

ANGLOGOLD ASHANTI LTD

Form 20-F

July 09, 2007

As filed with the Securities and Exchange Commission on July 09, 2007

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 20-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT

OF 1934 OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF

1934

**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2006**

Commission file number: 1-14846

**AngloGold Ashanti Limited**

(Exact Name of Registrant as Specified in its Charter)

**Republic of South Africa**

(Jurisdiction of Incorporation or Organization)

**76 Jeppe Street**

**Newtown, Johannesburg, 2001**

**(P.O. Box 62117, Marshalltown, 2107)**

**South Africa**

(Address of Principal Executive Offices)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class

Name of each exchange on which registered

American Depositary Shares

New York Stock Exchange

Ordinary Shares

New York Stock Exchange\*

\* Not for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the

Securities and Exchange Commission

**Securities registered pursuant to Section 12(g) of the Act:**

None

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered

by the annual report:

Ordinary Shares of 25 ZAR cents each

276,236,153

E Ordinary Shares of 25 ZAR cents each

4,185,770

Edgar Filing: ANGLOGOLD ASHANTI LTD - Form 20-F

A Redeemable Preference Shares of 50 ZAR cents each  
2,000,000

B Redeemable Preference Shares of 1 ZAR cent each  
778,896

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities

Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and

(2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See

definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

(Check one): Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the

Exchange Act).

Yes No



iii	
<b>Table of contents</b>	
Page	
<b>Presentation of information</b>	
1	
<b>Certain forward-looking statements</b>	
2	
<b>Glossary of selected terms</b>	
Mining	
terms	3
Financial	
terms	
6	
Abbreviations	
7	
<b>Part I:</b>	
<b>Item 1:</b>	
Identity of directors, senior management and advisors	
8	
<b>Item 2:</b>	
Offer statistics and expected timetable	
8	
<b>Item 3:</b> Key	
information	
3A.	
Selected financial data	
8	
3B.    Capitalization	
and	
indebtedness	
12	
3C.	
Reasons for the offer and the use of proceeds	
12	
3D.    Risk	
factors	
12	
<b>Item 4:</b>	
Information on the company	
4A.    History and development of the company	
26	
4B.    Business overview	
33	
4C.    Organizational structure	
101	
4D.	
Property, plants and equipment	
101	
<b>Item 4A:</b>	
Unresolved staff comments	
101	

**Item 5:**

Operating and financial review and prospects

5A. Operating results

102

5B.

Liquidity and capital resources

133

5C.

Research and development, patents and licenses, etc

149

5D. Trend

information

149

5E.

Off-balance sheet arrangements

149

5F.

Tabular disclosure of contractual obligations

150

**Item 6:**

Directors, senior management and employees

6A.

Directors and senior management

151

6B. Compensation

159

6C. Board

practices

163

6D. Employees

170

6E. Share ownership

173

iv

**Item 7:**

Major shareholders and related party transactions

177

7A. Major  
shareholders

178

7B.

Related party transactions

179

7C.

Interests of experts and counsel

180

**Item 8:** Financial  
information

8A.

Consolidated financial statements and other financial information

Legal

proceedings

181

Dividend

policy

182

8B. Significant  
changes

182

**Item 9:**

The offer and listing

9A.

Offer and listing details

183

9B.

Plan of distribution

183

9C. Markets

184

9D. Selling  
shareholders

184

9E. Dilution

184

9F.

Expenses of the issue

184

**Item 10:** Additional  
information

10A. Share  
capital

185

10B. Memorandum and articles of association

188

10C. Material  
contracts

201

10D. Exchange  
controls

201

10E. Taxation

202

10F. Dividends and paying agents

206

10G. Statement by experts

206

10H. Documents on display

206

10I. Subsidiary information

206

**Item 11:**

**Quantitative and qualitative disclosures about market risk**

207

**Item 12:**

**Description of securities other than equity securities**

213

**Part II:**

**Item 13:**

Defaults, dividend arrearages and delinquencies

214

**Item 14:**

Material modifications to the rights of security holders and use of proceeds

214

**Item 15: Controls**

and

procedures

214

**Item 16A:**

**Audit committee financial expert**

217

**Item 16B:**

**Code of ethics**

217

**Item 16C:**

**Principal accountant fees and services**

217

**Item 16D:**

**Exemptions from the listing standards for audit committees**

218

**Item 16E:**

**Purchases of equity securities by the issuer and affiliated purchasers**

218

**Part III:**

**Item 17:**

Financial statements

219

**Item 18: Financial**

statements

F- pages

**Item 19:**

Exhibits



1

## **Presentation of information**

### **AngloGold Ashanti Limited**

In this annual report on Form 20-F, references to AngloGold or AngloGold Ashanti, the company and the group, are references to AngloGold Ashanti Limited or, as appropriate, subsidiaries and associate companies of AngloGold Ashanti.

### ***US GAAP financial statements***

The audited consolidated financial statements contained in this annual report on Form 20-F for the years ended December 31, 2006, 2005 and 2004 and as at December 31, 2006 and 2005 have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP).

### ***IFRS financial statements***

As a company incorporated in the Republic of South Africa, AngloGold Ashanti also prepares annual audited consolidated financial statements and unaudited consolidated quarterly financial statements in accordance with International Financial Reporting Standards (IFRS). These financial statements (referred to as IFRS statements) are distributed to shareholders and are submitted to the JSE Limited (formerly JSE Securities Exchange South Africa) (JSE), as well as the London, New York, Australian and Ghana stock exchanges and Paris and Brussels bourses and are submitted to the US Securities and Exchange Commission (SEC) on Form 6-K.

### ***Currency***

AngloGold Ashanti presents its consolidated financial statements in United States dollars. In this annual report, references to rands, ZAR and R are to the lawful currency of the Republic of South Africa, references to US dollars, dollar or \$ are to the lawful currency of the United States, references to € are to the lawful currency of the European Union, references to C\$ are to the lawful currency of Canada, references to ARS and peso are to the lawful currency of Argentina, references to AUD dollars and A\$ are to the lawful currency of Australia, references to BRL are to the lawful currency of Brazil and references to GHC or cedi are to the lawful currency of Ghana. See “Item 3A.: Selected financial data – Exchange rate information” for historical information regarding the noon buying rate in the City of New York for cable transfers in rands as certified for customs purposes by the Federal Reserve Bank of New York. On June 25, 2007, the noon buying rate was R7.1455 = \$1.00.

### ***Non-GAAP financial measures***

In this annual report on Form 20-F, AngloGold Ashanti presents the financial items “total cash costs”, “total cash costs per ounce”, “total production costs” and “total production costs per ounce” which have been determined using industry guidelines promulgated by the Gold Institute and are not US GAAP measures. An investor should not consider these items in isolation or as alternatives to production costs, net income/(loss) applicable to common shareholders, income/(loss) before income tax provision, net cash provided by operating activities or any other measure of financial performance presented in accordance with US GAAP. While the Gold Institute has provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See “Glossary of selected terms – Financial

terms – Total cash costs” and - “Total production costs” and “Item 5A.: Operating results – Total cash costs and total production costs”.

**Shares and shareholders**

In this annual report on Form 20-F, references to ordinary shares, ordinary shareholders and shareholders/members, should be read as common stock, common stockholders and stockholders, respectively, and vice versa.

2

**Certain forward-looking statements**

Certain statements contained in this document, other than statements of historical fact, contain forward-looking statements regarding AngloGold Ashanti's operations, economic performance or financial condition, including, without limitation, those concerning: the economic outlook for the gold mining industry, expectations regarding gold prices, production, total cash costs and other operating results, growth prospects and the outlook of AngloGold Ashanti's operations, including the completion and commencement of commercial operations of certain of AngloGold Ashanti's exploration and production projects, AngloGold Ashanti's liquidity and capital resources and expenditure, and the outcome and consequences of any pending litigation or enforcement proceedings. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. 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 be correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among 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, business and operational risk management and other factors as determined in "Item 3D.: Risk factors" and elsewhere in this annual report. These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. 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 the annual report 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.

3

### **Glossary of selected terms**

The following explanations are not intended as technical definitions but should assist the reader in understanding terminology used in this annual report. Unless expressly stated otherwise, all explanations are applicable to both underground and surface mining operations.

#### **Mining terms**

##### **BIF**

Banded Ironstone Formation. A chemically formed iron-rich sedimentary rock.

##### **By-products**

Any products that emanate from the core process of producing gold, including silver, uranium and sulphuric acid.

##### **Calc-silicate rock**

A metamorphic rock consisting mainly of calcium-bearing silicates such as diopside and wollastonite, and formed by metamorphism of impure limestone or dolomite.

##### **Carbon-in-leach (CIL)**

Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to carbon granules in the same circuit.

The carbon granules are separated from the slurry and treated in an elution circuit to remove the gold.

##### **Carbon-in-pulp (CIP)**

Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the

CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated

from the slurry and treated in an elution circuit to remove the gold.

##### **Comminution**

Comminution is the crushing and grinding of ore to make gold available for treatment. (See also 'Milling'.)

##### **Contained gold**

The total gold content (tons multiplied by grade) of the material being described.

##### **Cut-off Grade (Surface Mines)**

The minimum grade at which a unit of ore will be mined so as to achieve a required mining grade and hence a desired economic outcome.

##### **Depletion**

The decrease in quantity of ore in a deposit or property resulting from extraction or production.

##### **Development**

The process of accessing an orebody through shafts and/or tunnelling in underground mining operations.

##### **Diorite**

An igneous rock formed by the solidification of molten material (magma).

##### **Electro-winning**

A process of recovering gold from solution by means of electrolytic chemical reaction into a form that can be smelted easily

into gold bars.

##### **Elution**

Recovery of the gold from the activated carbon into solution before zinc precipitation or electro-winning.

##### **Grade**

The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore

(oz/t), or grams per metric tonne (g/t).

##### **Greenschist**

A schistose metamorphic rock whose green color is due to the presence of chlorite, epidote or actinolite.

##### **Leaching**

Dissolution of gold from crushed or milled material, including reclaimed slime, prior to adsorption on to activated carbon.

**Life-of-mine (LOM)**

Number of years that the operation is planning to mine and treat ore, and is taken from the current mine plan.

4

**Metallurgical plant**

A processing plant erected to treat ore and extract gold.

**Milling**

A process of reducing broken ore to a size at which concentrating can be undertaken. (See also 'Comminution').

**Mine call factor**

The ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing with the amount estimated in the ore based on sampling. The ratio of contained gold delivered to the metallurgical plant divided by the estimated contained gold of ore mined based on sampling.

**Mineral deposit**

A mineral deposit is a concentration or occurrence of material of possible economic interest in or on the Earth's crust.

**Ore Reserve**

That part of a mineral deposit which could be economically and legally extracted or produced at the time of the Ore Reserve determination.

**Ounce (oz) (troy)**

Used in imperial statistics. A kilogram is equal to 32.1507 ounces. A troy ounce is equal to 31.1035 grams.

**Pay limit**

The grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the total cash cost, as well as Ore Reserve development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses).

**Precipitate**

The solid product of chemical reaction by fluids such as the zinc precipitation referred to below.

**Probable Reserve**

Ore Reserves for which quantity and grade are computed from information similar to that used for Proven Ore Reserves, but the sites for inspection, sampling, and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than for that for Proven Ore Reserve, is high enough to assume continuity between points of observation.

**Productivity**

An expression of labor productivity based either on the ratio of grams of gold produced to the total number of employees or area mined (in square meters) to the total number of employees in underground mining operations.

**Proven Reserve**

Ore Reserves for which the (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes: grade is computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of the Ore Reserves are well established.

**Project capital**

Capital expenditure to either bring a new operation into production; to materially increase production capacity; or to materially extend the productive life of an asset.

