Vanguardia SA from Pérez Companc International SA, thereby increasing its interest in Cerro Vanguardia to 92.5%.

2003

- Disposed of its wholly owned Amapari project to Mineração Pedra Branca do Amapari;
- Sold its 49% stake in the Gawler Craton joint venture, including the Tunkillia project located in South Australia to Helix Resources Limited;
- Sold its interest in the Jerritt Canyon joint venture to Queenstake Resources USA Inc;
- Disposed of its entire investments in East African Gold Mines Limited and in Randgold Resources Limited; and
- Purchased a portion of the Driefontein mining area in South Africa from Gold Fields Limited.

2004

- Sold its Western Tanami project to Tanami Gold NL in Australia;
- Concluded the business combination with Ashanti Goldfields Company Limited, at which time, the company changed its name to AngloGold Ashanti Limited;
- Acquired the remaining 50% interest in Geita as a result of the business combination;
- AngloGold Holdings plc, a subsidiary of AngloGold, completed an offering of $1bn principal amount 2,375% convertible bonds, due 2009, and guaranteed by AngloGold Ashanti;
- Acquired a 29.8% stake in Trans-Siberian Gold plc;

- Sold its Union Reefs assets to the Burnside joint venture, comprising subsidiaries of Northern Gold NL (50%) and Harmony (50%);
- Sold its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Proprietary) Limited;
- Sold its 40% equity interest in Tameng Mining and Exploration (Pty) Limited of South Africa (Tameng) to Mahube Mining (Pty) Limited; and
- Subscribed for a 12.3% stake in the expanded issued capital of Philippines explorer Red 5 Limited.

2005

- Substantially restructured its hedge book in January 2005;
- Signed a three-year $700m revolving credit facility;
- Disposed of exploration assets in the Laverton area in Australia;
- Disposed of its La Rescatada project to ARUNANI SAC, a local Peruvian corporation;
- Acquired an effective 8.7% stake in China explorer, Dynasty Gold Corporation; and
- The Director-General of Minerals and Energy notified AngloGold Ashanti in August 2005 that its application for the new order mining rights in terms of the South African Mineral and Petroleum Resources Development Act had been granted.

2006

- Raised $500m through an equity offering;
- Acquired two exploration companies, Amikan and AS APK, from TSG as part of the company's initial contribution towards its strategic alliance with Polymetal;
- Formed a new company with B2Gold (formerly Bema Gold) to jointly explore a select group of mineral opportunities located in northern Colombia, South America;
- AngloGold Ashanti (USA.) Exploration Inc, International Tower Hill Mines Ltd (ITH) and Talon Gold Alaska, Inc. (Talon), a wholly owned subsidiary of ITH, entered into an Asset Purchase and Sale and Indemnity Agreement whereby AngloGold Ashanti sold to Talon a 100% interest in six Alaskan mineral exploration properties and associated databases in return for an approximate 20% interest in ITH. AngloGold Ashanti has the option to increase or dilute its stake in these projects, subject to certain conditions;

- Disposed of its entire business undertaking related to the Bibiani mine and Bibiani North prospecting permit to Central African Gold plc;
- Entered into a 50:50 strategic alliance with Russian gold and silver producer, OAO Inter-Regional Research and Production Association Polymetal (Polymetal), in terms of which Polymetal and AngloGold Ashanti would co-operate in exploration and the acquisition and development of gold mining opportunities within the Russian Federation; and
- Implemented an empowerment transaction with two components: the development of an employee share ownership plan (ESOP) and the acquisition by Izingwe Holdings (Proprietary) Limited (an empowerment company) of an equity interest in AngloGold Ashanti.

2007

- Acquired the non-controlling interests previously held by the Government of Ghana (5%) and the International Finance Corporation (10%) in the Iduapriem and Teberebie mines;
- Anglo American plc sold 69,100,000 ordinary shares of AngloGold Ashanti, thereby reducing Anglo American's shareholding in AngloGold Ashanti from 41.8% to 16.6%; and
- Announced the successful closing of a $1.15bn syndicated revolving credit facility.

2008

- Issued 69,470,442 ordinary shares in a fully subscribed rights offer;
- Announced significant exploration results at the 100% owned La Colosa;
- Acquired Golden Cycle Gold Corporation through the issue of 3,181,198 ordinary shares, resulting in Cripple Creek &
- Victor becoming a wholly-owned subsidiary;
- Sold entire holding in Nufcor International Limited and cancelled 1 million pounds of outstanding uranium contracts;
- Acquired São Bento Gold Company Limited through the issue of 2,701,660 ordinary shares with the ultimate result of doubling production from the Córrego do Sítio project;
- Entered into a $1bn term facility agreement to be used to redeem the $1bn convertible bonds due February 2009; and
- AngloGold Ashanti implemented a hedge restructure programme.

2009

- Sold its 33.33% joint venture interest in the Boddington Gold Mine to Newmont Mining Corporation;
- Entered into an agreement with Simmer & Jack Mines Limited to sell the Tau Lekoa Mine and adjacent project areas;
- AngloGold Ashanti repaid its $1bn convertible bonds issued

in 2004;
- Anglo American plc sells its remaining shareholding to Paulson & Co. Inc.;
- Entered into a strategic alliance with Thani Dubai Mining Limited to explore, develop and operate mines across the Middle East and parts of North Africa;
- AngloGold Ashanti issues $732.5m, 3.5% convertible bonds, due 2014;
- Issued 7,624,162 ordinary shares and raised a total of $284m through an equity offering;
- Acquired an effective 45% interest in the Kibali gold project in the Democratic Republic of the Congo;
- Entered into a joint venture with the De Beers Group of Companies to explore for, and ultimately mine gold and other minerals and metals, excluding diamonds, on marine deposits;
- Increased the holding in the Sadiola Gold Mine from 38% to 41%; and
- AngloGold Ashanti continued to manage its hedge book in accordance with its hedge reduction programme.

2010
- Issued $700m 5.375% bonds due 2020 and $300m 6.5% bonds due 2040;
- Finalised the sale of 100% interest in the Tau Lekoa mine and adjacent properties in South Africa to Simmer & Jack Mines Limited for R600m;
- Issued 18,140,000 ordinary shares and raised a total of $789m through an equity offering;
- Issued $789m 6% mandatory convertible bonds, due 2013;
- Obtained a four-year syndicated revolving credit facility for $1bn due 2014;
- AngloGold Ashanti eliminated its hedge book, thereby gaining full exposure to spot gold price;
- Sold entire shareholding in B2Gold and realised net proceeds of C$70m; and
- Obtained a short-term facility with FirstRand Bank Limited of R1.5bn.

For full details of major corporate developments that occurred during 2010 and subsequent to year-end, refer to ‘Significant events during the year under review and subsequent to year-end’ in the Directors' report on page 221.

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AngloGold Ashanti's rights to own and exploit Mineral Reserves and deposits are governed by the laws and regulations of the jurisdictions in which these mineral properties lie.

There are in some cases, certain restrictions on AngloGold Ashanti's ability to independently move assets out of certain countries in which it has operations, and/or transfer assets within the group, without the prior consent of the local government or minority shareholders involved.

South Africa

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act (MPRDA), which had been passed by the Parliament of South Africa in June 2002 and came into effect on 1 May 2004. The objectives of the MPRDA are, among other things, to allow for state sovereignty over all mineral and petroleum resources in the country, to promote economic growth and the development of these resources and to expand opportunities for the historically disadvantaged. Another objective of the MPRDA is to ensure security of tenure for the respective operations concerning prospecting, exploration, mining and production. By virtue of the provisions of the MPRDA, the state ensures that holders of mining and prospecting rights contribute to the socio-economic development of the areas in which they operate.

The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter) sprung from the MPRDA. The Mining Charter committed all stakeholders in the mining industry to transfer ownership of 26% of their assets to black or historically disadvantaged South Africans (HDSAs) within 10 years. In addition, the government indicated it would issue a Mining Charter Scorecard (Scorecard) against which companies could gauge their empowerment credentials. The fact that the Mining Charter enjoyed the full support of the mining houses, South Africa's government and labour unions, gives it great credibility and improves its chances for success in the long run.

The objectives of the Mining Charter are to:

- promote equitable access to the nation's mineral resources by all the people of South Africa;
- substantially and meaningfully expand opportunities for HDSAs, including women, to enter the mining and minerals industry and to benefit from the exploitation of the nation's Mineral Resources;

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Ownership and
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dependent
mining

Regulatory environment
- use the industry's existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities and the major labour-sending areas; and
- promote beneficiation of South Africa's mineral commodities.

The Scorecard was designed to function as an administrative and not a legislative tool. Its objective was to find a practical framework for the Minister to assess whether a company measured up to the intent of the MPRDA and Mining Charter.

On 29 April 2009, as required by section 100(1)(b) of the MPRDA, the Minister published the Codes of Good Practice for the South African Mineral Industry (the Code). The purpose of the Code was to set out administrative principles to enhance implementation of the Mining Charter and the MPRDA. The Code is to be read in combination with the Mining Charter and other legislation relating to measurement of socio-economic transformation in the South African mining industry.

AngloGold Ashanti holds 10 mining rights in South Africa, seven of which have been successfully converted, executed and registered as new order mining rights at the Mineral and Petroleum Resources Titles Office (MPRTO). Two old order mining rights are awaiting conversion by the Department of Mineral Resources (DMR), and one has been executed, awaiting registration in the MPRTO. The deadline for the conversion process from old to new order rights was the end of April 2009.

AngloGold Ashanti holds three prospecting rights and a mining permit for the recovery of sand and clay. A new prospecting right application for copper, lead and zinc will be submitted to the DMR at the end of March 2011, when the moratorium on the issuing of rights will be lifted.

A prospecting right will be granted to a successful applicant for a period not exceeding five years, and may only be renewed once for three years. The MPRDA also provides for a retention period of up to three years after prospecting, with one renewal up to two years, subject to certain conditions.

A mining right will be granted to a successful applicant for a period not exceeding 30 years. Mining rights may be renewed for additional periods not exceeding 30 years at a time.

The MPRDA Amendment Act has been signed by the State President, and published, but is not yet in effect. Its purpose is to amend the MPRDA in order to:
- make the Minister the responsible authority for implementing

environmental matters in terms of the National Environmental Management Act, 1998 (NEMA) and specific environmental legislation as it relates to prospecting, mining, exploration, production and related activities incidental thereto on the prospecting, mining, exploration or production area;

- align the MPRDA with the NEMA in order to provide for one environmental management system;
- remove ambiguities in certain definitions;
- add functions to the Regional Mining Development and Environmental Committee;
- amend transitional arrangements so as to further afford statutory protection to certain existing old order rights; and
- provide for matters connected therewith.

AngloGold Ashanti applied for and has been granted a refining licence and an import and export permit by the South African Diamond and Precious Metals Regulator.