**Reclamation**

In the South African context, reclamation describes the process of reclaiming slimes (tailings) dumps using high-pressure water cannons to form a slurry which is pumped back to the metallurgical plants for processing.

**Recovered grade**

The recovered mineral content per unit of ore treated.

**Reef**

A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold.

**Refining**

The final purification process of a metal or mineral.

**Rehabilitation**

The process of reclaiming land disturbed by mining to allow an appropriate post-mining use. Rehabilitation standards are defined by country-specific laws including, but not limited to the South African Department of Minerals and Energy, the US Bureau of Land Management, the US Forest Service, and the relevant Australian mining authorities, and address among other issues, ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.

5

**Seismic event**

A sudden inelastic deformation within a given volume of rock that radiates detectable seismic waves (energy) which results from mining activities.

**Shaft**

A vertical or sub-vertical excavation used for accessing an underground mine; for transporting personnel, equipment and supplies; for hoisting ore and waste; for ventilation and utilities; and/or as an auxiliary exit.

**Skarn**

A rock of complex mineralogical composition, formed by contact metamorphism and metasomatism of carbonate rocks.

**Smelting**

A pyro-metallurgical operation in which gold is further separated from impurities.

**Stay-in-business capital**

Capital expenditure to maintain existing production assets. This includes replacement of vehicles, plant and machinery, ore reserve development and capital expenditure related to safety, health and the environment.

**Stope**

Underground excavation where the orebody is extracted.

**Stoping**

The process of excavating ore underground

**Stripping ratio**

The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.

**Syngenetic**

Formed contemporaneously with the deposition of the sediment.

**Tailings**

Finely ground rock of low residual value from which valuable minerals have been extracted.

**Tailings dam (slimes dam)**

Dam facilities designed to store discarded tailings.

**Tonne**

Used in metric statistics. Equal to 1,000 kilograms.

**Ton**

Used in imperial statistics. Equal to 2,000 pounds. Referred to as a short ton.

**Tonnage**

Quantity of material measured in tons or tonnes.

**Waste**

Material that contains insufficient mineralization for consideration for future treatment and, as such, is discarded.

**Yield**

The amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams per metric tonne.

**Zinc precipitation**

Zinc precipitation is the chemical reaction using zinc dust that converts gold in solution to a solid form for smelting into unrefined gold bars.



6

**Financial terms**

**Average number of employees**

The monthly average number of production and non-production employees and contractors employed during the year, where contractors are defined as individuals who have entered into a fixed-term contract of employment with a group company or subsidiary.

**Capital expenditure**

Total capital expenditure on tangible assets which includes Ore Reserve development, stay-in-business and project capital.

**Discontinued operations**

An operation that, pursuant to single plan, has been disposed of or abandoned or is classified as held-for-sale until conditions precedent to the sale have been fulfilled.

**Effective tax rate**

Current and deferred taxation as a percentage of profit before taxation.

**Monetary asset**

An asset which will be settled in a fixed or easily determinable amount of money.

**Region**

Defines the operational management divisions within AngloGold Ashanti and these are South Africa, Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, Tanzania and United States of America.

**Related party**

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**Significant influence**

The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decision of an entity so as to obtain economic benefit from its activities.

**Total cash costs**

Total cash costs include site costs for all mining, processing and administration, reduced by contributions from by-products and are inclusive of royalties and production taxes. Depreciation, depletion and amortization, rehabilitation, corporate administration, employee severance costs, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.

**Total production costs**

Total cash costs plus depreciation, depletion and amortization, employee severance costs, rehabilitation and other non-cash costs. Corporate administration and exploration costs are excluded. Total production costs per ounce are the attributable total production costs divided by the attributable ounces of gold produced.

**Weighted average number of ordinary shares**

The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group and increased by share options that are virtually certain to be exercised.

7

**Abbreviations**

ADS

American Depositary Share

ADR

American Depositary Receipt

ASX Australian Stock Exchange

bn Billion

capex Capital expenditure

CDI Chess Depositary Interests

CLR Carbon Leader Reef

FCFA Communauté Financière Africaine Francs

FIFR

Fatal injury frequency rate per million hours worked

g Grams

g/t

Grams per tonne

g/TEC

Grams per total employee costed

GhDS

Ghanaian Depositary Share

GhSE

Ghana Stock Exchange

JORC

Australasian Code for Reporting of Mineral Resources and Ore Reserves

JIBAR

Johannesburg interbank agreed rate

JSE

JSE Limited

King Code

the Code of Corporate Practices and Conduct representing the principles of good governance as laid out in the King Report on Corporate Governance for South Africa 2002

kg Kilograms

LSE London

Stock

Exchange

LIBOR

London interbank offer rate

LOM Life-of-mine

LTIFR

Lost-time injury frequency rate per million hours worked

(1)

m<sup>2</sup>/TEC

Square meters per total employee costed

M or m

Meter or million, depending on the context

Moz Million ounces

Mt

Million tonnes or tons

Mtpa

Million tonnes/tons per annum

NOSA

National Occupational Safety Association

NYSE New York Stock Exchange

oz Ounces (troy)

oz/t

Ounces per ton

RIFR

Reportable injury frequency rate per million hours worked

SAMREC

South African Code for the Reporting of Mineral Resources and Mineral Reserves

SEC

United States Securities and Exchange Commission

SRP South African Securities Regulation Panel

SOX

Sarbanes-Oxley Act of 2002

t

Tons (short) or tonnes (metric)

tpm

Tonnes/tons per month

tpa Tonnes/tons per annum

tpd Tonnes/tons per day

VCR Ventersdorp Contact Reef

VCT

Voluntary counseling and testing

**Currencies**

\$

United States dollars

CHF

Swiss francs

ARS

Argentinean peso

GHC

Ghanaian cedi

A\$

Australian dollars

N\$

Namibian dollars

BRL

Brazilian real

R or ZAR

South African rands

€ European Euro

Tsh

Tanzanian

Shillings

C\$ Canadian dollars

(1)

*Note that AngloGold Ashanti utilizes the strictest definition in reporting Lost-Time Injuries in that it includes all Disabling Injuries (where an individual is unable to return to his place of regular work the next calendar day after the injury) and Restricted Work Cases (where the individual may be at work, but unable to perform full or regular duties on the next calendar day*

*after the injury) within this definition.*

*Rounding of figures in this report may result in computational discrepancies.*

8

**PART I**

**Item 1: Identity of directors, senior management and advisors**

Not applicable.

**Item 2: Offer statistics and expected timetable**

Not applicable.

**Item 3: Key information**

**3A. Selected financial data**

The selected financial information set forth below for the years ended December 31, 2004, 2005 and 2006 has been derived from, and should be read in conjunction with, the US GAAP financial statements included under Item 18 of this

annual report. The selected financial information for the years ended December 31, 2002 and 2003 and as at December 31, 2002 and 2003, has been derived from the US GAAP financial statements not included in this annual report.

9

**Year ended December 31,**

**2002**

(1) (2) (3)

**2003**

(6)

**2004**

(7) (8)

**2005**

**2006**

\$ \$

\$

\$

\$

(in millions, except share and per share amounts)

**Consolidated statement of income**

Sales and other income

1,493

1,670

2,151

2,485

2,715

Product sales

(9)

1,458

1,641

2,096

2,453

2,683

Interest, dividends and other

35

29

55

32

32

Costs and expenses

1,137

1,329

2,176

2,848

2,811

Operating costs

(10)

912

1,135

1,517

1,842

1,785

Royalties

9

11

27
39
59
Depreciation, depletion and amortization
257
247
445
593
699
Impairment of assets
-
75
3
141
6
Interest expense
22
28
67
80
77
Accretion expense
-
2
8
5
13
Profit on sale of assets, loans and indirect taxes
11
(55)
(14)
(3)
(36)
Mining contractor termination costs
-
-
-
9
-
Non-hedge derivative (gain)/loss
(74)
(114)
123
142
208
Income/(loss) from continuing operations before income tax
equity income, minority interests and cumulative effect of
accounting change
356
341
(25)

(363)  
(96)  
Taxation (expense)/benefit  
(64)  
(143)  
132  
121  
(122)  
Minority interest  
(16)  
(17)  
(22)  
(23)  
(29)  
Equity income in affiliates  
80  
71  
23  
39  
99  
Income/(loss) from continuing operations before cumulative  
effect of accounting change  
356  
252  
108  
(226)  
(148)  
Discontinued operations  
(11)  
-  
(2)  
(11)  
(44)  
6  
Income/(loss) before cumulative effect of accounting change  
356  
250  
97  
(270)  
(142)  
Cumulative effect of accounting change  
-  
(3)  
-  
(22)  
-  
Net income/(loss) – applicable to common stockholders  
356  
247  
97  
(292)



(142)  
 Basic earnings/(loss) per common share (in \$)  
 (12)(13)  
 From continuing operations  
 1.60  
 1.13  
 0.43  
 (0.85)  
 (0.54)  
 Discontinued operations  
 (0.01)  
 (0.04)  
 (0.17)  
 0.02  
 Before cumulative effect of accounting change  
 1.60  
 1.12  
 0.39  
 (1.02)  
 (0.52)  
 Cumulative effect of accounting change  
 -  
 (0.01)  
 -  
 (0.08)  
 -  
 Net income/(loss) – applicable to common stockholders  
 1.60  
 1.11  
 0.39  
 (1.10)  
 (0.52)  
 Diluted earnings/(loss) per common share (in \$)  
 (12)(13)  
 From continuing operations  
 1.60  
 1.13  
 0.42  
 (0.85)  
 (0.54)  
 Discontinued operations  
 -  
 (0.01)  
 (0.04)  
 (0.17)  
 0.02  
 Before cumulative effect of accounting change  
 1.60  
 1.12  
 0.38  
 (1.02)

(0.52)

Cumulative effect of accounting change

-

(0.01)

-

(0.08)

-

Net income/(loss) – applicable to common stockholders

1.60

1.11

0.38

(1.10)

(0.52)

Dividend per common share (cents)

(13)

113

133

76

56

39

10

**As at December 31,  
2002**

(1) (2) (3)

**2003**

(4) (5) (6)

**2004**

(7) (8)

**2005            2006**

\$

\$

\$

\$

\$

**(in millions, except share and per share amounts)****Consolidated balance sheet data (as at period end)**

Cash and cash equivalents and restricted cash

362            479            302            204

482

Other current assets

524            822

1,115

1,197

1,394

Property, plants and equipment, deferred stripping, and  
acquired properties, net

2,449            3,037            6,654            6,439

6,266

Goodwill and other intangibles, net

166            226            591            550

566

Materials on the leach pad (long-term)

79            7

22

116

149

Other long-term assets, derivatives, deferred taxation  
assets and other long-term inventory

770            772            712            607

656

Total assets

4,350            5,343            9,396            9,113

9,513

Current liabilities

694            1,116            1,469            1,874

2,467

Provision for environmental rehabilitation

133            124            209            325

310

Deferred taxation liabilities

505            789

1,518				
1,152				
1,275				
Other long-term liabilities, and derivatives				
1,158	1,194	2,295	2,539	
2,092				
Minority interest				
40	52	59	60	
61				
Stockholders' equity				
1,820	2,068	3,846	3,163	
3,308				
Total liabilities and stockholders' equity				
4,350	5,343	9,396	9,113	
9,513				
Capital stock (exclusive of long-term debt and redeemable preferred stock)				
9	9			
10				
10				
10				
Number of common shares as adjusted to reflect changes in capital stock				
222,622,022	223,136,342	264,462,894	264,938,432	276,236,153
Net assets				
1,860	2,120	3,905	3,223	
3,369				

(1)

*Excludes the results of operations and financial condition of the Free State mines sold with effect from January 1, 2002. See "Item 4A.: History and development of the company".*

(2)

*Includes the results of operations and financial condition of an additional 46.25 percent interest acquired in the Cerro Vanguardia mine located in Argentina from July 1, 2002. See "Item 4A.: History and development of the company".*

(3)

*Excludes the results of operations and financial condition of Stone and Allied Industries sold with effect from October 1, 2002. See "Item 4A.: History and development of the company".*

(4)

*Excludes the financial condition of the Amapari Project sold with effect from May 19, 2003. See "Item 4A.: History and development of the company".*

(5)

*Excludes the Gawler Craton Joint Venture sold with effect from June 6, 2003. See "Item 4A.: History and development of the company".*

(6)

*Excludes the results of operations and financial condition of the Jerritt Canyon Joint Venture sold with effect from June 30, 2003. See "Item 4A.:*

*History and development of the company".*

(7)

*Includes the results of operations and financial condition of Ashanti as of April 26, 2004. See "Item 4A.: History and development of the company".*

(8)

*Excludes the results of operations and financial condition of the Freda-Rebecca mine sold with effect from September 1, 2004. See "Item 4A.: History and development of the company".*

(9)

*Product sales represent revenue from the sale of gold.*

*(10) Operating costs include production costs, exploration costs, related party transactions, general and administrative, market development costs, research and development, employment severance costs and other.*

*(11) The selected financial information presented for the year ended December 31, 2002 has not been reclassified to reflect Ergo as a discontinued operation.*

*(12) The calculations of basic and diluted earnings/(loss) per common share are described in note 9 to the consolidated financial statements*

*"(loss)/earnings per common share". Amounts reflected exclude E Ordinary shares.*

*(13) Per share information gives effect to the December 2002 two-for-one stock split and the issuance of a total of 278,196 ordinary shares under AngloGold's odd-lot offer.*

11

**Annual dividends**

The table below sets forth the amounts of interim, final and total dividends paid in respect of the past five years in cents

per ordinary share. In respect of 2006, AngloGold Ashanti's board of directors declared an interim dividend of 210 South

African cents per ordinary share on July 26, 2006, with a record date of August 18, 2006, and a payment date of August 25, 2006, and a final dividend of 240 South African cents per ordinary share on February 12, 2007, with a record

date of March 9, 2007 and a payment date of March 16, 2007.

**Interim****Final****Total****Interim****Final****Total****Year ended December 31**

(South African cents per ordinary share)

(US cents per ordinary share

(1)

)

2002	675
------	-----

675	
-----	--

1,350	
-------	--

63.81	
-------	--

82.12	
-------	--

145.93	
--------	--

2003	375
------	-----

335	
-----	--

710	
-----	--

50.73	
-------	--

49.82	
-------	--

100.55	
--------	--

2004	170
------	-----

180	
-----	--

350	
-----	--

25.62	
-------	--

30.37	
-------	--

55.99	
-------	--

2005	170
------	-----

62	
----	--

232	
-----	--

26.09	
-------	--

9.86	
------	--

35.95	
-------	--

2006	210
------	-----

240	
-----	--

450	
-----	--

29.40	
-------	--

32.38	
-------	--

61.78	
-------	--

(1)  
*Dividends for these periods were declared in South African cents. US dollar cents per share figures have been calculated based on exchange rates prevailing on each of the respective payment dates.*

Future dividends will be dependent on AngloGold Ashanti's cash flow, earnings, planned capital expenditures, financial condition and other factors. Given that AngloGold Ashanti is in its highest-ever capital expenditure phase, it will continue to manage capital expenditure in line with profitability and cash flow, and its approach to the dividend on the basis of prudent financial management. Under South African law, AngloGold Ashanti may declare and pay dividends from any capital and reserves included in total shareholders' equity calculated in accordance with IFRS, subject to its solvency and liquidity. Dividends are payable to shareholders registered at a record date that is after the date of declaration. Dividends may be declared in any currency at the discretion of the AngloGold Ashanti board or AngloGold Ashanti shareholders at a general meeting. Currently, dividends are declared in South African rands and paid in Australian dollars, South African rands, British pounds and Ghanaian cedis. Dividends paid to registered holders of AngloGold Ashanti ADSs are paid in US dollars converted from South African rands by The Bank of New York, as depositary, in accordance with the deposit agreement. Exchange rate fluctuations may therefore affect the value of the dividends received by registered shareholders and distributions paid by the relevant depositary to investors holding AngloGold Ashanti securities. Moreover, fluctuations in the exchange rates of the British pound and the US dollar may have affected and are likely to affect the US dollar price of the ADSs on the NYSE and the US dollar equivalents of the United Kingdom pound price of the ordinary shares on the London Stock Exchange (LSE). For details on taxation and exchange controls applicable to holders of ordinary shares or ADSs, see "Item 10D.: Exchange controls" and "Item 10E.: Taxation – Taxation of dividends".

**Exchange rate information**

The following table sets forth for the periods and dates indicated certain information concerning the noon buying rate in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York expressed in rands per \$1.00. On June 25, 2007, the noon buying rate between South African rands and US dollars was R7.1455 = \$1.00.

**Year ended December 31**

**High**

**Low**

**Year end**

**Average**

**(1)**

2002	12.47	8.59	8.59	10.34	
2003					9.05
2004					7.31

5.62	
5.65	
6.39	
2005	6.92
5.64	
6.33	
6.35	
2006	
7.94	
5.99	
7.04	
6.81	
2007	
(2)	
	7.48
6.88	
7.15	
7.19	

(1)

*The average of the noon buying rates on the last business day of each month during the year.*

(2)

*Through June 25, 2007.*



12

**Exchange rate information for the months of**

**High**

**Low**

December 2006

7.16            6.94

January 2007

7.33            6.88

February 2007

7.28            7.07

March 2007

7.48            7.19

April 2007

7.28            6.98

May 2007

7.04            6.88

June 2007

(1)

7.27            7.08

(1)

*Through June 25, 2007.*

**3B.**

**Capitalization and indebtedness**

Not applicable.

**3C.**

**Reasons for the offer and use of proceeds**

Not applicable.

**3D.**

**Risk factors**

The risk factors set out in this document have been organized into three categories:

- risks related to the gold mining industry generally;

•

risks related to AngloGold Ashanti's operations; and

•

risks related to AngloGold Ashanti's ordinary shares and American Depositary Shares (ADSs).

**Risks related to the gold mining industry generally**

*The profitability of AngloGold Ashanti's operations, and the cash flows generated by these operations, are significantly affected by changes in the market price for gold.*

The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond AngloGold Ashanti's control, including:

•

speculative positions taken by investors or traders in gold;

•

changes in the demand for gold as an investment;

•

changes in the demand for gold used in jewellery and for other industrial uses;

•

changes in the supply of gold from production, disinvestment, scrap and hedging;

•

financial market expectations regarding the rate of inflation;

- the strength of the dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;

• actual or expected gold sales by central banks and the International Monetary Fund;

- gold hedging by gold producers;
- global or regional political or economic events; and

• costs of gold production in major gold-producing nations, such as South Africa, the United States and Australia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, because of the considerable size of above-ground stocks of the

metal in comparison to other commodities, these factors typically do not affect the gold price in the same manner or degree that the supply of and demand for other commodities tends to affect their market price.

13

The following table presents the annual high, low and average afternoon fixing prices over the past 10 years, expressed in

dollars, for gold per ounce on the London Bullion Market:

<b>Year</b>	<b>High</b>
<b>Low</b>	
<b>Average</b>	
1997	367
283	
331	
1998	314
273	
287	
1999	340
252	
278	
2000	317
262	
279	
2001	298
253	
271	
2002	347
278	
310	
2003	417
320	
364	
2004	456
371	
410	
2005	538
412	
445	
2006	725
525	
604	

*Source of data: Metals Week, Reuters and London Bullion Market Association*

On June 25, 2007, the afternoon fixing price of gold on the London Bullion Market was \$650.75 per ounce.

In addition to the spot price of gold, a portion of AngloGold Ashanti's gold sales is determined at prices in accordance with

the various hedging contracts that it has entered into, and will continue to enter into, with various gold hedging counterparts.

If revenue from gold sales falls below the cost of production for an extended period, AngloGold Ashanti may experience

losses and be forced to curtail or suspend some or all of its capital projects or existing operations, particularly those operations having operating costs that are flexible to such short- to medium-term curtailment or closure, or change its past

dividend payment policies. In addition, it would have to assess the economic impact of low gold prices on its ability to recover any losses that may be incurred during that period and on its ability to maintain adequate cash reserves.

***The profitability of AngloGold Ashanti's operations, and the cash flows generated by these operations, are significantly affected by the fluctuations in the price of input production factors, many of which are linked to the price of oil and steel.***

Fuel, power and consumables, including diesel, heavy fuel oil, chemical reagents, explosives and tires, which are used in mining operations form a relatively large part of the operating costs of any mining company. The cost of these consumables is linked, to a greater or lesser extent, to the price of oil. Furthermore, the cost of steel, which is used in the manufacture of most forms of fixed and mobile mining equipment, is also a relatively large contributor to the operating costs and capital expenditure of a mining company.

AngloGold Ashanti has estimated that for each \$1 per barrel rise in the oil price, the average cash costs of all its operations increase by \$0.33 per ounce with the cash costs of certain of its mines, which are more dependent on fuel, being more sensitive to changes in the price of oil.

Fluctuations in the price of oil and steel have a significant impact upon operating cost and capital expenditure estimates

and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates

for new mining projects. AngloGold Ashanti has no influence over the price of fuel, chemical reagents, explosives, steel

and other commodities used in its mining activities. High oil and steel prices would have an adverse effect upon the profitability of existing mining operations and the returns anticipated from new mining projects and could even render certain projects non-viable.

***AngloGold Ashanti's operations and development projects could be adversely affected by shortages of, as well as the lead times to deliver, strategic spares, critical consumables, heavy mining equipment and metallurgical plant.***

Due to the significant increase in the world's demand for commodities, the global mining industry is experiencing an increase in production capacity both in terms of expansions at existing, as well as the development of new, production facilities.

14

This increase in expansion capacity has taken place, in certain instances, without a concomitant increase in the capacity for production of certain strategic spares, critical consumables and mining and processing equipment used to operate and construct mining operations, resulting in shortages of and an increase in the lead times to deliver these items. In particular, AngloGold Ashanti and other gold mining companies have experienced shortages in critical consumables like tires for mobile mining equipment, as well as certain critical spares for both mining equipment and processing plants including, for example, gears for the ball-mills. In addition, the company has experienced an increase in delivery times for these and other items. These shortages have also resulted in unanticipated increases in the price of certain of these and other items. Shortages of critical spares, consumables and equipment result in production delays and production shortfalls. Increases in prices result in an increase in both operating costs and the capital expenditure to maintain and develop mining operations.

While suppliers and equipment manufacturers may increase capacity to meet the increased demand and therefore alleviate both shortages of, and time to deliver, strategic spares, critical consumables and mining and processing equipment, individually the companies have limited influence over manufacturers and suppliers. Consequently, shortages and increased lead times in delivery of strategic spares, critical consumables, heavy mining and certain processing equipment could have an adverse impact upon AngloGold Ashanti's results of operations and its financial condition. ***Gold companies face many risks related to their operations (including their exploration and development activities) that may adversely affect their cash flows and overall profitability.***

*Uncertainty and cost of mineral exploration and acquisitions*

Exploration activities are speculative and are often unproductive. These activities also often require substantial expenditure to:

- establish the presence, and to quantify the extent and grades (metal content) of mineralized material through exploration drilling;
- determine appropriate metallurgical recovery processes to extract gold from the ore;
- estimate Ore Reserves;
- undertake feasibility studies and to estimate the technical and economic viability of the project; and
- construct, renovate or expand mining and processing facilities.

Once gold mineralization is discovered it can take several years to determine whether Ore Reserves exist. During this time the economic feasibility of production may change owing to fluctuations in factors that affect revenue, as well as cash and other operating costs.