Continental Africa

Democratic Republic of the Congo

The mining industry in the Democratic Republic of the Congo (DRC) is regulated primarily by the Mining Code enacted in July 2002 and its ancillary regulations (the Mining Regulations promulgated in March 2003). The Mining Code, which repealed the Mining Code of April 1981, vests the Minister of Mines with the authority for the granting, refusal, suspension and termination of mineral rights. Mineral rights may be granted in the form of exploration permits for an initial period of four years and mining permits which are granted for an initial period of 30 years. An exploration permit may, at any time before expiry, be transformed partially into a mining licence or a small-scale mining permit. Exploitation permits are granted following successful completion of exploration and satisfaction of the requirements necessary for the award of such permit including approval of an environmental impact study and an environmental management plan. The holder of a mining permit is required to commence development and mine construction within three years of the award of a mining permit. Failure to do so may lead to forfeiture or payment of penalties. A permit holder must comply with specific rules relating to,

The regulatory environment enabling AngloGold Ashanti to mine among others, protection of the environment, cultural heritage, health and safety, construction and infrastructure planning. Mining and exploration activities are required to be undertaken so as to affect as little as possible the interests of lawful occupants of land and surface rights holders, including their customary rights. The exercise of mineral rights by title holders which effectively deprives and/or interferes with the rights of occupants and surface rights holders, requires payment of fair compensation by the mineral title holder.

The Mining Code provides for taxes, charges, royalties and other fees payable to the treasury by a mining title holder in respect of its activities. The Mining Code also provides for a level of fiscal stability. Existing tax, customs, exchange and benefits applicable to mining activities are guaranteed to remain unchanged for a period of 10 years in favour of a mining title holder in the event that amendment of the Mining Code results in less favourable payment obligations.

Regarding protection and enforcement of rights acquired under an exploration or mining permit, the Mining Code provides, depending on the nature of a dispute or threat, administrative, judicial and national or international arbitral recourses. AngloGold Ashanti holds the majority stake and is the operator of Ashanti Goldfields Kilo (AGK), an exploration and mining joint venture with Offices des Mines d'or de Kilo-Moto (OKIMO), a DRC governmental mining agency. AGK is engaged in exploration activities in the north eastern DRC. Following a review undertaken by a commission appointed by the DRC government to review all mining contracts entered into by mining companies with DRC parastatal mining agencies. AngloGold Ashanti engaged in and finalised with OKIMO the renegotiation of the mining joint venture and AGK related agreements. AGK's existing contractual arrangements, which were concluded under the repealed 1981 legislation, were replaced by new and restated agreements that conform or reflect the provisions of the current Mining Code of the DRC. AngloGold Ashanti also holds an effective 45% stake in the Kibali gold project located in north eastern DRC. The Kibali gold project, located in northeastern DRC, is operated by Randgold Resources and owned by Randgold Resources (45%), AngloGold Ashanti (45%) and OKIMO (10%), which represents the interest of the DRC government in the Kibali gold project.

Ghana

The Constitution of Ghana as well as the Minerals and Mining Act, 2006 (Act 703) (the Act) provide that all minerals in Ghana in their natural state are the property of the State and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of prospecting, recovery and associated land usage being granted under licence or lease.

The grant of a mining lease by the Minister of Mines is normally subject to parliamentary ratification unless the mining lease falls into a class of transactions exempted by Parliament.

Control of mining companies

The Minister of Mines has the power to object to a person becoming or remaining a 'shareholder controller', a 'majority shareholder controller' or an 'indirect controller' of a company which has been granted a mining lease if he considers that the public interest would be prejudiced by the person concerned becoming or remaining such a controller.

Stability agreements

The Act provides for stability agreements as a mechanism to ensure that the incentives and protection afforded by laws in force at the time of the stability agreement are guaranteed for 15 years. A stability agreement is subject to ratification by Parliament.

Prior to the business combination between AngloGold and Ashanti in April 2004, AngloGold and the government of Ghana agreed the terms of a stability agreement to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti would operate in Ghana following the implementation of the business combination. The stability agreement necessitated the amendment of the Obuasi Mining Lease which had been ratified by Parliament.

Under the stability agreement, the government of Ghana agreed:

- To extend the term of the mining lease relating to the Obuasi mine until 2054 on terms existing prior to the business combination;
- To maintain, for a period of 15 years, the royalties payable by AngloGold Ashanti with respect to its mining operations in Ghana at a rate of 3% per annum of the total revenue from minerals obtained by AngloGold Ashanti from such mining operations;
- To ensure the income tax rate would be 30% for a period of 15 years. The agreement was amended in December 2006 to make the tax rate equal to the prevailing corporate rate for listed companies;

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- That a sale of AngloGold Ashanti's or any of its subsidiaries' assets located in Ghana remains subject to the government's approval;
- To permit AngloGold Ashanti and any or all of its subsidiaries in Ghana to retain up to 80% of export proceeds in foreign currencies offshore, or if such foreign currency is held in Ghana, to guarantee the availability of such foreign currency; and
- To retain its special rights (Golden Share) under the provisions of the Mining Act pertaining to the control of a mining company, in respect of its assets and operations in Ghana.

Further, the Government of Ghana agreed that AngloGold Ashanti's Ghanaian operations will not be adversely affected by any new enactments or orders, or by changes to the level of payments of any customs or other duties relating to mining operations, taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance for a period of 15 years after the completion of the business combination. For fiscal years 2009 and 2010, the government, through the National Fiscal Stabilisation Act 2009 (Act 785), imposed a 5% levy on all profits before tax for mining companies as a temporary measure to raise additional revenue to meet critical expenditures, while maintaining government's fiscal objectives. In the 2011 Budget Statement and Economic Policy delivered on 18th November 2010, the Government extended the application of the Act for another fiscal year. Ashanti has however been exempted from the application of this Act by virtue of its Stability Agreement. In March 2010, the Parliament of Ghana passed an amendment to the Minerals & Mining Act, 2006 (Act 703) namely the Minerals and Mining (Amendment) Act, 2010 (Act 794) which amended section 25 of the Minerals & Mining Act, by fixing the royalty rate at 5% instead of the previous provision which stated that royalty payable shall not be more than 6% or less than 3% of the total revenue of minerals obtained by the holder. By this, mining companies are now to pay 5% of total revenue of minerals obtained, as royalties. Again AngloGold Ashanti has been exempted from the application of this amendment by virtue of its Stability Agreement.

Retention of foreign earnings

AngloGold Ashanti's operations in Ghana are permitted to retain 80% of their foreign exchange earnings in such an account. In addition, the company has permission from the Bank of Ghana to retain and use dollars, outside of Ghana, required to meet payments to the company's hedge counterparts which cannot be met from the cash resources of its treasury company.

Localisation policy

A detailed programme must be submitted for the recruitment and training of Ghanaians with a view to achieving 'localisation', which is the replacement of expatriate personnel by Ghanaian personnel. In addition, the holder must give preference to Ghanaian products and personnel, to the maximum extent possible, consistent with safety, efficiency and economies.

Except as otherwise provided in a specific mining lease, all immovable assets of the holder under the mining lease vest in the State on termination, as does all moveable property that is fully depreciated for tax purposes. Moveable property that is not fully depreciated is to be offered to the State at the depreciated cost. The holder must exercise his rights subject to such limitations relating to surface rights as the Minister of Mines may prescribe.

Mining properties

Obuasi

The current mining lease for the Obuasi area was granted by the Government of Ghana on 5 March 1994. It grants mining rights to land with an area of approximately 334 square kilometres in the Amansie East and Adansi West districts of the Ashanti region for a term of 30 years from the date of the agreement. In addition, the application for a mining lease over the adjacent 140 square kilometres has also been granted, resulting in the total area under mining lease conditions increasing to 474 square kilometres, (the Lease Area). The company is required to pay rent to the Government of Ghana (subject to review every five years, when the rent may be increased by up to 20%) at a rate of approximately $5 per square kilometre and such royalties as are prescribed by legislation, including royalties on timber felled within the Lease Area. The Government of Ghana agreed to extend the term of the mining lease relating to the Obuasi mine until 2054. The mining lease was formally ratified by Parliament on 23 October 2008.

Iduapriem and Teberebie

Iduapriem has title to a 33 square kilometre mining lease granted on 19 April 1989 for a period of 30 years. The terms

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AngloGold Ashanti to mine

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and conditions of the lease are consistent with similar leases granted in respect of the Obuasi mining lease. Teberebie has two leases, one granted in February 1998 for a term of 30 years, and another granted in June 1992 for a term of 26 years. In January 2009 Iduapriem obtained a new mining lease, the Ajopa Concession, for a period of 10 years. The concession covers an area of 48.34m
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Guinea

In Guinea, all mineral substances are the property of the state. Mining activities are primarily regulated by the Mining Code, 1995. The right to undertake mining operations can only be acquired by virtue of one of the following mining titles: surveying permit, small-scale mining licence, mining prospecting licence, mining licence or mining concession.

The holders of mining titles are guaranteed the right to dispose freely of their assets, to organise their enterprises as they wish, the freedom to engage and discharge staff in accordance with the regulations in force, the free movement of their staff and their products throughout Guinea and freedom to dispose of their products in international markets.

The group's Guinea subsidiary, Société Anglogold Ashanti Goldfields de Guinée SA (SAG), has title to the Siguiri mining concession area which was granted on 11 November 1993 for a period of 25 years. The agreement provides for an eventual extension/renegotiation after 23 years for such periods as may be required to exhaust the economic Ore Reserve.

At Siguiri, the original area granted of 8,384 square kilometres was reduced to a concession area of four blocks totalling 1,495 square kilometres.

SAG has the exclusive right to explore and mine in the remaining Siguiri concession area for an additional 22-year period from 11 November 1996 under conditions detailed in a Convention de Base which predates the new Guinea Mining Code.

Key elements of the Convention de Base are that:

- The Government of Guinea holds a 15% free-carried or non-contributory interest; a royalty of 3% based on a spot gold price of less than $475/oz, and 5% based on a spot gold price above $475/oz, as fixed on the London Gold Bullion Market, is payable on the value of gold exported;
- A local development tax of 0.4% is payable on gross sales revenue;
- Salaries of expatriate employees are subject to a 10% income tax;
- Mining goods imported into Guinea are exempt from all import taxes and duties for the first two years of commercial production; and

- SAG is committed to adopt and progressively implement a plan for the effective rehabilitation of the mining areas disturbed or affected by operations.

The Convention de Base is subject to early termination if both parties formally and expressly agree to do so, if all project activities are voluntarily suspended for a continuous period of eight months or are permanently abandoned by AngloGold Ashanti's subsidiary, or if SAG goes into voluntary liquidation or is placed into liquidation by a court of competent jurisdiction.

In addition to the export tax payable to the Government of Guinea, a royalty on production may be payable to the International Finance Corporation (IFC) and to Umicore SA, formerly Union Miniere (UM). Pursuant to the option agreement between UM and Golden Shamrock Mines Limited (GSM), a royalty on production may be payable to UM by Chevaning Mining Company Limited (CMC) or GSM, which payment obligation has been assigned to AngloGold Ashanti (Ghana) Limited, on a sliding scale of between 2.5% and 7.5%, based on the spot gold price per ounce of between $350 and $475/oz, subject to indexing from 1 January 1995, to a cumulative maximum of $60m. In addition, under the terms of the restructuring agreement with the IFC, a sliding scale royalty on production may be payable to the IFC, calculated on the same basis but at half the rate payable to UM, to a maximum of $7.8m. The royalty payable to the IFC was fully discharged in January 2008, and the royalty payment payable to Umicore was fully discharged in December 2010.