AngloGold Ashanti considers from time to time the acquisition of Ore Reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Its decisions to acquire these properties have historically been based on a variety of factors including historical operating results, estimates of and assumptions regarding the extent of Ore Reserves, cash and other operating costs, gold prices and projected economic returns and evaluations of existing or potential liabilities associated with the property and its operations and how these may change in the future. Other than historical operating results, all of these parameters are uncertain and have an impact upon revenue, cash and other

operating issues, as well as the uncertainties related to the process used to estimate Ore Reserves. In addition, there is intense competition for the acquisition of attractive mining properties.

As a result of these uncertainties, the exploration programmes and acquisitions engaged in by AngloGold Ashanti may not

result in the expansion or replacement of the current production with new Ore Reserves or operations. This could adversely affect its results of operations and its financial condition.

*Development risks*

AngloGold Ashanti's profitability depends, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from its current estimates. The development of its mining projects may be subject to

unexpected problems and delays.

AngloGold Ashanti's decision to develop a mineral property is typically based, in the case of an extension or, in the case of

a new development, on the results of a feasibility study. Feasibility studies estimate the expected or anticipated project economic returns.

15

These estimates are based on assumptions regarding:

- future gold, other metal and uranium prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold, and other metals and uranium from the ore;
- anticipated capital expenditure and cash operating costs; and
- the required return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. Operating costs and capital expenditure are determined particularly by the costs of the commodity

inputs, including the cost of fuel, chemical reagents, explosives, tires and steel, that are consumed in mining activities and

credits from by-products. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. In addition to those discussed above these uncertainties include:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labor, power, water and transportation facilities;
- the availability and cost of appropriate smelting and refining arrangements;
- the need to obtain necessary environmental and other governmental permits and the timing of those permits; and
- the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine development and construction can increase because of the remote location of

many mining properties. New mining operations could experience unexpected problems and delays during development,

construction and mine start-up. In addition, delays in the commencement of mineral production could occur. Finally, operating cost and capital expenditure estimates could fluctuate considerably as a result of fluctuations in the prices of commodities consumed in the construction and operation of mining projects. Accordingly, AngloGold Ashanti's future development activities may not result in the expansion or replacement of current production with new production, or one or

more of these new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all.

#### *Ore Reserve estimation risks*

AngloGold Ashanti undertakes annual revisions to its Mineral Resource and Ore Reserve estimates based upon actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and

other costs and economic parameters such as gold price and exchange rates. These factors may result in reductions in its

Ore Reserve estimates, which could adversely affect the life-of-mine plans and consequently the total value of AngloGold

Ashanti's mining asset base and, as a result, have an adverse effect upon the market price of AngloGold Ashanti's

ordinary shares and ADSs.

*Production or mining industry risks*

Gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business, its ability to

produce gold and meet its production targets. These events include, but are not limited to:

- environmental hazards, including discharge of metals, pollutants or hazardous chemicals;
  - industrial accidents;
  - underground fires;
- labor disputes;
- encountering unexpected geological formations;
- unanticipated ground and water conditions;
- unanticipated increases in gold lock-up and inventory levels at the company's heap-leach operations;
- fall-of-ground accidents in underground operations;
- failure of mining pit slopes and tailings dam walls;
- legal and regulatory restrictions and changes to such restrictions;
- seismic activity; and
- other natural phenomena, such as floods or inclement weather conditions.



16

Seismic activity is of particular concern to the gold mining industry in South Africa, in part because of the large percentage of deep-level gold mines. To understand and manage this risk, AngloGold Ashanti uses sophisticated seismic and rock mechanics technologies.

Despite the implementation of this technology and modifications to mine layouts and support technology with a view to minimizing the incidence, and impact of seismic activity, seismic events have in the past, and may in the future, cause employee injury and death as well as substantial damage to AngloGold Ashanti's operations, both within South Africa and elsewhere where seismic activity may be a factor.

The occurrence of one or more of these events may result in the death of, or personal injury to, miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, environmental damage and potential legal liabilities. In addition, AngloGold Ashanti has from time to time encountered unanticipated delays and shortfalls in production as a result of these events. As a result, these events may have a material adverse effect on AngloGold Ashanti's operational results and its financial condition.

***Gold mining companies are increasingly required to consider and ensure the sustainable development of, and provide benefits to, the communities and countries in which they operate.***

As a consequence of public concern about the perceived ill affects of economic globalization, business generally and in particular large multinational corporations such as AngloGold Ashanti, face increasing public scrutiny of their activities.

These businesses are under pressure to demonstrate that, as they seek to generate satisfactory returns on investment to shareholders, other stakeholders – including employees, communities surrounding operations and the countries in which they operate – benefit, and will continue to benefit from these commercial activities, which are also expected to minimize or eliminate any damage to the interests of those stakeholders.

These pressures tend to be applied most strongly against companies whose activities are perceived to have a high impact

on their social and physical environment. The potential consequences of such pressures, especially if not effectively managed, include reputational damage, legal suits and social spending obligations. All of these factors could have a material adverse effect on AngloGold Ashanti's results of operations and its financial condition.

***Gold mining operations are subject to extensive health and safety laws and regulations.***

Gold mining operations are subject to a variety of industry-specific health and safety laws and regulations depending upon

the jurisdiction in which they are located. These laws and regulations are formulated to improve and to protect the safety

and health of employees. If these laws and regulations were to change and, if as a result, material additional expenditure

were required to comply with such new laws and regulations, it could adversely affect AngloGold Ashanti's results of operations and its financial condition.

***Gold mining companies are subject to extensive environmental laws and regulations.***

Gold mining companies are subject to extensive environmental laws and regulations in the various jurisdictions in which

they operate. These regulations establish limits and conditions on gold producers' ability to conduct their operations.

The cost of AngloGold Ashanti's compliance with environmental laws and regulations has been significant and is expected to

continue to be significant.

17

Gold mining companies are required to close their operations and rehabilitate the lands that they mine in accordance with

environmental laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially.

Environmental liabilities are accrued when they are known, probable and can be reasonably estimated. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations,

which could have an adverse effect on AngloGold Ashanti's financial condition.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If AngloGold

Ashanti's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, its expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect AngloGold Ashanti's results of operations and its financial condition.

#### **Risks related to AngloGold Ashanti's operations**

AngloGold Ashanti faces many risks related to its operations that may affect its cash flows and overall profitability.

*AngloGold Ashanti uses gold hedging instruments and has entered into long term sales contracts, which may prevent the company from realizing all potential gains resulting from subsequent commodity price increases in the future. AngloGold Ashanti has restructured its hedge book which has reduced protection against low gold prices.*

AngloGold Ashanti currently uses hedging instruments to fix the selling price of a portion of its respective anticipated gold

production and to protect revenues against unfavorable gold price and exchange rate movements. While the use of these

instruments may protect against a drop in gold prices and exchange rate movements, it will do so for only a limited period

of time and only to the extent that the hedge remains in place. The use of these instruments may also prevent AngloGold

Ashanti from fully realizing the positive impact on income from any subsequent favorable increase in the price of gold on

the portion of production covered by the hedge and of any subsequent favorable exchange rate movements.

AngloGold Ashanti has utilized commodity instruments to protect the selling price of some of its anticipated production.

The use of such instruments prevents full participation in subsequent increases in the market price for the commodity with

respect to covered production. Since 2001 the company has been reducing its hedge commitments through hedge buy-backs, deliveries into contracts and restructuring in order to provide greater participation in a rising gold price environment, the effect of which may be that only limited price protection is available in lower gold prices. For a discussion

of AngloGold Ashanti's commodity instruments see "Item 11: Quantitative and qualitative disclosures about market risk".

A significant number of AngloGold Ashanti's hedge contracts are not fair valued on the financial statements as they fall

under the normal purchase sales exemption. Should AngloGold Ashanti fail to deliver gold into those contracts in accordance with their terms, then the company would need to account for the fair value of all of its hedge contracts on the

financial statements, which could adversely affect the company's reported financial condition.

*Foreign exchange fluctuations could have a material adverse effect on AngloGold Ashanti's operating results and financial condition.*

Gold is principally a dollar-priced commodity, and most of AngloGold Ashanti's revenues are realized in or linked to dollars while production costs are largely incurred in the applicable local currency where the relevant operation is located. The weakening of the dollar, without a corresponding increase in the dollar price of gold against these local currencies, results in lower revenues and higher production costs in dollar terms.

18

Conversely, the strengthening of the dollar, without a corresponding decrease in the dollar price of gold against these local

currencies yields significantly higher revenues and lower production costs in dollar terms. If material, these exchange rate

movements may have a material adverse effect on AngloGold Ashanti's results of operations.

Since June 2002, the weakening of the dollar against the South African rand, the Brazilian real, the Argentinean peso and

the Australian dollar has had a negative impact upon AngloGold Ashanti's profitability. Conversely, in certain prior years,

the devaluation of these local currencies against the dollar has had a significant positive effect on the profitability of AngloGold Ashanti's operations. In 2006, 2005, and 2004, AngloGold Ashanti derived approximately 73 percent, 67 percent and 74 percent, respectively, of its revenues from these countries and incurred approximately 61 percent, 63 percent and 72 percent, respectively, of production costs in these local currencies.

In 2006, the increase in total cash costs from 2005 was partially offset by favorable exchange variances of \$7 per ounce.

In 2005, the weakening of the dollar against these local currencies accounted for nearly \$4 per ounce of the increase in total cash costs from 2004. These impacts were partially offset by the increase in the dollar price of gold, which increase

was to some extent a function of dollar weakness. In addition, production costs in South African rand, Brazilian real, Argentinean peso and Australian dollar terms were only modestly offset by the effect of exchange rate movements on the

price of imports denominated in dollars, as imported products comprise a small proportion of production costs in each of

these countries.

To a lesser extent, and mainly as a result of AngloGold Ashanti's hedging instruments, a small proportion of its revenues

are denominated in South African rands and Australian dollars, which may partially offset the effect of the dollar's strength

or weakness on AngloGold Ashanti's profitability.

In addition, due to its global operations and local foreign exchange regulations, some of AngloGold Ashanti's funds are

held in local currencies, such as the South African rand and Australian dollar.

The dollar value of these currencies may be affected by exchange rate fluctuations. If material, exchange rate movements

may adversely affect AngloGold Ashanti's financial condition.

***AngloGold Ashanti's level of indebtedness may adversely affect its business.***

As of December 31, 2006, AngloGold Ashanti had gross borrowings of around \$1.5 billion. This level of indebtedness could have adverse effects on AngloGold Ashanti's flexibility to do business. Under the terms of AngloGold Ashanti's borrowing facilities from its banks it is obliged to meet certain financial and other covenants. AngloGold Ashanti expects to

meet these covenants and to be able to pay principal and interest on its debt by utilizing the cash flows from operations

and, therefore, its ability to do so will depend upon its future financial performance which will be affected by its operating

performance as well as by financial and other factors, certain of which are beyond its control. AngloGold Ashanti may be

required to utilize a large portion of its cash flow to pay the principal and interest on its debt which will reduce the amount

of funds available to finance existing operations, the development of new organic growth opportunities and further acquisitions.

AngloGold Ashanti's level of indebtedness may make it vulnerable to economic cycle downturns, which are beyond its control, because during such downturns, it cannot be certain that its future cash flows will be sufficient to allow it to pay

principal and interest on its debt and also to meet its other obligations. Should the cash flow from operations be insufficient, it could breach its financial and other covenants and may be required to refinance all or part of its existing debt, utilize existing cash balances, issue additional equity or sell assets. AngloGold Ashanti cannot be sure that it will be

able to do so on commercially reasonable terms, if at all.

Furthermore, substantially all AngloGold Ashanti's indebtedness matures in the next two years. AngloGold Ashanti intends

refinancing a substantial portion of its maturing indebtedness and cannot give assurance that it will be able to do so on commercially reasonable terms, if at all.