Mali

Mineral rights in Mali are governed by Ordinance No. 99-32/P-RM of 19 August 1999 enacting the mining code, as amended by No. 013/2000/P-RM of 10 February 2000 and ratified by Law No. 00-011 of 30 May 2000 (the Mining Code), and Decree No. 99-255/P-RM of 15 September 1999 implementing the Mining Code.

Prospecting activities carried out under prospecting authorisations (autorisation de prospection), is an exclusive right for an individual or corporate entity to carry out prospecting activities over a given area for a period of three years renewable without a reduction in the area of the authorisation. Research activities may be carried out under research permits (permis de recherché). The latter are granted to corporate entities only by order of the Minister in charge of Mines. Research permits are granted for a period of three years, renewable twice for additional three-year periods. Each renewal of the research permit requires a relinquishment of 50% of the area covered by such permit. The entity applying for such a permit must provide proof of technical and financial capabilities.

An exploitation permit (permis d'exploitation) is required to mine a deposit located within the area of a prospecting authorisation or a research permit. The exploitation permit grants exclusive title to prospect, research and exploit the named substances for a maximum period of 30 years renewable three times for an additional 10 years. The exploitation permit is granted only to the holder of an exploration permit or of a prospecting authorisation and covers only the area covered by the exploration permit or the prospecting authorisation. An application must be submitted to the Minister in charge of Mines and to the National Director of Mines.

As soon as the exploitation permit is granted, the holder of the exploitation permit must incorporate a company under the law of Mali. The holder of the permit will assign the permit for free to this company. The State will have a 10% free carried interest. This interest will be converted into priority shares and the State's participation will not be diluted in the case of increasing the capital.

Applications for exploitation permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed environmental study in respect of the impact of the project on the environment, a feasibility study and a bank deposit. The permit is granted by decree of the Head of Government. A refusal to grant a permit may only be based on two grounds: insufficient evidence to support the exploitation of the deposit and/ or a failure of the environmental study.

Applications for prospecting authorisations and research permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed works and cost programme, a map defining the area which is being requested and the geographical coordinates thereof, the exact details relating to the identity of the applicant and evidence of the authority of the signatory of the application. Such titles are granted by ministerial order. Any refusal to grant

such titles shall be notified by letter from the Minister in charge of Mines to the applicant.
The mining titles mentioned above all require an establishment convention (convention d'etablissement) to be signed by the State and the titleholder defining their rights and obligations. A standard form of such establishment convention has been approved by decree of the Head of Government.
AngloGold Ashanti has interests in Morila, Sadiola and Yatela, all of which are governed by establishment conventions covering exploration, mining, treatment and marketing in a comprehensive document. These documents include the general conditions with regard to exploration (work programme, fiscal and customs regime) and exploitation (formation of a local limited liability company and mining company, state shareholdings, the fiscal and customs regime during construction and exploitation phases, exchange controls, marketing of the product, accounting regime, training programmes for local labour, protection of the environment, reclamation, safety, hygiene and settlement of disputes).
As the establishment conventions contain stabilisation clauses, the mining operations carried out by the AngloGold Ashanti entities in Mali are subjected to the provisions of the previous mining codes of 1970 and 1991 but also, for residual matters, to the provisions of the Mining Code of 1999.
AngloGold Ashanti has complied with all applicable requirements and the relevant permits have been issued.
Morila, Sadiola and Yatela have 30-year permits which expire in 2029, 2024 and 2030, respectively.
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AngloGold Ashanti to mine

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Namibia
Mineral rights in Namibia vest in the State. In order to prospect or mine, the Ministry of Mines and Energy initially grants an exclusive prospecting licence and, on presentation of a feasibility study, a mining licence is then granted, taking into account the abilities of the company, including its mining, financial and technical capabilities, rehabilitation programmes and payment of royalties. The relevant licence was granted to AngloGold Namibia (Pty) Ltd in respect of its mining and prospecting activities in Namibia. The current 15-year mining licence expires in October 2018. Application has been submitted to the Ministry of Mines and Energy during 2010 for the extension of the mining area to include anomaly 16 as well as for an extension of the mining licence to 2030.
Tanzania
Mineral rights in the United Republic of Tanzania are governed by the Mining Act of 1998 (the Act), and the Mining Regulations, 1999 and property and control over minerals are vested in the United Republic of Tanzania. Prospecting for the mining of minerals, except petroleum, may only be conducted under authority of a mineral right granted by the Ministry of Energy and Minerals under this Act.
The three types of mineral rights most often encountered, which are also those applicable to AngloGold Ashanti, are:
• Prospecting licences;
• Retention licences; and
• Mining licences.
A prospecting licence grants the holder the exclusive right to prospect in the area covered by the licence for all minerals, other than building materials and gemstones, for a period of three years. Thereafter, the licence is renewable for two further periods of two years each. On each renewal, 50% of the area covered by the licence must be relinquished. Before application is made for a prospecting licence with an initial prospecting period (a prospecting licence), a prospecting licence with a reconnaissance period (a prospecting reconnaissance) may be applied for a maximum area of 5,000 square kilometres. This is issued for a period of two years after which a three-year prospecting licence is applied for.
A company applying for a prospecting licence must, inter alia, state the financial and technical resources available to it.
A retention licence can also be requested from the minister, after the expiry of a prospecting licence period, for reasons ranging from funds to technical considerations.
Mining is carried out through either a mining licence or a special mining licence, both of which confer on the holder thereof the exclusive right to conduct mining operations in or on the area covered by the licence. A mining licence is granted for a period of 10 years and is renewable for a further period of

10 years. A special mining licence is granted for a period of 25 years or for the estimated life of the orebody, whichever is shorter, and is renewable for a further period of 25 years. If the holder of a prospecting licence has identified a mineral deposit within the prospecting area, which is potentially of commercial significance but cannot be developed immediately for reasons of technical constraints, adverse market conditions or other economic factors of a temporary character, it can apply for a retention licence which will entitle the holder thereof to apply for a special mining licence when it sees fit to proceed with mining operations.

A retention licence is valid for a period of five years and is thereafter renewable for a single period of five years. A mineral right may be freely assigned by the holder thereof to another person or entity by notifying the Commissioner for Minerals, except for a mining licence, which must have the approval of the Ministry to be assigned. However, this approval requirement for the assignment of a mining licence will not apply if the mining licence is assigned to an affiliate company of the holder or to a financial institution or bank as security for any loan or guarantee in respect of mining operations.

A holder of a mineral right may enter into a development agreement with the Ministry to guarantee the fiscal stability of a long-term mining project and make special provision for the payment of royalties, taxes, fees and other fiscal imposts.

AngloGold Ashanti has complied with all applicable requirements and the relevant licences, which have been issued for 25 years, expiring in 2023.

Regulatory environment

The entire property and control over minerals on, in or under the land is vested in the United Republic of Tanzania. No person is allowed to prospect for minerals or carry on mining operations except under the authority of a Mineral Right granted, or deemed to have been granted under the Mining Act, 1998. In order to prospect or mine, the Ministry of Minerals and Energy initially grants an exclusive prospecting licence and on presentation of a feasibility study, a mining licence is then granted taking into account the ability of the company, including its mining, financial and technical capabilities, rehabilitation programmes and payment of royalties. The relevant licence was granted to Geita Gold Mine Ltd in respect of its mining in Tanzania. The current 25-year mining licence expires in 2023. There is a new Mining Act which has been passed by Parliament this year. The new Mining Act and its Regulations came into force in November 2010.

Australasia

Australia

In Australia, with a few exceptions, all onshore minerals are owned by the Crown (in right of the State). The respective Minister for each State and Territory is responsible for administering the relevant Mining legislation enacted by the States and Territories.

Native Title legislation applies to certain mining tenure within Australia. Australia recognises and protects a form of Native Title which reflects the entitlement of Aboriginal people to their traditional lands in accordance with their traditional custom and laws. Should Native Title claims or determinations exist, certain Native Title processes and procedures will apply under the Native Title Act 1993 (Cth) before the tenure is granted. Other Federal and State Aboriginal heritage legislation operates in parallel to Native Title legislation, and are predominantly for the purposes of protecting Aboriginal sites and areas of significance from disturbance. To date, there has not been any significant impact on any of AngloGold Ashanti’s tenure due to Native Title or Aboriginal Heritage legislation.

AngloGold Ashanti's operating properties are located in the state of Western Australia. The most common forms of tenure are exploration and prospecting licences, mining leases, miscellaneous licences and general purpose leases. In most Australian states, if the holder of an exploration licence establishes indications of an economic mineral deposit and complies with the conditions of the grant, the holder of the exploration licence has a priority right against all others to apply for a mining lease which gives the holder exclusive mining rights with respect to minerals on the property.

It is possible for an individual or entity to own the surface of the

property and for another individual or entity to own the mineral rights. Typically, the maximum initial term of a mining lease is 21 years and the holder has the right to renew the lease for an additional 21 years. Subsequent renewals are granted at the discretion of the respective State or Territory's minister responsible for mining rights. Mining leases can only be assigned with the consent of the relevant minister.
Government royalties are payable as specified in the relevant legislation in each State or territory. A general purpose lease may also be granted for one or more of a number of permitted purposes. These purposes include erecting, placing and operating machinery and plant in connection with mining operations, depositing or treating minerals or tailings and using the land for any other specified purpose directly connected with mining operations.
AngloGold Ashanti owns the mineral rights and has 21-year term mining leases with rights of renewal to all of its mining areas in Australia, including its proportionate share of joint venture operations. Both the group and its joint venture partners are fully authorised to conduct operations in accordance with relevant laws and regulations. The mining leases and rights of renewal cover the current life-of-mine at AngloGold Ashanti's operations in Australia.

Americas

Argentina

According to Argentinian mining legislation, mines are the private property of the nation or a province, depending on where they are located. Individuals are empowered to explore for and to exploit and dispose of mines as owners by means of a legal licence granted by a competent authority under the

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AngloGold Ashanti to mine

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provisions of the Argentine Mining Code. The legal licences granted for the exploitation of mines are valid for an undetermined period, provided that the mining title holder complies with the obligations settled in the Argentine Mining Code. In Argentina, the usual ways of transferring a right over a mining licence are: to sell the licence; to lease such a licence; or to assign the right under such a licence by a beneficial interest or Usufruct Agreement. In the case of Cerro Vanguardia – AngloGold Ashanti's operation in Argentina – the mining title holder is its partner, Fomicruz, and in terms of the Usufruct Agreement signed between them and Cerro Vanguardia SA on 27 December 1996, the latter has the irrevocable right to the exploitation of the deposit for a period of 40 years. This agreement expires on 27 December 2036.

Brazil

In Brazil, there are two basic mining rights:

- a licence for the exploration stage, valid for a period of up to three years, renewable once; and
- a mining concession or mine manifest, valid for the life of the deposit.

In general, exploration licences are granted on a first-come, first-served basis. Mining concessions are granted to the holders of exploration licences that manage to prove the existence of a Mineral Resource and have been licensed by the competent environmental authority.

Mine manifests (mining titles granted in 1936) and mining concessions (mining titles presently granted through an order signed by the Secretary of Mines of the Ministry of Mines and Energy) are valid for an undetermined period until the depletion of reserves, provided that the mining title holder complies with current Brazilian mining and environmental legislation, as well as with those requirements set out by the National Department of Mineral Production (DNPM) which acts as the inspecting entity for mining activities. Obligations of the titleholder include:

- The start of construction, as per an approved development plan, within six months of the issuance of the concession;
- Extracting solely the substances indicated in the concession;
- Communicating to the DNPM the discovery of a mineral substance not included in the concession title;
- Complying with environmental requirements;
- Restoring the areas degraded by mining;
- Refraining from interrupting exploitation for more than six months; and
- Reporting annually on operations.

The difference between a mine manifest and a mining concession lies in the legal nature of these two mining titles, since it is much more difficult and complicated for the public administration to withdraw a mine manifest than a mining concession. Although, in practice, it is possible for a manifest to be cancelled or to become extinct if the abandonment of the mining operation is formally proven. All of AngloGold Ashanti's operations in Brazil have indefinite mining licences.

Colombia

In Colombia, all mineral substances are the property of the State of Colombia. Mining activities are primarily regulated by the Mining Code, Act 685, 2001 and Act 1382, 2010. The underlying principle of Colombian mining legislation is: first in time, first in right.

The process starts with a proposal, the presentation of which gives a right of preference to obtain the area, provided it is available. The maximum extent of an area covered by such a proposal is 10,000 hectares. Once a proposal has been received, the relevant government agency undertakes an investigation to determine whether another proposal has been received regarding the area concerned or whether an existing contract for the area is already in place. The government agency grants a “free zone” when the proposal made has a right of preference.

The new law includes the possibility for the government to reserve some areas to offer in a bidding process.

The concession contract

The government agency grants an exclusive concession contract for exploration and exploitation. Such a concession allows the concessionaire to conduct the studies, works and installations necessary for establishing the existence of minerals and their exploitation. The total term of such a concession is 20 years. Following an amendment, the extension of the concession contract for an additional 20-year

Regulatory environment

period is no longer automatic. To receive the extension, the concessionaire must request the extension two years before the termination of the initial 20-year period, and must present economic, environmental and technical information. Because the extension is not automatic, the concessionaire must renegotiate conditions of the extension.

According to the new law, the exploration period has been extended until 11 years. To receive the extension, the concessionaire must present a technical report every two years and explain its proposed activities for the next two years. Once the concessionaire has completed its exploration programme, a proposed plan of works and installations and a study of the environmental impact must be completed in order to receive an environmental licence, without which the mining project may not be developed.

The terms of the concession and all obligations relating to it, start from the date of registration of the contract at the National Mining Register. Once a mining concession has been awarded, the operating entity must take out an insurance policy to cover any possible environmental damage and its mining obligations.

There are some areas where mining activity is prohibited. These areas are:

a) national parks;
b) regional parks;
c) protected forest reserves;
d) paramus (included in the new law); and
e) wetlands, according to the Ramsar Convention (included in the new laws).

For the forest reserves (these are not protected forest reserves but rather land set aside for active forestry purposes), it is necessary to extract this area to start activities after initial prospection in the exploration phase (ie. drilling). This extraction consists of a specific permit to partially and temporarily change the use of the soil to permit such exploration activities.

Surface fee

After exploration and construction of the infrastructure for the mine, royalty payments are due.

The new law changes the payments of the cannon fees. Without taking into consideration the extension of the areas, as it was before, the amount of the cannon is due from the moment the area is declared available for the company (rather than from signature of the concession contract) and changes according to the number of years:

- From 1 to 5 years: approximately $9.00 per hectare per year.
- For years 6 and after, approximately $11.00 per hectare

per year.

Royalty

The royalty paid to the Colombian government is equivalent to a percentage of the exploited primary product, the object of the mining title, and its sub-products. For gold, the percentage of the royalty to be paid is 4%.

United States of America

Mineral rights, as well as surface rights, in the US are owned by private parties, state governments or the federal government. Most land prospective for precious metals exploration, development and mining is owned by the federal government and is obtained through a system of self-initiated location of mining claims pursuant to the General Mining Law of 1872, as amended. Individual states typically follow a lease system for state-owned minerals. Private parties have the right to sell, lease or enter into other agreements, such as joint ventures, with respect to minerals that they own or control. All mining activities, regardless of whether they are situated on privately- or publicly-owned lands, are regulated by a myriad of federal, state and local laws, regulations, rules and ordinances, which address various matters including environmental protection, mitigation and rehabilitation. Authorisations and permits setting forth the activities and restrictions pertaining thereto are issued by the responsible governmental agencies for all phases of mining activities. Cripple Creek & Victor Gold Mining Company's Cresson Project consists almost entirely of owned, patented mining claims from former public lands, with a small percentage of private and state lands being leased. The total area of control is approximately 7,100 acres. Patented claims vest ownership in the holder, including the right to mine for an indefinite tenure. All life-of-mine reserves are within these property controls. The mining and rehabilitation permits issued by the State of Colorado are life-of-mine permits.

The regulatory environment enabling AngloGold Ashanti to mine

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Mine site rehabilitation and closure

All mining operations will eventually cease. For AngloGold Ashanti, an integral aspect of operating its mines is ongoing mine closure planning, together with the associated estimates of liability costs and the assurance of adequate financial provisions to cover these costs. An estimate of future liabilities is given in the provisions note to the annual financial statements, note 34 on page 318.

The company's Environment and Community Policy commits the company, amongst others, to ensuring that "financial resources are available to meet its closure obligations". One of the company's values is that "the communities and societies in which we operate will be better off for AngloGold Ashanti having been there".

In order to ensure that operating staff and the company's stakeholders understand clearly what these statements mean in practice and to set a common benchmark across the company, a closure and rehabilitation management standard was finalised during 2009. Operations have been given two years (ie. end 2011) to achieve full compliance with the standard. Guidelines to assist operations to implement the standard were developed during 2009/10. A workshop was held in December 2010 to ensure alignment amongst environmental, social and accounting professionals within the company and to share best practices across the group.

The evaluation of new projects takes into account closure and associated costs in a conceptual closure plan. The AngloGold Ashanti standard requires that an interim closure plan be prepared within three years of commissioning an operation, or earlier if required by legislation. This plan is reviewed and updated every three years (annually in the final three years of a mine's life) or whenever significant changes are made, and take into account operational conditions, planning and legislative requirements, international protocols, technological developments and advances in practice. The interim plan becomes a final plan at least three years before closure is anticipated.

For many of the older mines, closure planning and the evaluation of environmental liabilities is a complex process. This is particularly the case in Brazil, Ghana and South Africa, where many of the long-life operations present environmental legacies that may have developed over a century or more. A particular challenge is concurrent rehabilitation, which is carried out while a mine is still operating. This practice serves to decrease the current liability and reduces the final rehabilitation and closure work that must be undertaken, but has the potential to sterilise reserves, which the company might wish to exploit should conditions, such as the gold price, change.

An assessment of closure liabilities is undertaken annually.

Ongoing
planning
to mining operations
integral
mine closure

Gold production

Gold production

1. Exploration
2. Creating access
3. Removing the ore
4. Transportation
5. Processing
6. Refining

AngloGold Ashanti's **core business** is the production of gold

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Gold production can be divided into six main activities supported by mine planning, engineering services, ventilation, rock engineering, procurement, finance, social and environmental services and human resources, among others.
The six core production processes are:

1. Exploration – Finding the orebody

AngloGold Ashanti's exploration work is split into two functions. The company's greenfield exploration team identifies and evaluates targets on its own or in conjunction with joint venture partners. The brownfield exploration team is responsible for identifying the limits of known deposits or finding additional deposits close to existing operations to facilitate organic growth. All discoveries undergo a well structured and intensive evaluation process aimed at improving confidence in the Mineral Resource and Ore Reserve estimates before developing or expanding the mine.

2. Development – Creating access to the orebody

Two types of mining are used to access orebodies:

- Underground mining: a vertical or decline (inclined) shaft is sunk deep into the ground to transport people and mining materials to underground levels from which the orebody is accessed through horizontal tunnels known as haulages and cross-cuts. Further development is then undertaken to open the orebody so mining can take place; and
- Open-pit mining: this method is employed when ore lies close to surface and can be exposed for mining by stripping overlying, barren material.

3. Mining – Removing the ore

In underground mining, holes are first drilled into the orebody, filled with explosives and blasted. The blasted 'stopes' or 'faces' are then cleaned and the ore released by blasting is then ready to be transported to surface.
In open-pit mining, the material may be 'free digging,' although drilling and blasting is usually necessary to break the ore and waste prior to transportation. Excavators then load the material onto haul trucks which transport the material to the plant, ore stockpiles or waste dump facility.

4. Transportation – Moving broken material from mining face to the plant

Underground material is brought to surface by a combination of horizontal and vertical transport systems. Once on surface, ore is transported to the processing facilities by surface rail or overland conveyors and waste material is deposited on low grade dumps.
In open-pit operations, haul trucks deliver ore directly to the processing facilities.

5. Processing – Treating the ore to recover the gold

Liberation is the first step in processing and involves breaking up ore, which is delivered as large rocks, into small particles so contained gold minerals are exposed and available for recovery. This is usually undertaken by a combination of multi-stage crushing and milling circuits with associated screening and classification processes to ensure that material of the correct size is removed promptly from the milling circuit.
Coarse, liberated gold particles, which may not dissolve fully during the cyanide leach process, are removed by gravity concentration during milling with the resultant concentrate undergoing separate processing.
Recovery of gold can then commence, depending on the nature of the gold contained in the ore.
There are two basic classes of ore:
- Free-milling: where gold is readily available for recovery by the cyanide leaching process; and
- Refractory ores: where gold is not readily available for leaching because it is locked within a sulphide mineral matrix (e.g. pyrite), extremely finely dispersed within the host rock (not yet exposed), or alloyed with other elements which retard or prevent leaching (e.g. tellurides).

Free milling and oxidised refractory ores are processed for gold recovery by leaching ore in agitated tanks in an alkaline cyanide leach solution which dissolves the gold. This is generally followed by adsorption of the dissolved gold cyanide complex onto activated carbon at a significantly higher

Gold production

concentration. In some operations, the gold bearing solution is filtered from the pulp and gold is then precipitated by the addition of zinc dust.