***Inflation may have a material adverse effect on AngloGold Ashanti's results of operations.***

Most of AngloGold Ashanti's operations are located in countries that have experienced high rates of inflation during certain periods.

19

Because it is unable to control the market price at which it sells the gold it produces (except to the extent that it enters into

forward sales and other derivative contracts), it is possible that significantly higher future inflation in the countries in which

AngloGold Ashanti operates may result in an increase in future operational costs in local currencies, without a concurrent

devaluation of the local currency of operations against the dollar or an increase in the dollar price of gold. This could have

a material adverse effect upon AngloGold Ashanti's results of operations and its financial condition.

While none of AngloGold Ashanti's specific operations is currently materially adversely affected by inflation, significantly

higher and sustained inflation in the future, with a consequent increase in operational costs, could result in operations being discontinued or reduced or rationalized at higher cost mines.

***Contracts for sale of uranium at fixed prices could affect AngloGold Ashanti's operating results and financial condition.***

AngloGold Ashanti has also entered into contracts for the sale of uranium produced by some of its South African operations and may therefore be prevented from realizing all potential gains from increase in uranium prices to the extent

that the company's future production is covered by such contracts. Furthermore, should AngloGold Ashanti not produce

sufficient quantities of uranium to cover such contracts, it may need to procure or borrow uranium in the market to meet

any shortfall which could adversely affect AngloGold Ashanti's results of operations and its financial condition.

***AngloGold Ashanti's new order mining rights in South Africa could be suspended or cancelled should the company breach, and fail to remedy such breach of, its obligations in respect of the acquisition of these rights.***

AngloGold Ashanti's rights to own and exploit mineral reserves and deposits are governed by the laws and regulations of

the jurisdictions in which the mineral properties are located. Currently, a significant portion of its mineral reserves and deposits are located in South Africa.

The Mineral and Petroleum Resources Development Act (MPRDA) vests custodianship of South Africa's mineral rights in

the State. The State issues prospecting rights or mining rights to applicants. Prospecting, mining and mineral rights formerly regulated under the Minerals Act 50 of 1991 and common law are now known as old order mining rights and the

transitional arrangements provided in Schedule II to the MPRDA give holders of such old order mining rights the opportunity to convert their old order mining rights into new order mining rights within specified time frames.

The Department of Minerals and Energy (DME) has published, pursuant to the MPRDA, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Charter). Compliance with the Charter,

measured using a designated Scorecard, requires that every mining company achieve 15 percent ownership by Historically Disadvantaged South Africans (HDSAs) of its South African mining assets by May 1, 2009, and 26 percent

ownership by May 1, 2014 and achieve participation by HDSAs in various other aspects of management referred to below.

The Company has submitted to the DME two Social and Labor Plans – one for each of its main mining regions – detailing

its specific goals in these areas.

The Scorecard allows for a portion of "offset" against the HDSA's equity participation requirements insofar as companies

have facilitated downstream, value-adding activities in respect of the products they mine. AngloGold Ashanti carries

out such downstream activities and believes these will be recognized in terms of a framework currently being devised by the South African government.

AngloGold Ashanti has completed a number of asset sales to companies owned by HDSAs in the past seven years (estimated to be equivalent to 20 percent of AngloGold Ashanti's South African production). Furthermore, at the end of

2006 AngloGold Ashanti implemented an Employee Share Ownership Programme (ESOP) and Black Economic Empowerment (BEE) transaction, collectively with a value equivalent to approximately 6 percent of its South African assets. This is consistent with the company's stated strategic intention to develop means of promoting broad based equity

participation in the company by HDSAs and with an undertaking made to the DME as a condition for the granting to the

company of its new order mining rights. AngloGold Ashanti believes that it has made significant progress towards meeting

the requirements of the Charter, the Scorecard and its own undertakings in terms of human resource development, employment equity, mine community and rural development, housing and living conditions, procurement and beneficiation,

including the implementation of programmes to help achieve the requirement of having 40 percent of management roles

being held by HDSAs by 2010. AngloGold Ashanti will incur expenses in giving further effect to the Charter and the Scorecard and the implementation of the ESOP will affect the company's results of operations. See "Item 5: Operating and



20

financial review and prospects – Establishment of a Black Economic Empowerment (BEE) transaction in South Africa” for

a detailed discussion on the implementation of ESOP.

AngloGold Ashanti was informed on August 1, 2005, by the Director General of Minerals and Energy that its applications

to convert its old order mining rights to new order mining rights for its West Wits and Vaal River operations, as well as its

applications for new mining rights to extend its mining areas at its TauTona and Kopanang mines, had been successful.

These applications relate to all of its existing operations in South Africa. AngloGold Ashanti has reviewed certain draft

notarial rights agreements, which it received from the Department of Minerals and Energy relating to the various rights.

The notarial agreement for the West Wits operations has subsequently been executed and registered as has the notarial agreement for Jonkerskraw, which forms a portion of the Vaal River rights. The notarial agreements for the Vaal River

operations are pending. AngloGold Ashanti submitted two applications to DME for the conversion of two unused old order

prospecting rights to new order prospecting rights, one of which it has subsequently withdrawn. The DME has approved

the conversion of the remaining prospecting right which had been registered.

Even where new order mining rights are obtained under the MPRDA, these rights may not be equivalent to the old order

mining rights. The AngloGold Ashanti rights that have been converted and registered do not differ significantly from the

relevant old order rights. The duration of the new rights will no longer be perpetual as was the case under old order mining rights but rather will be granted for a maximum period of 30 years, with renewals of up to 30 years each and, in the

case of prospecting rights, a maximum period of five years with one renewal of up to three years. Furthermore, the MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject

to certain conditions, such as non-concentration of resources, fair competition and non-exclusion of others. In addition, the

new order rights will only be transferable subject to the approval of the Minister of Minerals and Energy.

The new order mining rights can be suspended or cancelled by the Minister of Minerals and Energy if, upon notice of a

breach from the Minister, the entity breaching its obligations in terms of the guidelines issued for converted mining rights

fails to remedy such breach. The MPRDA also imposes additional responsibilities on mining companies relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities.

AngloGold Ashanti has a policy of evaluating, minimizing and addressing the environmental consequences of its activities

and, consistent with this policy and the MPRDA, conducts an annual review of the environmental costs and liabilities associated with the company’s South African operations in light of the new, as well as existing, environmental requirements.

***The proposed introduction of South African State royalties where a significant portion of AngloGold Ashanti’s mineral reserves and operations are located could have an adverse effect on its results of operations and its financial condition.***

The South African government has announced the details of the proposed new legislation, whereby the new order rights will be subject to a State royalty. The Mineral and Petroleum Resources Royalty Bill was published on October 11, 2006 and provides for the payment of a royalty of 1.5 percent of gross revenue attributable to refined gold per year, payable quarterly. The royalty is tax deductible. The payment of royalties will commence on May 1, 2009, if the Bill is passed by Parliament in its current form.

***Certain factors may affect AngloGold Ashanti's ability to support the carrying value of its property, plants and equipment, acquired properties, investments and goodwill on its balance sheet.***

AngloGold Ashanti reviews and tests the carrying value of its assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. AngloGold Ashanti values individual mining assets at the lowest level for which identifiable cash flows are identifiable as independent of cash flows of other mining assets and liabilities. If there are indications that impairment may have occurred, AngloGold Ashanti prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

21

If any of these uncertainties occur either alone or in combination, it could require management to recognize an impairment, which could adversely affect AngloGold Ashanti's financial condition.

***Diversity in interpretation and application of accounting literature in the mining industry may impact AngloGold Ashanti's reported financial results***

The mining industry has limited industry specific accounting literature. As a result, diversity exists in the interpretation and application of accounting literature to mining specific issues. For example, AngloGold Ashanti capitalizes the drilling and related costs incurred to define and delineate a residual mineral deposit that has not been classified as proven and probable reserves at a development stage or production stage mine, whereas some companies expense such costs. (See "Item 5: Operating and financial review and prospects – Critical accounting policies"). As and when diversity in interpretation and application is addressed, it may impact AngloGold Ashanti's reported results should the adopted interpretation differ from the position followed by AngloGold Ashanti.

***AngloGold Ashanti's mineral reserves and deposits and mining operations are located in countries that face political, economic and security risks.***

Some of AngloGold Ashanti's mineral deposits and mining and exploration operations are located in countries that have experienced political instability and economic uncertainty. In all of the countries where AngloGold Ashanti operates, the formulation or implementation of government policies may be unpredictable on certain issues including regulations which impact on its operations and changes in laws relating to issues such as mineral rights and asset ownership, taxation, royalties, import and export duties, currency transfers, restrictions on foreign currency holdings and repatriation of earnings.

Any existing and new mining and exploration operations and projects AngloGold Ashanti carries out in these countries are, and will be subject to, various national and local laws, policies and regulations governing the ownership, prospecting, development and mining of mineral reserves, taxation and royalties, exchange controls, import and export duties and restrictions, investment approvals, employee and social/community relations and other matters. If, in one or more of these countries, AngloGold Ashanti was not able to obtain or maintain necessary permits, authorizations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal, ownership, fiscal (including all royalties and duties), exchange control, employment, environmental and social laws and regimes, or the governing political authorities change materially which could result in changes to such laws and regimes, its results of operations and its financial condition could be adversely affected.

For example, in Mali and Tanzania, AngloGold Ashanti is due refunds of input tax which remain outstanding for periods longer than those provided for in the respective statutes. In addition, AngloGold Ashanti has outstanding assessments and unresolved tax disputes in a number of countries. If the outstanding input taxes are not received, the tax disputes are not resolved and assessments are not made in a manner favorable to AngloGold Ashanti, it could have an adverse effect upon its results of operations and its financial condition.

Certain of the countries in which AngloGold Ashanti has mineral deposits or mining or exploration operations, including the Democratic Republic of Congo and Colombia, have in the past experienced and in certain cases continue to experience, a difficult security environment as well as political instability. In particular, various illegal groups active in regions in

which the company is present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on the company's operations in such regions. In the event that continued operations in these countries compromise AngloGold Ashanti's security or business principles, it may withdraw from these countries on a temporary or permanent basis, which in turn, could have an adverse impact on its results of operations and its financial condition.

***Labor disruptions and/or increased labor costs could have an adverse effect on AngloGold Ashanti's operating results and financial condition.***

As at December 31, 2006, approximately 69 percent (2005: 72 percent) of AngloGold Ashanti's workforce excluding contractors or 62 percent of total workforce was located in South Africa. Approximately 97.8 percent of the workforce on its

South African operations is unionized, with the National Union of Mineworkers (NUM) representing the majority of unionized workers.

22

AngloGold Ashanti's employees in some South American countries and Ghana are also highly unionized. Trade unions have a significant impact on AngloGold Ashanti's labor relations climate, as well as on social and political reforms, most notably in South Africa.

It has become established practice to negotiate wages and conditions of employment with the unions every two years through the Chamber of Mines of South Africa. A two-year wage agreement was signed with NUM in August 2005, following negotiations between NUM, United Associations of South Africa (on behalf of some clerical and junior management staff) and Solidarity (on behalf of a small number of miners) and the Chamber of Mines. Agreement was only

reached after a four-day strike which affected all of AngloGold Ashanti's operations in South Africa.

Labor costs represent a substantial proportion of AngloGold Ashanti's total operating costs and in many operations, including South African operations, is the company's single largest operating cost category. The two-year wage agreement

will be reviewed in June 2007 in negotiation with NUM, UASA, Solidarity and the Chamber of Mines and this process is

likely to result in further increase in labor costs in South Africa. These increases in labor costs, including those in other

parts of the world, in the absence of further productivity increases, will have an adverse impact on the company's results

of operations and financial condition.