Refractory ores undergo pre-treatment to make them more amenable to cyanide leaching. This commonly takes the form of separating the gold-bearing sulphide materials from the barren gangue material by using flotation to produce a high-grade sulphide concentrate. The sulphide concentrate is then oxidised by either roasting – as at AngloGold Ashanti Córrego Do Sítio Mineração; bacterial oxidation (BIOX) – as at Obuasi; or in pressure oxidation units. This oxidation destroys the sulphide matrix and exposes the gold particles thereby making them amenable to recovery by the cyanidation process.

An alternative to the milling and leaching process is the heap leach process, generally applicable to high-tonnage, low-grade ore deposits. It can, however, also be successfully applied to medium-grade deposits where smaller ore deposit tonnages cannot economically justify a capital-intensive milling and leaching plant. In this process, ore is simply crushed to a coarse size and heaped on a lined leach pad. Low-strength alkaline cyanide solution is dripped onto the heap for periods of up to three months. The gold dissolves and the gold bearing solution is collected from the base of the heap and transferred to carbon-in-solution (CIS) columns, where the gold cyanide complex is adsorbed onto activated carbon. The barren solution is refreshed and recycled to the top of the heap.

Gold which has loaded (adsorbed) onto activated carbon is recovered by a process of re-dissolving it from the activated carbon (elution), followed by precipitation in electro-winning cells and subsequent smelting of the precipitate into doré bars, which have a gold content of between 85% and 95%. These bars are shipped to gold refineries for further processing.

Valuable by-products are generated during the gold recovery process at certain AngloGold Ashanti operations. These by products are:

- Silver, which is associated with the gold at some of our operations;
- Sulphuric acid, which is produced from the gases generated during sulphide roasting; and
- Uranium, which is recovered in a process which involves sulphuric acid leaching, followed by recovery of the leached uranium onto resin and subsequent stripping of the resin by sulphuric acid and precipitation of ammonium diurinate (yellow cake) using ammonia. Uranium oxide is then produced by calcination (heating) of the yellow cake.

Residue from processing is pumped to well-designed tailings-storage facilities, where the solids settle to form a beach, while the water is reused.

6. Refining – Preparing the gold for market

The doré bars are transported to a precious metal refinery, where the gold is upgraded to a purity of 99.5% or greater, for sale to a range of final users. High-purity gold is referred to as 'good delivery', which means it meets the quality standards set by the London Bullion Market Association and gives the buyer assurance of its gold content and purity.

Gold production

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Business sustainability
AngloGold Ashanti has reported on social investment and sustainability issues since 2002. In 2009 the reporting approach used by the company was reviewed, taking into account leading international practice, and the company moved towards the production of a more focused report, which clearly identifies the issues that are important in making the business viable over the longer term.

Six focus areas were identified for sustainability reporting in 2010, and are summarised in the table below.

This table sets out the context for each issue. More detail on our performance can be found in the company's sustainability report for 2010 – *Sustainable gold.*

Sustainable development – a summary

gold
Sustainable

Key focus areas	**Our context**
Improving operational safety performance	Safety is our first value and the most important business consideration. We are committed to creating the safest possible environment for our employees and, over the longer term, to operating an injury-free business.
Managing health impacts that arise at our operations and in our communities	We do not accept ill health as a natural consequence of our business and believe that employees must be able to go home fit and well at the end of each working day. Our most material health risks relate to silicosis, noise-induced hearing loss, HIV/AIDS and malaria.
Operating with respect for human rights	Our concern for operating with respect for human rights stems from our aim to place people first in all aspects of the business. Human rights considerations cut across a range of disciplines at AngloGold Ashanti, including health, safety, security, community, environmental, human resources, legal and regulatory, governance and labour relations. Human rights considerations have been considered in developing policies in these areas, and we have focused in particular on embedding the Voluntary Principles on Security and Human Rights (VPSHR) into our security practices. We have not, however, had a company-wide human rights policy in place. This is an area of work which was initiated in 2010 and will be developed further in 2011, in alignment with progress that has been made in the UN in defining the responsibilities of business to respect human rights.

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AngloGold Ashanti Annual Financial Statements 2010
Sustainable development – a summary
Key focus areas
Our context
Relationships with the
AngloGold Ashanti is developing a global sustainability strategy which aims to
communities which host
create value for all of its business and social partners. We operate in
our operations
regions where communities are vulnerable. Transparency is therefore important in our interactions with governments and communities, and essential if they are to derive sustainable economic benefit from our operations.
A lifecycle approach -
We aim to leave host communities better off for our presence, which implies that,
exploration and closure
even at the exploration phase of a project, we need to take into account the fact that our mines will eventually close. Communities which have hosted our operations must be consulted on what we leave behind in terms of infrastructure and impacts.
Effective stewardship of the
Mining operations use increasingly scarce resources such as energy, water and
environment and of the natural
land and can have substantial impacts on the environment, both positive and negative.
resources that we use, primarily
Key concerns in this area relate to water, energy and greenhouse
land, water and energy
gas emissions, land, climate change, hazardous materials and air quality. In February 2010, operations at Iduapriem in Ghana were suspended for a period of two and a half months due to potentially adverse environmental impacts arising from the tailings storage facility at the operation. In conjunction with the Environmental Protection Agency of Ghana (EPA), an interim location for tailings storage was identified. Construction of a new storage facility to cater for life of mine tailings deposition is in progress and this new facility will become operational in the first half of 2011.

Our sustainability commitments

In the pages which follow, we set out our future commitments on each of these focus areas, as well as our performance against commitments made in our 2009 reporting cycle. We will report back on our progress against these commitments in our 2011 report.

The commitments listed below are based on the key focus areas currently identified. They will be reviewed in light of the strategy process that is underway.

Sustainable development – a summary

Improving operational safety performance
Our 2009 commitments
Our progress in 2010
Our 2011 commitments

In 2011, we aim to achieve continued improvement in safety performance towards our 2015 business goal of an all injury frequency rate of less than 9 per million hours worked. Our target to reduce fatalities by 70% by 2012 (from a 2007 baseline) remains intact.

Work is under way to continue implementation of safety transformation within Project ONE in 2011 through:

- completion of guidelines by mid-2011 to support roll out of the global safety standards;
- implementation of a new model and process for accident investigation;
- a review of organisational safety capabilities; and
- development of operational safety plans to business unit teams.

Achieving a further 20% reduction in the all injury frequency rate with the long-term objective of operating an accident-free business

We achieved a reduction of 11% in our all injury frequency rate in 2010. Although this is short of our target for the year, we are pleased to be able to report a 45% improvement in the all injury frequency rate since 2007, from 20.95 in 2007 to 11.50 in 2010. Due to the transformational nature of our safety interventions, our expectation was that improvements would be achieved through a series of step changes.

Begin implementation of the Safety Transformation project

Implementation of the Safety Transformation project has begun – the project was launched in May 2010. Significant work was undertaken on integrating the project into the operating framework of the business.

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Managing health issues
Our 2009 commitments
Our progress in 2010
Our 2011 commitments

To progress our health strategy, we intend to undertake health risk assessments and health system audits at our operations in
Continental Africa by the end of 2011 and complete health risk assessments and health system audits for the balance of our
operations by the end of 2012.

We have set the following goals relating to wellness and occupational environment:

- continue progress towards the industry milestone of no new cases of silicosis among previously unexposed employees in South Africa (2008 onwards) after December 2013;
- meet the industry milestone of no deterioration in hearing greater than 10% among occupationally-exposed individuals at South African operations;
- roll out integrated malaria programmes, drawing on the model implemented at Obuasi in Ghana, at operations in Mali, Tanzania and Guinea; and
- in South Africa, continue efforts to reduce occupational tuberculosis (TB) incidence to 2.25% of all South African employees by 2015 and successfully cure 85% of new cases (our long-term target is the reduction of TB incidence to 1.5% of all South African employees by 2029).

We are working towards achievement of this industry milestone. It is still too early to provide a meaningful assessment of this group of employees due to the latent nature of this disability.

We have been in compliance with the 2013 industry noise targets since 2008 and have now set lower internal benchmarks.

Intensify hearing conservation programmes and continue to silence – to acceptable levels – all identified noise equipment in order to achieve the industry milestone of no deterioration in hearing greater than 10% among occupationally-exposed individuals at South African operations

Elimination of new cases of silicosis after December 2013 among employees in South Africa with no occupational exposure prior to 2008

We are working towards achievement of this industry milestone. Due to the latency period of the disease we are not yet able to provide a meaningful assessment of this group of employees. We have, however, met and exceeded industry milestones on silica dust exposure as one of the measures in place to combat this disease and have set lower internal benchmarks for exposure.

Maintain a rate of 80% of South African employees attending voluntary counselling and testing for HIV (VCT)

during 2010, excluding current
wellness clinic attendees
74% of South African employees attended VCT during 2010. The uptake of VCT programmes has been falling since 2008. Programmes relating to the prevention of HIV/AIDS have been in place at AngloGold Ashanti since 2000 and numbers of employees presenting themselves for VCT are declining. Communications and awareness efforts continue, as does the provision of anti-retroviral therapy (ART) and wellness programmes to affected employees.
Reduce by 50% the number of
avoidable drop-outs from wellness
programmes in 2010
Over 4,000 employees attended wellness programmes in 2010 and ART continues to be supplied to approximately 2,500 employees for whom this treatment is clinically indicated. We have not been able to measure the number of drop-outs from wellness programmes accurately, due to the difficulty of establishing the cause of an employee discontinuing treatment.
Reduce occupational tuberculosis (TB)
incidence to 3% of all South African
employees by 2010
We have achieved this target. The incidence of TB among South African employees was reduced to 2.64% in 2010.
Successfully cure 85% of new TB
cases in 2010
Over 90% of new cases were successfully cured in 2009. Data for 2010 is not yet available as treatment programmes for TB last between six and eight months.

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AngloGold Ashanti Annual Financial Statements 2010
Sustainable development – a summary
Sustainable development – a summary
Human rights and business
Our 2009 commitments
Our progress in 2010
Our 2011 commitments
In 2011, we aim to develop a more effective approach to human rights issues by putting in place a company-wide policy, framework
and procedures.
In the area of security and human rights, we continue to target zero incidents under the Voluntary Principles on Security Human Rights
(VPSHR) and aim to reduce the number of allegations of VPSHR incidents that are made. To support achievement of this target,
we will:
• complete implementation of the global security framework by the end of 2011; and
• review all contracts with private and public security services worldwide in order to standardise contract requirements by the end
of 2011.
Zero violations of the Voluntary
Principles on Security and Human
Rights (VPSHR) in 2010
In 2010, two violations of the VPSHR were recorded, details are provided in the
group-level Sustainability Report. We are continuing efforts to embed the VPSHR
into our security management systems and practices in order to effect the
continuous improvement necessary to reach our target of zero VPSHR violations.
We continue to encourage self reporting by security personnel of potential violations.
Develop a standard approach for all
contracts with private and public security
A review of all contracts with private and public security is under way in order to
achieve this target and is scheduled for completion by the end of 2011.
AngloGold Ashanti and communities
Our 2009 commitments
Our progress in 2010
Final approval of management
standards and associated guidance
material that govern how the company
interacts with communities
Standards have been developed and are scheduled for approval by the executive
committee of the company in 2011. Work to develop guidance material will follow
shortly after approval.
Incorporate community aspects into
each operation's ISO 14001
management system by 2012
The ISO 14001 management system is in place at all operations and progress has
been made towards incorporating community aspects. Further work is being done
to support sites to meet the target date which is three years following approval of
the management standards by the board.
Continue to embed the government

relations function into decision-making
processes, including through
development of a management
standard by 2011

In 2010 progress was made in incorporating the government relations function into broader AngloGold Ashanti decision-making processes. The need for a management standard will be reviewed.

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AngloGold Ashanti and communities (continued)
Our 2009 commitments
Our progress in 2010
Our 2011 commitments
In 2011, we aim to better define expectations for performance with regard to community and social performance. This will be done
through community-focused management standards which are currently at the latest stages of finalisation and review and are
expected to be approved by the Executive Committee of the company in 2011.
Work to support and give effect to the standards will begin in 2011, after their approval, and will include the development of guidelines
to aid in implementation of the standard and the allocation of appropriate resources.
To ensure an integrated approach to managing community and environmental aspects in line with the integration of the two
functions, we aim to integrate community aspects into the ISO 14001 management system. Work towards this is already in
progress; however, a specific work plan has been developed for 2011 to accelerate efforts such that sites will be ready to undergo
certification audits by 2014.
Roll-out of a pilot government
engagement strategy model in South
African and in a minimum of two other
jurisdictions in 2011
This pilot programme remains work in progress in South Africa in 2011. Following its
successful completion, we aim to extend the model to two other jurisdictions.
In South Africa, participate in the
Mining Charter review
We participated actively in the Mining Charter review, including through the relevant
industry structures. The reviewed Mining Charter was agreed and published.
Exploration and closure
Our 2009 commitments
Our progress in 2010
Our 2011 commitments
In 2011 and 2012, assess compliance with the closure standard. Work to achieve compliance with the closure standard at all
operations by the end of 2011 will continue. A corporate-led assurance and operations review will assess closure plans to ensure
compliance and efficiency.
During 2011, the greenfield exploration business unit will be working to formalise and improve a process which will ensure that an
appropriate level of community and environmental oversight is completed at each stage of exploration.
Work on findings of review conducted
in 2009 to address any site-level
deficiencies in closure plans and
ensure alignment with company
management standard by 2011
An internal multi-disciplinary committee continued to guide site-level closure
planning to ensure alignment with the company standard by the end of 2011. A
workshop was held in December 2010 to ensure alignment amongst environmental,

social and accounting professionals within the company and to share best practices across the group.

Sustainable development – a summary

Environmental and natural resource stewardship

Our 2009 commitments
Our progress in 2010
Our 2011 commitments

Improve energy performance by:
- developing site-based targets and action plans from 2012 onwards;
- continuing to refine energy metrics, performance measurement and reporting during 2011; and
- quantifying the energy benefits of business improvement initiatives.

Improve energy security at our operations by:
- finalising high-level reviews of site energy security arrangements during 2011; and
- commencing the development of site-based energy security strategies for life of mine.

Improve water performance by:
- developing site-based targets and action plans from 2012 onwards;
- continuing to refine key performance indicators, performance measurement and reporting during 2011; and
- quantifying the water benefits of business improvement initiatives.

Continue work to improve energy and water performance including through the development of site-level objectives

Comprehensive energy maps have been developed for South Africa and are being progressed for all other operations. A more complete range of water performance indicators is being developed for key aspects of water performance. Site water balances are being refined. A global approach for quantifying the energy and water benefits from business improvement projects is also being progressed.

Audit the global energy and water security position for all operations

High level energy and water security reviews have been completed at 15 of our 19 relevant operations and the balance will be completed in 2011. Strategic frameworks have been developed for energy and water management.

Continue to address key climate change opportunities and risks

Preliminary preparations to understand site-specific climate change risks in greater detail have commenced. A project to install heat pumps at high-density residences in South Africa is almost complete and is expected to earn carbon credits. We are continuing to assess other opportunities for generating carbon credits, especially in the South Africa region where our energy consumption is 40% of the group total.

Final approval or development of management standards and associated guidance material that govern how the company interacts with the environment

Progress was made in agreeing a biodiversity management standard, which will be finalised in 2011. Guidance for the closure and rehabilitation management standard was finalised.

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People
The following commitments were made in our 2009 report and progress against these commitments is reported below:
Our 2009 commitments
Our progress in 2010
Continue with the roll out of the System for People (SP), including the global values survey
Significant progress was made during the year on implementation of the SP, with the development of a new delivery framework clearly defining corporate and regional roles. The global values survey was completed in 2010 and the results reviewed by the Executive Committee. The results will be fed back into the business in early 2011.
Review the wage negotiations strategy in Continental Africa and develop a model for conducting wage negotiations which can be applied throughout the company's Continental African operations
A labour engagement model was developed and successful collective bargaining processes were concluded at the Siguiri mine in Guinea and Sadiola/Yatela mines in Mali.
Standardise, to the extent possible, the conditions of employment of senior managers to facilitate mobility within the company
A survey of conditions of employment with respect to senior and executive management was conducted by PwC on behalf of the company and the report submitted to the Remuneration Committee. This survey covered all the countries in which the company operates. The findings of this survey resulted in the formulation of the company's Remuneration Policy that was approved by the shareholders at the annual general meeting held in May 2010.
Podcast available at www.aga-reports.com/10/podcasts.htm
Thero Setiloane, Executive Vice President –
Business Sustainability, AngloGold Ashanti
Our 2011 commitments (continued)
Improve water security at our operations by:
· finalising high-level reviews of water security arrangements during 2011;
· commencing the development of site-based water security strategies for life of mine; and
· embedding integrated water management at all sites, and recognising the value of managing water performance across entire site operations in a planned and coordinated manner.
Continue to address key climate change opportunities and risks, by specifying life-of-mine climate change risks in more detail for priority operations, starting in 2011 with those at greatest risk.
Over 2011 and 2012 a programme of assessing compliance with the environment-focussed management standards approved during 2009 will commence in the form of the biennial Community and Environment Review Programme (CERP). Concurrently, a roll out phase to socialise finalised community-focussed standards will commence, also as part of the CERP.

Corporate governance

AngloGold Ashanti's mission is to create value for all those who have a stake in the company's business. In order to achieve this, the company has been and continues to be committed to the highest standards of corporate governance, guided by the principles of sustainable business, by engaging in business practices that will enable the company to safely and responsibly explore, mine and market gold and associated products. The description of the corporate governance systems and practices in the pages that follow explains how the company has lived up to that commitment during the 2010 financial period.

Corporate governance achievements during 2010 and targets for 2011

In line with its commitment to maintain the highest standards in corporate governance and to achieve compliance with new principles recommended in the King III Code (King III), certain corporate governance targets were set and communicated to shareholders in the Annual Financial Statements 2009. Below are the targets set for and those achieved in 2010, as well as explanations for the non-achievement of targets:

Corporate governance
AngloGold Ashanti
committed to
in corporate governance
practice
best

Targets set at the end of 2009
Achievements/reasons for
No. to be achieved in 2010
non-achievement
Targets for 2011
1
Update board charter to incorporate
The implementation of the Companies
The board charter will be updated in 2011,
new requirements of the Companies
Act 71 of 2008 has been delayed.
as soon as the Act becomes effective,
Act 71 of 2008 and recommendations
to bring its contents in line with other
of King III.
developments in corporate governance and
internal changes within AngloGold Ashanti.

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Targets set at the end of 2009
Achievements/reasons for
No. to be achieved in 2010
non-achievement
Targets for 2011
2
Update the board induction pack to
The board induction pack was updated
Undertake further changes and updates to
include developments in legislation
to include certain developments in
the information contained in the induction
and corporate governance.
corporate governance, legislation and
pack, as required.
internal changes within AngloGold
Ashanti. The induction pack served
as a guide to the induction of
non-executive directors appointed
during 2010 and also as a reference
document for the directors.
3
Update the terms of reference of
The terms of reference were updated
Further revisions will be effected to the
the Audit and Corporate Governance
to include provisions of King III that
terms of reference once the Companies
Committee to include new
were new to the company's corporate
Act comes into effect and as and when
requirements of the Companies
governance practices. Most of the new
other developments in corporate
Act 71 of 2008 and the new
principles in King III were premised on
governance are effective.
requirements of King III.
the coming into effect of the
Companies Act in 2010. To that
extent, certain provisions of the Act
have been complied with ahead of the
effective date.
4
Complete the process of restructuring Restructuring of the board continued
Further restructuring of the board and its
the board and certain committees,
in 2010. The former board chairman
committees to achieve the desired

including succession planning to
retired at the annual general meeting
balance in skills and knowledge is
achieve a better balance in skills and
held on 7 May 2010 and three new
expected in 2011.
knowledge to improve directors, including a new chairman
board performance.
were appointed to the board during
the year. A number of changes were
made to the membership of
board committees during the year.
5
Update board and committee annual
The forms were updated and applied in
Further amendments may be made in line
appraisal forms to ensure that key
the board and committees' self-
with new corporate governance
performance indicators are in line
performance evaluations to be
regulations and the company's own
with the company's strategic
finalised in March 2011.
performance expectations.
objectives. This is expected to
improve assessment outcomes
and board delivery.
6
Review of risk management and
A new board committee, the Risk
The Risk and Information Integrity
information technology governance
and Information Integrity Committee
Committee will become fully functional
by putting in place improved
was established during the year. Details
in 2011 and is expected to put in
structures to oversee these
of developments on this subject can
place further structures, systems and
functions in line with recommendations
be found under "Board Committees"
procedures to strengthen risk and
of King III and the group's
from page 185.
information technology governance
strategic objectives.
within the group.

Targets set at the end of 2009
Achievements/reasons for
No. to be achieved in 2010
non-achievement
Targets for 2011
7
Continue with initiatives being
Project ONE gained increased traction
The integration of the SP, BPF and
undertaken under Project ONE,
across the organisation during 2010
discipline frameworks will continue during
a group-wide improvement project
as its Systems for People (SP) and
2011 along with the design of appropriate
started in 2008.
Business Process Framework (BPF)
mechanisms to engage employees in the
teams moved aggressively to progress
implementation of Project ONE, thereby
implementation. The global values
helping to create sustainable growth in
survey, designed to identify value-based
the business. Also of importance for
behaviours and to gauge employee
2011 is a renewed focus on the
engagement, was completed and
organisational values programme, using
analysed. Significant progress was made the results of the survey, and on the
during the year, with the development of
change management work that informs
a new delivery framework, with clearer
the ongoing successful roll-out and
corporate and regional roles and
implementation of Project ONE.
accountabilities, which link the SP, BPF
and discipline frameworks, including
Transformation (or employee equity)
and Safety Transformation.
Additional significant corporate governance achievements during the year
1
Southern Africa Institute of Chartered
AngloGold Ashanti received one of the two merit awards in the Top 40 Category.
Secretaries and the JSE's Annual
Report Award.
2

Ernst & Young Excellence in Reporting. Awarded 5th place in the Ernst & Young Excellence in Reporting for Sustainability.
3
The terms of reference of other
The terms of reference of the following committees were revised and approved
committees were revised.
by the board during 2010: Safety, Health and Sustainable Development and
Transformation and Human Resources Development.
4
Anti-corruption workshop organised.
An anti-corruption workshop was held at corporate office as part of the programme to promote compliance with regulations and to sensitise employees regarding the importance of anti-corruption to the company's governance environment.
5
Launch and roll-out of revised
A revised Code of Business Principles and Ethics was approved by the board,
Code of Business Principles
launched on 25 November and an 18-month roll-out plan commenced. A
and Ethics.
detailed write-up is provided on page 178 of this report.
Corporate governance

Responsibility and accountability for corporate governance

The board of directors of AngloGold Ashanti is ultimately responsible for ensuring that an adequate and effective process of corporate governance is established and maintained. In executing this mandate, the board has set up a corporate governance system that is guided by the company's internal policies and standards and external legislation and regulations as outlined in the following paragraphs. Corporate governance is constantly evolving and AngloGold Ashanti is continuously seeking ways to improve on its corporate governance standards.