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of AngloGold Ashanti's

operations. It is uncertain whether labor disruptions will be used to advocate labor, political or social goals in the future.

Should any labor disruptions occur, if material, they could have an adverse effect on AngloGold Ashanti's results of operations and its financial condition.

***The use of mining contractors at certain of AngloGold Ashanti's operations may expose it to delays or suspensions in mining activities and increases in mining costs.***

Mining contractors are used at certain of AngloGold Ashanti's mines, including Sadiola, Morila and Yatela in Mali, Siguiri in

Guinea, Iduapriem in Ghana and Sunrise Dam in Australia, to mine and deliver ore to processing plants.

Consequently, at

these mines, AngloGold Ashanti does not own all of the mining equipment and may face disruption of operations and incur

costs and liabilities in the event that any of the mining contractors at these mines has financial difficulties, or should there

be a dispute in renegotiating a mining contract, or a delay in replacing an existing contractor. Furthermore, increases in

contract mining rates, in the absence of associated productivity increases, will have an adverse impact on the company's

results of operations and financial condition.

***AngloGold Ashanti competes with mining and other companies for key human resources.***

AngloGold Ashanti competes with mining and other companies on a global basis to attract and retain key human resources at all levels with appropriate technical skills and operating and managerial experience necessary to continue to

operate its business. This is further exacerbated in the current environment of increased mining activity across the globe

combined with the global shortage of key mining industry human resource skills, including geologist, mining engineers,

metallurgists and skilled artisans.

The retention of staff is particularly challenging in South Africa, where, in addition to the impacts of the global industry wide shortages, AngloGold Ashanti is also required to achieve employment equity targets of participation by HDSAs in management and other positions.

AngloGold Ashanti competes with all companies in South Africa to attract and retain a small but growing pool of HDSAs

with the necessary skills and experience. For further details see the risk factor “AngloGold Ashanti’s new order mineral rights in South Africa could be suspended or cancelled should the company breach, and fail to remedy such breach of, its

obligations in respect of the acquisition of these rights”.

There can be no assurance that AngloGold Ashanti will attract and retain skilled and experienced employees and, should

it lose any of its key personnel, its business may be harmed and its results of operations and its financial condition could

be adversely affected.

23

***AngloGold Ashanti faces certain risks in dealing with HIV/AIDS which may adversely affect its results of operations and its financial condition.***

AIDS remains the major health care challenge faced by AngloGold Ashanti's South African operations. Accurate prevalence data for AIDS is not available. The South African workforce prevalence studies indicate that the percentage of

AngloGold Ashanti's South African workforce that may be infected by HIV may be as high as 30 percent. AngloGold Ashanti is continuing to develop and implement various programmes aimed at helping those who have been infected with

HIV and preventing new infections. Since 2001 AngloGold Ashanti has offered a voluntary counseling and HIV testing

programme for employees in South Africa. In 2002 AngloGold Ashanti began to offer anti-retroviral therapy (ART) to HIV

positive employees who met the current medical criteria for the initiation of ART. From April 2003, AngloGold Ashanti

commenced a roll-out of the treatment to all eligible employees desiring it. Currently approximately 3,750 employees are

on the wellness programme and as at December 2006, approximately 1,589 employees were receiving treatment using anti-retroviral drugs.

The cost of providing rigorous outcome-focused disease management of employees with AIDS, including the provision of

an anti-retroviral therapy, is on average R1,300 (\$185) per employee on treatment per month. It is not yet possible to develop an accurate cost estimate of the programme in its entirety, given uncertainties such as drug prices and the ultimate rate of employee participation.

AngloGold Ashanti does not expect the cost that it will incur related to the prevention of HIV infection and the treatment of

AIDS to materially and adversely affect its results of operations. Nevertheless, it is not possible to determine with certainty

the costs that AngloGold Ashanti may incur in the future in addressing this issue, and consequently its results of operations and its financial condition could be adversely affected.

***AngloGold Ashanti faces certain risks in dealing with malaria, particularly at its operations located in Africa, which may have an adverse effect on its results of operations.***

Malaria is a significant health risk at all of AngloGold Ashanti's operations in Central, West and East Africa where the disease assumes epidemic proportions because of ineffective national control programmes. The disease is a major cause

of death in young children and pregnant women but also gives rise to fatalities and absenteeism in adult men.

Consequently, if uncontrolled, the disease could have an adverse effect upon productivity and profitability levels of AngloGold Ashanti's operations located in these regions.

***The treatment of occupational health diseases and the potential liabilities related to occupational health diseases may have an adverse effect upon the results of AngloGold Ashanti's operations and its financial condition.***

The primary areas of focus in respect of occupational health within AngloGold Ashanti's operations are noise-induced hearing loss (NIHL), occupational lung diseases (OLD) and tuberculosis (TB). AngloGold Ashanti provides occupational

health services to its employees at its occupational health centers and it continues to improve preventative occupational

hygiene initiatives. If the costs associated with providing such occupational health services increase, such increase could

have an adverse effect on AngloGold Ashanti's results of operations and its financial condition.

Furthermore, the South African government, by way of a cabinet resolution in 1999, proposed a possible combination and

alignment of benefits of the Occupational Diseases in Mines and Works Act (ODMWA) that provides for

compensation to miners who have OLD, TB and combinations thereof, and the Compensation for Occupational Injuries and Diseases Act (COIDA) that provides for compensation to non-miners who have OLD. COIDA provides for compensation payments to workers suffering permanent disabilities from OLD, which are classified as pension liabilities if the permanent disability is above a certain threshold, or a lump sum compensation payment if the permanent disability is below a certain threshold. ODMWA only provides for a lump sum compensation payment to workers suffering from OLD. The capitalized value of a pension liability (in accordance with COIDA) is usually greater than that of a lump sum compensation payment (under ODMWA). In addition, under COIDA compensation becomes payable at a lower threshold of permanent disability than under ODMWA. It is estimated that under COIDA about two to three times more of AngloGold Ashanti's employees would be compensated as compared with those eligible for compensation under ODMWA. If the proposed combination of COIDA and ODMWA were to occur, this could further increase the level of compensation claims AngloGold Ashanti could be subject to and consequently could have an adverse effect on its financial condition.



24

***The costs associated with the pumping of water inflows from closed mines adjacent to AngloGold Ashanti's operations could have an adverse effect upon its results of operations.***

Certain of AngloGold Ashanti's mining operations are located adjacent to the mining operations of other mining companies. The closure of a mining operation may have an impact upon continued operations at the adjacent mine if appropriate preventative steps are not taken. In particular, this can include the ingress of underground water where pumping operations at the adjacent closed mine are suspended. Such ingress could have an adverse effect upon any one

of AngloGold Ashanti's mining operations as a result of property damage, disruption to operations and additional pumping costs.

AngloGold Ashanti has embarked on legal action in South Africa after the owner of an adjacent mine put the company owning the adjacent mining operation into liquidation, raising questions about its and other companies' willingness to meet

their water pumping obligations.

The relevant mining companies have entered into a settlement agreement and will establish a not-for-profit water company

to conduct the water pumping activities at the highest lying shaft which is owned by Stilfontein Gold Mining Company (in

liquidation). The three mining companies will contribute equally to the cost of establishing and initially running the water

company until it becomes self funding.

***Some of AngloGold Ashanti's power supplies are not always reliable and have on occasion forced it to halt or curtail activities at its mines. Power fluctuations and power cost increases may adversely affect AngloGold Ashanti's results of operations and its financial condition.***

All of AngloGold Ashanti's mining operations in Ghana are dependent for their electricity supply on hydro-electric power

supplied by the Volta River Authority (VRA) an entity controlled by the government of Ghana, although AngloGold Ashanti

also has access to VRA electricity supply from a recently constructed smaller thermal plant. The VRA's principal electricity

generating facility is the Akosombo Dam and during periods of below average inflows from the Volta reservoir, electricity

supplies from the Akosombo Dam may be curtailed, as occurred in 1998. In addition, this electricity supply has been subject to voltage fluctuations, which can damage the group's equipment.

The VRA also obtains power from neighboring Cote d'Ivoire, which has intermittently experienced some political instability

and civil unrest. These factors, including increased power demand from other users in Ghana, may cause interruptions in

AngloGold Ashanti's power supply to its operations in Ghana or result in increases in the cost of power even if they do not

interrupt supply. Consequently, these factors may adversely affect AngloGold Ashanti's results of operations and its financial condition.

In order to address this problem and to supplement the power generated by the VRA, AngloGold Ashanti have agreed together with the other three principal gold producers in Ghana to acquire (and equally fund) an 85 megawatt, diesel-fired,

power plant that could be converted to gas supply once the anticipated West African Gas Pipeline is developed. While AngloGold Ashanti believes that this additional power should alleviate any current power shortages, it may not do so if the

power supply from the VRA further deteriorates due to either reduced power generation or increased demand from other

users.

AngloGold Ashanti's mining operations in Guinea, Tanzania and Mali are dependent on power supplied by outside contractors and supplies of fuel being delivered by road. AngloGold Ashanti's power supply has been disrupted in the past

and it has suffered resulting production losses as a result of equipment failure. Recently, South Africa has started to experience power outages. Should similar events occur in future, or should fluctuations or power cost increases adversely

affect AngloGold Ashanti's other operations, this would have an adverse effect on AngloGold Ashanti's operational results

and its financial condition.

***The occurrence of events for which AngloGold Ashanti is not insured or for which its insurance is inadequate may adversely affect its cash flows and overall profitability.***

AngloGold Ashanti maintains insurance to protect only against catastrophic events which could have a significant adverse

effect on its operations and profitability. This insurance is maintained in amounts that are believed to be reasonable depending upon the circumstances surrounding each identified risk.

25

However, AngloGold Ashanti's insurance does not cover all potential risks associated with its business. In addition, AngloGold Ashanti may elect not to insure certain risks, due to the high premiums associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. Furthermore, AngloGold Ashanti may not be able to obtain insurance coverage at acceptable premiums. AngloGold Ashanti has a captive insurance company, namely AGRe Insurance Company Limited, which participates at various levels in certain of the insurances maintained by AngloGold Ashanti. The occurrence of events for which it is not insured may adversely affect AngloGold Ashanti's cash flows and overall profitability.

**Risks related to AngloGold Ashanti's ordinary shares and American Depositary Shares (ADSs)**

*Sales of large quantities of AngloGold Ashanti's ordinary shares and ADSs, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities.*

The market price of AngloGold Ashanti's ordinary shares or ADSs could fall if large quantities of ordinary shares or ADSs are sold in the public market, or there is the perception in the marketplace that such sales could occur. Subject to applicable securities laws, holders of AngloGold Ashanti's ordinary shares or ADSs may decide to sell them at any time.

AngloGold Ashanti has entered into a registration rights agreement with AA plc that would facilitate US registration of additional offers and sales of AngloGold Ashanti shares that AA plc makes in the future, subject to certain conditions. Sales of ordinary shares or ADSs if substantial, or the perception that sales may occur and be substantial, could exert downward pressure on the prevailing market prices for AngloGold Ashanti ordinary shares or ADSs, causing their market prices to decline. In April 2006 Anglo American plc (AA plc) sold 19,685,170 ordinary shares it held in AngloGold Ashanti, reducing AA plc's shareholding in AngloGold Ashanti from approximately 51 percent of outstanding shares to approximately 42 percent as at December 31, 2006. AA plc has stated that it intends to reduce and ultimately to exit its gold company holdings and that it will continue to explore all available options to exit AngloGold Ashanti in an orderly manner.