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Day-to-day responsibility for corporate governance is overseen by AngloGold Ashanti's management, which regularly reports to the various committees of the board. The board chairman and the chairman of the Audit and Corporate Governance Committee play an active role in the corporate governance issues faced by the company through regular interaction with executive directors, senior management and other stakeholders and interested parties, where necessary.

In the paragraphs that follow, a description of the company's corporate governance systems is provided.

Group internal audit
External audit
Risk management
Finance Committee
Disclosures Committee
Board committees
Board of directors
JSE Listings Requirements
Companies Act 61, of 1973
US Securities Act 1933 and 1934
Sarbanes-Oxley Act, 2002
King Report on Corporate Governance
(King III)
Employment Equity Act of South Africa
Labour Law
Corrupt Practices Act
Local legislation for companies where the
company has operations
Laws/regulations/codes
Board charter
Directors' induction
Directors' independence
Conflict of interests
Board committees
Terms of reference
Delegation of authority
Insider trading
Compliance
Gifts, hospitality and Disclosures
Code of ethics for senior financial officers
HIV AIDS
Directors' dealings in company securities
Human Resource
Policies/guidelines
*Committee chairman
Independent
non-executive directors
TT Mboweni

TJ Motlatsi (Dr)
FB Arisman
R Gasant
WA Nairn
LW Nkuhlu (Prof)
F Ohene-Kena
S Pityana
Chairman: TT Mboweni (Independent non-executive director)
Deputy chairman: TJ Motlatsi (Dr) (Independent non-executive director)
Chief executive officer: M Cutifani (Executive director)
Executive directors
Chief executive officer:
M Cutifani
Chief financial officer:
S Venkatakrishnan
Global IT Steering
Committee
Audit and Corporate
Governance
Committee
LW Nkuhlu (Prof.)*
FB Arisman
R Gasant
Safety, Health and
Sustainable
Development
Committee
WA Nairn*
FB Arisman
M Cutifani
TJ Motlatsi (Dr)
LW Nkuhlu (Prof)
F Ohene-Kena
SM Pityana
Risk and Information
Integrity Committee
R Gasant*
FB Arisman
M Cutifani
WA Nairn
LW Nkuhlu (Prof)
SM Pityana
S Venkatakrishnan
Nominations
Committee
TT Mboweni*
FB Arisman
R Gasant
TJ Motlatsi (Dr)
WA Nairn
LW Nkuhlu (Prof)

F Ohene-Kena
SM Pityana
Executive Committee
M Cutifani*
CE Carter
RN Duffy
GJ Ehm
R Largent
RR Lazare
AM O’Neill
TML Setiloane
YZ Simelane
S Venkatakrishnan
Transformation and
Human Resources
Development
Committee
TJ Motlatsi (Dr)*
M Cutifani
WA Nairn
F Ohene-Kena
SM Pityana
Investment
Committee
FB Arisman*
S Venkatakrishnan
M Cutifani
TT Mboweni
WA Nairn
SM Pityana
Remuneration
Committee
SM Pityana*
FB Arisman
TJ Motlatsi (Dr)
LW Nkuhlu (Prof)
Party Political
Donations Committee
TJ Motlatsi (Dr)*
M Cutifani
TT Mboweni
WA Nairn
LW Nkuhlu (Prof)
SM Pityana
Financial Analysis
Committee
FB Arisman*
R Gasant
TT Mboweni
LW Nkuhlu (Prof)
SM Pityana

AngloGold Ashanti's corporate governance structure – as at 31 December 2010

External legislation, regulations and requirements

These include the South African Companies Act 61 of 1973, as amended, the US Sarbanes-Oxley Act of 2002 and the Securities Act 1933 and 1934, the Listings Requirements of the Johannesburg Stock Exchange (JSE) and other stock exchanges on which the company's stocks are listed, applicable legislation and regulations in the jurisdictions in which the company has operations, as well as various corporate governance guidelines, key among which are those provided by the South African Code on Corporate Governance (King III) and the Global Reporting Initiative. Various other pieces of legislation and governance standards, both local and international, further guide the company's legal and disclosure obligations.

The JSE Listings Requirements require the company to disclose its compliance with the King Code and explain any areas where the recommendations are not applied. AngloGold Ashanti complied with the previous Code, King II, in all material respects, except for one, in that the former board chairman was a member of the Audit and Corporate Governance Committee. The non-compliance was adequately explained in the company's previous annual reports. With the retirement of the former board chairman, the company is now fully compliant as explained within this report.

On 1 March 2010, the King Report on Corporate Governance in South Africa 2009 (King III) became effective. King III introduced a number of new principles on an "apply or explain" basis. Due to the listing of AngloGold Ashanti's stock on the New York Stock Exchange which requires it to comply with Sarbanes-Oxley Act and the company's own good governance practices, several of the new principles introduced in King III were already being complied with by the company. In line with its stated principle to uphold the highest standards of corporate governance, AngloGold Ashanti, with the approval of its board, conducted a gap analysis based on the King III checklist to measure the corporate governance practices within AngloGold Ashanti against the new corporate governance principles recommended in the Code. Areas that required action to be taken to achieve full compliance were identified and ranked in order of importance to the company's governance principles. Action plans were put in place, with approval of the board, to achieve full compliance within set time frames and responsibilities for achievement of targets were allocated to specific executives.

For an update on AngloGold Ashanti's compliance with King III, refer from page 24.

Internal policies

Internal policies include the board charter, terms of references of board committees and other policies as listed in the corporate governance framework.

Key features of some internal policies that enhance the corporate governance of AngloGold Ashanti are provided below.

Code of Business Principles and Ethics (Our Code): A new Code, which was approved by the board on 10 August 2010, provides a framework and sets out the requirements for implementation of the company's key corporate policies and guidelines.

The provisions of Our Code apply to all directors, employees (both full and part time) of AngloGold Ashanti, all companies within the AngloGold Ashanti group including service organisations, managed joint ventures, representatives and to the extent reasonable and practicable, the company's business and social partners, agents and consultants.

Our Code contains standards, provides direction and sets forth principles that must guide the company's conduct internally and its interactions with business partners, the communities in which it operates as well as with the general public. It also summarises important company policies and procedures, focuses attention on key ethical considerations, spells out prohibited conduct and is intended to foster a culture of high performance, with integrity.

Some of the key policies set forth in Our Code as explained below include insider trading, conflicts of interest, gifts, hospitality and sponsorship, use of company assets, whistle-blowing, delegation of authority and bribery and corruption. It provides detailed guidance on ensuring safety at the workplace. Our Code is available on the company's website.

Insider trading: This policy prohibits any person deemed as an insider from trading in the securities (shares, warrants, derivative instruments) of AngloGold Ashanti on the basis of material non-public information or during closed periods or to communicate such information to others who may trade in the securities based on that information which, if it were made public, would likely have a material effect on the price of the company's securities. Insiders include directors, employees,

immediate family members of employees or any person who might have obtained information from an insider.
The policy provides guidelines to employees who are not in possession of non-public price-sensitive information, who wish to trade in the company's securities during closed periods.
AngloGold Ashanti regards compliance with securities laws in the jurisdictions in which it operates as an important aspect of its corporate governance principles. Disciplinary action, up to and including termination of employment will be taken against insiders who violate this policy.
Conflicts of interest policy: The policy provides guidance to employees to enable them to avoid and recognise actions and practices that are incompatible with the interests of the company or that may make it difficult for them to perform their work effectively and objectively. The basic principle is to avoid profiting from one's official position.
Gifts, hospitality and sponsorship: AngloGold Ashanti recognises the negative effects that the giving and receiving of gifts can have on its business and has therefore put in place this policy to guide stakeholders on this important aspect of the company's corporate governance principles. The policy clearly defines a gift, when employees can and cannot receive a gift and what to do when faced with difficult scenarios in that regard. It also outlines the consequences of contravening the policy. The policy further explains the relationship of gifts, hospitality and sponsorship to bribery and corruption.
Directors' fit and proper standards policy: Being the primary executors of AngloGold Ashanti's corporate governance agenda, the calibre of the directors appointed to the board is of great importance to the company. This policy therefore seeks to establish criteria to assist the process of selecting persons considered fit and proper to assume the position of a director of the company. The policy is also applied in the selection of the company secretary.
Directors' induction policy: Under this policy, new directors are provided with the opportunity to attend an orientation programme where they are made aware of their rights, duties and responsibilities and familiarised with the operations and business environment of AngloGold Ashanti and the legal and ethical framework in which they must conduct themselves. The objectives of the programme are to maximise individual director's contributions to the board's deliberations, to enable directors to make informed decisions with regard to matters of the company. In line with best practice and to meet the ever changing corporate governance landscape, the company continuously updates directors on developments in this area.
Directors' professional advice policy: In order to enhance directors' contributions to board deliberations and to enable them to make informed decisions, AngloGold Ashanti has

adopted this policy which provides for individual directors to seek external independent advice when necessary, at the company's expense.

Confidential reporting/whistle blowing: In line with its corporate governance principles and in terms of the guidelines of the King Code on Corporate Governance, the Sarbanes-Oxley Act of the United States and the Protected Disclosure Act 26 of 2000, South Africa, the board of directors of AngloGold Ashanti has put in place a confidential reporting process. The whistle-blowing policy applies to all companies in the AngloGold Ashanti group and provides a channel for shareholders, employees and the general public to report acts and practices that are in conflict with the company's business principles, are unlawful, constitute financial malpractice or endanger the public or the environment. Reports are made through several mediums including the intranet, internet, telephone, fax and post. A short messaging system (sms) has been implemented in South Africa.

All anonymous reports made in terms of the whistle-blowing policy are administered by a third party, Tip-Offs Anonymous, to ensure confidentiality and independence of the process. Reported cases are relayed to management through internal audit. A report is provided to the Executive Committee and the Audit and Corporate Governance Committee on a quarterly basis. The process encourages reports to be made in good faith in a responsible and ethical manner and employees are encouraged to first seek resolution of alleged malpractices through discussion with their direct managers, if appropriate, or, if unresolved, they should then report these through the whistle-blowing line or directly to internal audit or the legal department. Reporters have the option to request feedback on the outcomes of investigations into reported cases.

Whistle-blowing issues are categorised on the basis of information that is made available regarding the alleged offence. The category "irregularities" pertains to issues where a specific categorisation of the offence has not been made in the report received and/or possible transgressions of policy and procedures have been reported.

Since its introduction in February 2004, 320 cases have been reported, of which 280 cases had been successfully investigated and closed by 31 December 2010.

Achievements in 2010

Increased reporting of activity has occurred and certain regions have taken initiatives to ensure that communication of the whistle-blowing process is done on a continuous basis.

Management embarked on a governance training programme in 2010 which includes whistle-blowing.

There were 58 reports received in 2009, all of which have been investigated and concluded. In 2010, 62 new reports were received of which investigations into 18 reports are still in progress.

Corporate governance

Cases reported during the period 1 January 2010 to 31 December 2010

2010 reports
Completed
In progress
Grand total
Bribery and corruption
2
4
6
Concern
3
3
Conflict of interest
1
1
2
Environmental
1
1
Fraud
9
2
11
Grievance
7
1
8
Irregularities
7
3
10
Misconduct
3
1

4
Nepotism
1
1
Safety and health
1
1
Sexual harassment
2
2
Theft
1
6
7
Unethical behaviour
3
3
Unfair labour practice
2
2
Victimisation
1
1
Grand total
44
18
62
Results of the cases concluded in 2010
Bribery and corruption
1
1
2
Concern
1
2
3
Conflict of interest
1
1
Environmental
1
1
Fraud
1
6
1
1
9
Grievance
1
2

1
2
1
7
Irregularities
2
1
4
7
Misconduct
1
2
3
Nepotism
1
1
Safety and health
1
1
Allegations
could
not be
proven
Allegations
unfounded
Criminally
reported
Disciplinary
hearing
held
Disciplined
Employee
resigned
Insufficient
information
Non AngloGold
Ashanti issue,
forwarded
Resolved with
department
Supplier
contract
terminated
Grand
total
Employee
contract
terminated

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Results of the cases concluded in 2010 (continued)
Sexual harassment
1
1
2
Theft
1
1
Unethical behaviour
2
1
3
Unfair labour practice
1
1
2
Victimisation
1
1
Grand total
6
1
6
1
5
5
2
1
2
13
2
44

Plans for 2011

Testing of existing mechanisms will continue to be done on a regular basis to ensure that the mechanisms in place are working effectively. Further to the testing, awareness and training, inculcated in the Code of Business Principles and Ethics training programme will continue to be rolled out. The training programme is being rolled out to all locations over an 18-month period.

Stakeholder communication: Communication with various stakeholders has always been an important feature of AngloGold Ashanti's corporate governance practices. To this end, various communication channels have been utilised to engage employees and other stakeholders. During 2010, the Chief Executive Officer continued his quarterly briefing sessions with employees on the company's operational results, as well as other important corporate events and developments. These briefings were held in the corporate office and distributed group-wide via the intranet. Briefs were also issued to employees by the corporate affairs department to keep them abreast of major developments within the company.

Meaningful engagement with shareholders is considered a centre-piece of accountability and good governance by AngloGold Ashanti's board. In that regard, the Chief Executive Officer, the Chief Financial Officer, senior management, the Investor Relations Department and the Company Secretarial Department continued to engage with the investor public through various forums and the media.

At the annual general meeting of shareholders held on 7 May 2010, the board outlined the company's performance and achievements in the previous year and the strategy to be implemented to ensure achievement of its prime objective of creating value for the business in the coming year.

The board sought and obtained a non-binding advisory vote from shareholders on the company's remuneration policy and also put the appointment of the membership of the Audit and Corporate Governance Committee before the shareholders at that meeting; these actions were in compliance with recommendations of King III.

Government relations: AngloGold Ashanti views good relations with governments in jurisdictions in which it operates as a crucial aspect of its corporate governance. As regulators and custodians of the natural resources of their countries, protectors of their people and their communities, governments are important stakeholders in business, especially in the mining industry. As such, creating the right structures and procedures for effective communication with them was one of the important agendas of the board's governance initiatives in 2010. A model to guide AngloGold Ashanti's engagement with governments was developed by the Government Relations Department and was piloted in South Africa during 2010 and will be rolled out to other countries in due course.

Allegations
could
not be
proven
Allegations
unfounded
Criminally
reported
Disciplinary
hearing held
Disciplined
Employee
resigned
Insufficient
information
Non AngloGold
Ashanti issue,

forwarded
Resolved with
department
Supplier
contract
terminated
Grand
total
Employee
contract
terminated

Corporate governance
AngloGold Ashanti fully subscribes to the South African government's initiatives on social transformation. In line with this, the company has established employment equity and governance structures and monitors progress at company and business unit levels. Each business unit in South Africa and the corporate office has an Employment Equity Committee, comprising employee representatives. The role of these committees is to liaise with employees, discuss issues relevant to the company's employment equity programmes and provide essential feedback to the board through the Transformation and Human Resources Development Committee. AngloGold Ashanti's five year Employment Equity Plan in terms of Section 44 of the Employment Equity Act was approved on 30 June 2010. The company submitted its ninth employment equity report as at 1 August 2010 to the South African Department of Labour in October 2010.
The company has also put in place policies to guide the promotion, recruitment and development of local talent in all countries in which it has operations.
The board of directors
The Articles of Association of AngloGold Ashanti requires the board to be composed of a minimum of four directors. The company is governed by a unitary board, comprising of two executive directors: the Chief Executive Officer and the Chief Financial Officer and eight independent non-executive directors who all meet the board's independence criteria.
There is no mandatory retirement age for non-executive directors; however, in line with best practice in corporate governance and in accordance with the Sarbanes-Oxley Act, directors are required to step down from the board after nine consecutive years of service. The nine-year tenure could be extended at the board's discretion and with the individual director's consent. Mr RP Edey, the former chairman of the board retired at the annual general meeting held on 7 May 2010 after serving the board for twelve years, eight of which were as board chairman. The independence of Mr FB Arisman, who joined the board in 1998 was evaluated by the board in February 2010. The board concluded that, his performance, skills and knowledge and his contribution to the board's performance are of a high standard and that his independence of character and judgement are not in any way affected or impaired by the length of his service as a director. This decision was ratified at the annual general meeting held on 7 May 2010, when an extension of tenure for a further three years was approved by shareholders.
During the year, a number of changes to the board

membership occurred: Mr TT Mboweni was appointed to the board and as chairman with effect from 1 June 2010 and Mr F Ohene-Kena joined the board on the same date.

Mr R Gasant was appointed to the board and the Audit and Corporate Governance Committee with effect from 12 August 2010. Relevant information about the three appointees is provided under Directors and Executive Management from page 146 of this report.

Non-executive directors provide the board with advice and experience that is independent of management and the executive. The presence of independent directors on the board, and the critical role they play as board representatives on key committees such as the Audit and Corporate Governance, Nominations, Remuneration and Party Political Donations, ensures that the company's interests are served by impartial and independent views that are separate from those of management and shareholders.

The board’s charter sets out the powers, responsibilities, functions and delegation of authority, and the areas of responsibility expressly reserved for the board. The charter covers, among others, the following key areas:

- authority of the board;
- composition of the board;
- membership and appointment to the board;
- role and responsibility of the board;
- procedures of the board;
- board committees;
- matters reserved for board decision;
- the board’s relationship with shareholders;
- meeting procedures and proceedings;
- share dealings by directors;
- management of risks;
- corporate governance;
- remuneration issues;
- evaluation of board performance and induction of new directors; and
- declaration of interests.

Appointment of directors

The board is authorised by the company's Articles of Association to appoint new directors, based on recommendations by the Nominations Committee, provided such appointees retire at the next annual general meeting and

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stand for election by shareholders. Retirement of non-executive directors by rotation follows a staggered process with one-third of non-executive directors retiring at least every three years at the annual general meeting. The curriculum vitae of each director standing for election or re-election is made available to shareholders in the notice of meeting circulated to shareholders prior to the annual general meeting to assist in their decision-making.
Executive directors are not subject to the retirement by rotation process as they oversee the day-to-day running of the company and are held accountable for the operational and management performance of the company by regularly reporting to the board. Their performance is measured and remunerated annually against pre-determined criteria.
Executive directors have contracts of employment with the company. Details on the remuneration of executive and non-executive directors are presented in the Remuneration Report from page 226.
Non-executive directors do not have contracts of service with the company.
All non-executive members of the board have access to management and the records of the company, as well as to external professional advisers should the need arise.
The fees of non-executive directors, including the fees received for membership of committees, are fixed by shareholders at the annual general meeting. Other than these fees and an allowance for travelling internationally to attend board meetings, non-executive directors receive no further payments from the company. The most recent approval of such fees took place at the annual general meeting held on 7 May 2010.
Non-executive directors are precluded from participation in the company's share incentive scheme.
Determination of director independence
Determination of independence is guided by King III, the Companies Act and international best practice. Where the board, exercising its discretion and having considered all relevant facts, determines that a director is independent despite not meeting the set criteria, the board will fully and publicly disclose its reasoning.
The policy and independence of individual non-executive directors are reviewed annually as part of the annual board evaluation process. The performance evaluation tools are also reviewed as and when necessary to ensure that changes in the corporate governance environment as well as the company’s strategic needs are well catered for. During 2010, the policy was reviewed and its contents maintained. The policy determining the independence of directors can be found at the company’s website at www.anglogoldashanti.com.

In compliance with King III, an assessment of the independence of the chairman by the non-executive directors on the board will form part of the 2010 performance evaluation of the board.

Directors' performance evaluation

An annual self-evaluation is undertaken to determine that the board and its committees are effective in the performance of their duties and to facilitate board development. Depending on the results of the evaluation, appropriate action is taken to achieve the desired results. The board is also cognisant of the opportunity the evaluation process affords it in improving communication among its members and between the board and management and to fine-tune its role in the overall governance of the company.

The most recent self-evaluation of the performance of the board, its committees and its chairman took place in February 2010. The chairman of the board and the chairman of each committee of the board led the processes to evaluate the board and the committees respectively. Led by the deputy chairman, each director evaluated the performance of the chairman.

The evaluation for the 2010 financial year is being done as a self-assessment, and will be finalised by end-March 2011. The external audit firm and the Internal Audit Department will also be evaluated. Additionally, the evaluation of the board chairman will be undertaken by the Nominations Committee and will become the standard procedure for future evaluations. The evaluation process for the 2011 financial year will be facilitated by an independent third party.

The performance evaluation of executive directors is conducted by the Remuneration Committee. For full details, see Remuneration Committee report from page 188.

Topics covered in the board's effectiveness evaluation include the following:
- composition of the board
- setting of performance objectives;
- board contribution to development of strategy;
- board response to crisis;
- board awareness of developments in regulatory and market

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