*Fluctuations in the exchange rate of different currencies may reduce the market value of AngloGold Ashanti's securities, as well as the market value of any dividends or distributions paid by AngloGold Ashanti.*

AngloGold Ashanti has historically declared all dividends in South African rands. As a result, exchange rate movements may have affected and may continue to affect the Australian dollar, the British pound, the Ghanaian cedi and the US dollar value of these dividends, as well as of any other distributions paid by the relevant depository to investors that hold AngloGold Ashanti's securities. This may reduce the value of these securities to investors. The Memorandum and Articles of Association of the company allows for dividends and distributions to be declared in any currency at the discretion of AngloGold Ashanti's board of directors, or its shareholders at a general meeting. If and to the extent that AngloGold Ashanti opts to declare dividends and distributions in dollars, exchange rate movements will not affect the dollar value of any dividends or distributions. Nevertheless, the value of any dividend or distribution in Australian dollars, British pounds, Ghanaian cedis or South African rands will continue to be affected. If and to the extent that dividends and

distributions are

declared in South African rands, exchange rate movements will continue to affect the Australian dollar, British pound, Ghanaian cedi and US dollar value of these dividends and distributions. Furthermore, the market value of AngloGold Ashanti's securities as expressed in Australian dollars, British pounds, Ghanaian cedis, US dollars and South African rands will continue to fluctuate in part as a result of foreign exchange fluctuations.

***The recently announced proposal by the South African Government to replace Secondary Tax on Companies with withholding tax on dividends and other distributions may impact on the amount of dividends or other distributions received by the company's shareholders***

On February 21, 2007, the South African Government announced a proposal to replace Secondary Tax on Companies with a 10 percent withholding tax on dividends and other distributions payable to shareholders. This proposal is expected

to be implemented in phases between 2007 and 2009. Although this may reduce the tax payable by the South African operations of the company thereby increasing distributable earnings, the withholding tax will generally reduce the amount

of dividends or other distributions received by AngloGold Ashanti shareholders.

26

**Item 4: Information on the company**

AngloGold Ashanti, as it conducts business today, was formed on April 26, 2004 following the business combination of

AngloGold Limited (AngloGold) with Ashanti Goldfields Company Limited (Ashanti) which was incorporated in Ghana on

August 19, 1974.

**4A.**

**History and development of the company**

AngloGold Ashanti, 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 21 operations comprising open-pit and underground mines and surface metallurgical plants are located in ten countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United States of America), and are supported by extensive exploration activities. The combined proven and probable Ore Reserves of the group amounted to

66.0 million ounces as at December 31, 2006.

AngloGold Ashanti is listed on the following securities exchanges under the respective trading symbols:

- Johannesburg (ANG) – the company's primary listing;
- New York (AU) in the form of American Depositary Shares (ADSs). Each ADS is equivalent to one ordinary share;
- Australia (AGG) in the form of Clearing House Electronic Subregister System Depositary Interests (CDIs). Each CDI

is equivalent to one-fifth of an ordinary share;

- London (ANG);
- Paris (VA);
- Brussels (ANG); and
- Ghana (AGA) in the form of Ghanaian Depositary Shares (GhDSs) under the symbol AADS. Each GhDS is equivalent to one-hundredth of an ordinary share.

AngloGold Ashanti Limited (formerly AngloGold 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 (Vaal Reefs) and

operates under the South African Companies Act, 61 of 1973, as amended. Its principal executive office is located at 76 Jeppe Street, Newton, Johannesburg, 2001 (P.O. Box 62117, Marshalltown, 2107) South Africa (Telephone +27 11 637-6000). AngloGold Ashanti's US offices are at the offices of AngloGold Ashanti North America Incorporated,

7400 East Orchard Road, Suite 350, Greenwood Village, CO 80111.

AngloGold was formed in June 1998 through the consolidation of the gold interests of Anglo American Corporation of

South Africa Limited (AAC) and its associated companies into a single, focused, independent, global gold company. Vaal

Reefs, the vehicle for the consolidation, changed its name to AngloGold Limited and increased its authorized share capital, effective March 30, 1998.

AngloGold then acquired, in share-for-share exchanges in terms of South African schemes of arrangement and following

shareholder approval, all of the issued share capital of the following participating companies:

- East Rand Gold and Uranium Company Limited (Ergo);
- Eastvaal Gold Holdings Limited (Eastvaal);
- Southvaal Holdings Limited (Southvaal);
- Free State Consolidated Gold Mines Limited (Freegold);

- Elandsrand Gold Mining Company Limited (Elandsrand);
- H.J. Joel Gold Mining Company Limited (HJ Joel); and
- Western Deep Levels Limited (Western Deep Levels)

(collectively the “participating companies”). A total of 51,038,968 ordinary shares were issued to AAC and 66,010,118 ordinary shares to other shareholders in exchange for their shares in these companies.

In addition, AngloGold acquired in private transactions with AAC and minority shareholders certain share interests in gold

mining companies, including:

- approximately 17 percent of Driefontein Consolidated Limited (Driefontein);
- 100 percent of Anmercosa Mining (West Africa) Limited (Anmin West Africa);
- approximately 89 percent of Western Ultra Deep Levels Limited (Western Ultra Deep);

27

- approximately 52 percent of Eastern Gold Holdings Limited (Eastern Gold);
- 70 percent of Erongo Mining and Exploration Company Limited (Erongo); and
- other sundry share interests

(collectively the “share interests companies”). A total of 25,734,446 ordinary shares were issued to AAC and 957,920 ordinary shares to minority shareholders in exchange for their shares in these companies. AngloGold also acquired certain gold exploration and mining rights from AAC and other companies in exchange for which 1,623,080 ordinary shares were issued to AAC and 4,210,412 ordinary shares to other companies. Prior to the consolidation, Vaal

Reefs was a client company of AAC under a service agreement and HJ Joel was a client company of Johannesburg Consolidated Investments Limited (JCI) under another service agreement. Under these agreements, AAC and JCI provided certain technical, administrative, secretarial and purchasing services. In connection with the above transaction,

AngloGold acquired from AAC and JCI all the rights under these service agreements relating to the participating companies listed above. AngloGold now provides these services. The rights under the service agreements were acquired

from AAC in exchange for 6,834,872 ordinary shares of AngloGold, and the rights under the service agreement from JCI

were acquired for a cash amount of R62.5 million (\$11 million).

The consolidation was approved by the required majorities of the shareholders of AngloGold and the participating companies and became effective on June 29, 1998, for accounting purposes. The participating companies and the 50 percent or more owned share interests companies became subsidiaries, and the less than 50 percent owned share interests companies became associate companies.

Effective March 31, 1999, AngloGold purchased Minorco’s gold interests located primarily in North and South America.

Effective April 30, 1999, AngloGold acquired the remaining 30 percent interest in Erongo for R30 million (\$5 million).

Effective December 31, 1999, AngloGold acquired Acacia Resources in Australia, including all or part of new mining operations and exploration activities. A total of 18,020,776 AngloGold shares were issued in this transaction.

Effective July 3, 2000, AngloGold acquired an effective 40 percent interest in the Morila mine located in Mali from Randgold Resources.

Effective December 15, 2000, AngloGold acquired a 50 percent interest in the Geita mine located in northern Tanzania

from Ashanti Goldfields Company Limited. Following the business combination, Ashanti’s 50 percent interest was acquired.

In 2000, in support of its market development initiatives, AngloGold acquired a 25 percent interest in OroAfrica, South

Africa’s largest manufacturer of gold jewellery and a 33 percent holding in GoldAvenue, an e-commerce business in gold,

created jointly with JP Morgan and Produits Artistiques de Metaux Precieux (PAMP). Gold Avenue continued to sell gold

jewellery by catalogue and through the internet until early 2004, when it was wound-up.

In December 2000, agreement was reached with Harmony Gold Mining Company Limited, whereby Harmony agreed to

purchase AngloGold’s Elandsrand and Deelkraal mines with effect from February 1, 2001, for an amount of R872 million (\$109 million). On April 9, 2001, the sale became unconditional.

In terms of an agreement signed with African Rainbow Minerals Gold Limited (currently Harmony Gold Mining Company

Limited) (ARM) in January 1998, the No. 2 Shaft Vaal River Operations was tributed to ARM on the basis that 40 percent

of all revenue, costs and capital expenditure would be attributable to ARM, with the balance to AngloGold. With

effect from

July 1, 2001, AngloGold announced that it had disposed of its interests in No. 2 Shaft Vaal River Operations to ARM for

R10 million (\$1 million).

On September 5, 2001, AngloGold announced that it was to make a takeover offer for Normandy Mining Limited (Normandy), Australia's largest listed gold mining company. Arising out of the offer, a total of 6,869,602 AngloGold ordinary shares were issued. This excluded 143,630 AngloGold ordinary shares issued under the top-up facility to Normandy shareholders. The takeover offer did not come to fruition and the Normandy shares acquired were sold on the

market on January 21, 2002, realizing a total of \$158 million.



28

On April 11, 2002, AngloGold announced that the final condition precedent for the sale of its Free State assets to African Rainbow Minerals Gold Limited (currently Harmony Gold Mining Company Limited) and Harmony Gold Mining Company Limited, through a jointly-owned company, had been fulfilled for a net consideration of R2,523 million (\$229 million) (including tax payable by AngloGold and net of contractual obligations) pursuant to the sale. The sale was effective from January 1, 2002.

During July 2002 AngloGold acquired an additional 46.25 percent of the equity, as well as the total loan assignment, of Cerro Vanguardia SA, a company conducting gold mining operations in Argentina, from Pérez Companc International SA, for a net consideration of \$97 million, thereby increasing its interest in Cerro Vanguardia to 92.5 percent. AngloGold disposed of its wholly-owned subsidiary, Stone and Allied Industries (O.F.S.) Limited, a stone crushing company, to a joint venture of that company's existing management and a group of black entrepreneurs, with effect from October 1, 2002, for a consideration of R5 million, comprising R1.4 million in respect of the equity interest and R3.6 million, in respect of a loan claim. In respect of the equity interest, R450,000 in cash and the outstanding balance of R950,000 together with the loan of R3.6 million is payable in five equal annual installments, together with interest, commencing October 1, 2003. The agreement of sale provides for a 10 percent interest in Stone and Allied Industries (O.F.S.) Limited to be held by Masakhisane Investment Limited, a wholly-owned subsidiary established by AngloGold in terms of its Small and Medium Enterprises Development Initiative, which company will render technical and administrative assistance to the purchasers until the total amount of the consideration has been settled. During 2006 Masakhisane Investment Limited sold its interest in Stone and Allied Industries (O.F.S.) Limited.

On April 8, 2003, AngloGold announced that it had reached agreement with Helix Resources Limited for the sale of its interest in the Gawler Craton and Tarcoola Joint Ventures in South Australia. As announced on June 6, 2003, the sale of AngloGold's 49 percent stake in the Gawler Craton Joint Venture, including the Tunkillia project was finalized, for a consideration comprising cash of \$500,000 (A\$750,000), 1.25 million fully-paid Helix shares issued at A\$0.20 per share and 1.25 million Helix options exercisable at A\$0.25 per option before November 30, 2005, with an additional payment of \$335,000 (A\$500,000) deferred to the delineation of 350,000 ounces. Helix's proposed acquisition of AngloGold's rights to the Tarcoola Project, 60 kilometers to the south, was excluded from the final agreement. This resulted in a restructure of the terms of the original agreement as announced on April 8, 2003. On April 23, 2005, the company received a further 416,667 full paid Helix shares and 37,281 Helix options following a rights issue. The company did not exercise its rights in terms of the Helix options which expired on November 30, 2005.

On May 23, 2003, AngloGold announced that it had signed an agreement to sell its wholly-owned Amapari Project, located in the State of Amapá, North Brazil, to Mineração Pedra Branca do Amapari, for a total consideration of \$18 million. The effective date of the transaction was May 19, 2003. Since acquiring the property as part of the Minorco transaction, AngloGold sought to prove up additional reserve ounces in order to achieve a size and lifespan that would justify the

management resources needed to run it effectively. This was not achieved and AngloGold, on receiving an offer from a purchaser who could constructively turn this orebody to account, agreed to sell.

On July 2, 2003, AngloGold announced that it had concluded the sale of its interest in the Jerritt Canyon Joint Venture to

Queenstake Resources USA Inc., effective June 30, 2003. Queenstake paid the Jerritt Canyon Joint Venture partners, AngloGold and Meridian Gold, \$1.5 million in cash and 32 million shares issued by a subsidiary, Queenstake Resources

Limited, with \$6 million in deferred payments and \$4 million in future royalties. Queenstake accepted full closure and reclamation liabilities. The shares acquired by AngloGold in this transaction, were sold in November 2003.

In 2004, Queenstake approached the Jerritt Canyon Joint Venture partners about the possibility of monetizing all or at least a majority of the \$6 million in deferred payments and \$4 million in future royalties. Based on an agreement reached

between the parties, AngloGold Ashanti was paid on August 25, 2004, approximately \$7 million for its portion of the deferred payments and future royalties, thereby monetizing all outstanding obligations, except for a minor potential royalty

interest that AngloGold Ashanti retained.

On July 8, 2003, AngloGold disposed of its entire investment of 8,348,600 shares held in East African Gold Mines Limited

for a consideration of \$25 million and in the second half of 2003 AngloGold disposed of 952,481 shares in Randgold Resources Limited for a consideration of \$23 million.

In August 2003, AngloGold announced the launch of an offering of R2 billion bonds due 2008, followed by an announcement of August 27, 2003, which advised the pricing of the offering at 10.5 percent. The offer closed and was settled on August 28, 2003.

29

On September 18, 2003, AngloGold and Gold Fields Limited jointly announced that agreement had been reached on the

sale by Gold Fields Limited of a portion of the Driefontein mining area to AngloGold for a cash consideration of R315 million (\$48 million).

On January 20, 2004, AngloGold announced that it had received a cash payment of A\$4 million (\$3 million) and 25 million

fully paid ordinary shares from Tanami Gold NL in Australia, as consideration for Tanami Gold's purchase of the Western

Tanami Project. This followed an initial payment of A\$0.3 million (\$0.2 million) made on November 24, 2003, when the

Heads of Agreement was signed by the companies. In addition, a further 2 million fully paid ordinary shares were received

from Tanami Gold in respect of a rights issue in June 2004. During the period October 10, through October 18, 2005, AngloGold Ashanti Australia reduced its shareholding in Tanami Gold to 5 percent, through the sale of 8 million fully paid

ordinary shares for a cash consideration of A\$1.3 million (\$1 million) and in February 2006, disposed of the entire investment in Tanami Gold with the sale of 19 million shares for a cash consideration of A\$3.9 million (\$3 million).

The business combination between AngloGold and Ashanti Goldfields Company Limited (Ashanti), initially announced on

May 16, 2003, was completed with effect from Monday, April 26, 2004, following the confirmation by the High Court in

Ghana on Friday, April 23, 2004, of the scheme of arrangement, in terms of which AngloGold acquired the entire issued

share capital of Ashanti. In the business combination, Ashanti shareholders received 0.29 ordinary shares or 0.29 ADSs of

AngloGold for every Ashanti share or Ashanti GDS (Global Depositary Security) held. Ashanti became a private company

and a wholly-owned subsidiary of AngloGold and AngloGold changed its name to AngloGold Ashanti Limited on April 26, 2004, the effective date of the transaction. As a result of the business combination, a total of 38,400,021

ordinary

shares were issued to Ashanti shareholders, 75,731 ordinary shares were issued to Ashanti warrant holders and 2,658,000 ordinary shares were issued to the Government of Ghana in fulfillment of the agreements and undertakings contained in the Stability Agreement during 2004.

Following the business combination, \$75 million of Mandatorily Exchangeable Notes issued by Ashanti were redeemed.

On February 27, 2004, AngloGold Holding plc, a subsidiary of AngloGold, completed an offering of \$1 billion principal

amount 2.375 percent convertible bonds, due 2009. The bonds are guaranteed by AngloGold Ashanti.

On July 1, 2004, AngloGold Ashanti announced that it had entered into an agreement with Trans-Siberian Gold plc (TSG)

for the acquisition of a 29.9 percent stake in the company through an equity investment of approximately £18 million (\$32 million) in two subscriptions for ordinary shares. On December 23, 2004, it was announced that the second subscription had been delayed to April 15, 2005 while on April 18, 2005, the second subscription date was extended by a

further two weeks to April 29, 2005. On April 28, 2005, the Company announced that agreement had been reached with

TSG on revised terms for the second subscription of shares in TSG, and a revised subscription price of £1.30 per share,

compared to £1.494 per share agreed between the parties on June 30, 2004. The revised terms of the subscription was approved by TSG shareholders on May 27, 2005 and AngloGold Ashanti's 17.5 percent equity interest in TSG

increased

to 29.9 percent on May 31, 2005, the date on which the second subscription for 6,131,585 ordinary shares in TSG for an

aggregate consideration of £8 million (\$15 million) was completed.

On August 5, 2004, AngloGold Ashanti announced the sale of its Union Reefs assets to the Burnside Joint Venture, comprising subsidiaries of Northern Gold NL (50 percent) and Harmony Gold Mining Company Limited (50 percent), for a

total consideration of A\$4 million (\$2 million). The Burnside Joint Venture is responsible for all future obligations associated with the assets, including remaining site rehabilitation and reclamation.

In a joint announcement made on September 10, 2004, AngloGold Ashanti confirmed its agreement to sell its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Proprietary) Limited for a total consideration of

\$2.255 million, to be settled in two tranches, \$0.75 million immediately and the balance (\$1.505 million) to be settled within

six months of the satisfaction of all conditions to the sale agreement. The sale was effective on September 1, 2004, and all

conditions to the sale agreement were satisfied on April 22, 2005.

Subsequently in August 2005, AngloGold Ashanti and Mwana Africa Holdings (Proprietary) Limited agreed that the second

payment of \$1.505 million would be settled by an immediate payment of \$1 million and the subsequent issue to AngloGold

Ashanti of 600,000 Mwana Africa plc shares, once that company listed on the London Stock Exchange. Mwana Africa plc

is a junior exploration and mining company with assets located in Zimbabwe as well as in the Democratic Republic of Congo. As at December 31, 2006, AngloGold Ashanti retains its 600,000 shares in Mwana Africa Holdings (Proprietary)

Limited. The sole operating asset of Ashanti Goldfields Zimbabwe Limited as sold to Mwana Africa Holdings (Proprietary)

Limited was the Freda-Rebecca Gold Mine.

30

Agreement was reached to sell AngloGold Ashanti's 40 percent equity interest in Tameng Mining and Exploration (Proprietary) Limited of South Africa (Tameng) to Mahube Mining (Proprietary) Limited for a cash consideration of R20 million (\$3 million). Tameng owns certain mineral rights to Platinum Group Metals (PGMs) on the farm Locatie Van

M'Phatlele KS 457, on the northern limb of the Bushveld Complex in the Limpopo Province in South Africa. The sale was effective on September 1, 2004.

On October 11, 2004, AngloGold Ashanti announced that it had signed an agreement with Philippines explorer Red 5 Limited to subscribe for a 12.3 percent stake in the expanded issued capital of Red 5 Limited for a cash consideration of

A\$5 million (\$4 million). The placement was to be used to fund the exploration activities along strike from current mineral

resources at the Siana Project, and to test the nearby porphyry gold-copper targets in the Surigao region of the Republic

of the Philippines. For a period of 2 years commencing in October 2004, AngloGold Ashanti had the right to enter into

Joint Venture arrangements on Red 5's tenements (excluding their Siana project) with the potential to earn up to a 67.5 percent interest in areas of interest through further investment in exploration in these Joint Venture areas. On August 26,

2005, AngloGold Ashanti subscribed for additional shares in Red 5 Limited, for a cash consideration of A\$0.8 million (\$0.6 million), thereby increasing its holding to 14.1 percent. As at December 31, 2006, AngloGold Ashanti held 13 percent

in Red 5 Limited, after the dilution of shareholding (from 14.1 percent) resulting from the increase in issued share capital.

On September 18, 2006, AngloGold Ashanti elected to exercise a second Joint Venture option with Red 5 Limited – the Outer Siena Joint Venture, located to the south-east of Boyongan - in terms of which the Company will spend a minimum

of A\$1.5 million (\$1.2 million) in the first year with no interest. The Company may earn between 52 percent and 58.5 percent interest in two tenements through an additional expenditure of A\$4 million (\$3 million), with a right to increase its

holding by 8 percent to 9 percent through an additional spend of A\$5 million (\$4 million).

On January 27, 2005, AngloGold Ashanti announced the signing of a new three-year loan facility agreement for \$700 million to replace the existing \$600 million facility that matured in February 2005. The new facility reduced the group's cost of borrowings, as the borrowing margin over LIBOR reduced from 70 to 40 basis points.

A substantial restructuring of the AngloGold Ashanti hedge book commenced in late December 2004 and was completed

in January 2005. This resulted in a reduction in the net delta of the combined hedge by 2.2 million ounces during the fourth

quarter of 2004.

On April 15, 2005, the South African Department of Water Affairs and Forestry issued a directive ordering three mining

groups, DRD Gold, Harmony and AngloGold Ashanti to share equally the costs of pumping water at some shafts of DRD Gold's North West operations in South Africa. This follows an interdict application made by AngloGold Ashanti in

response to DRD Gold's threat to cease funding the pumping of water at these shafts, after placing Buffelsfontein, its subsidiary that operated the North West operations, into liquidation on March 22, 2005.

On April 29, 2005, AngloGold Ashanti announced the conditional sale of exploration assets in the Laverton area in Australia, comprising the Sickie royalty of \$30 per ounce, the Child Harold prospect, various 100 percent AngloGold Ashanti Australia-owned interests including the Lord Byron and Fish projects as well as its interests in the Jubilee, Black

Swan and Jasper Hills joint ventures to Crescent Gold Limited, for a total consideration of A\$4 million (\$3 million).  
The

transaction was concluded in December 2006.

On July 19, 2005, Alease Gold and Uranium Resources Limited (Alease) announced that it had purchased from AngloGold Ashanti, its Weltevreden mine in an all script deal valued on May 6, 2005 at R75 million (\$11 million).

On December 19, 2005, Alease was acquired by srx Uranium One Incorporated (formerly Southern Cross Incorporated).

As certain conditions precedent to the agreement with regards to mining rights conversion were not fulfilled as of December 31, 2006, the Company has separately classified assets and liabilities for Weltevreden presented in the consolidated balance sheet, as held for sale.

On July 27, 2005, AngloGold Ashanti reached an agreement with the Government of Guinea to amend the Convention de

Base (stability agreement) and resolve all outstanding disputes for a sum of \$7 million. In addition, the Company has agreed as part of this settlement to meet historical and follow-up fees and costs of a consultant that the government retained to advise and assist it in its negotiations and resolution of the dispute. In consideration of the above settlement,

the government has irrevocably confirmed its waiver and abandonment of all claims and disputes of any nature whatsoever against the AngloGold Ashanti group of companies.

31

On August 2, 2005, AngloGold Ashanti announced that the company had received notification from the Director-General of Minerals and Energy that it had been granted its application for new order mining rights in terms of the Mineral Resources and Petroleum Development Act. In its application for these rights, the company committed itself to achieving the Mining Charter's goals, including: 40 percent representation in management of Historically Disadvantaged South Africans within five years; participating in local economic development programmes in the areas where it operates and from which it draws its labor; and meeting the Mining Charter's empowerment ownership target.

On August 11, 2005, AngloGold Ashanti announced that it had disposed of its La Rescatada project to ARUTANI SAC, a local Peruvian corporation, for a total consideration of \$12.5 million with an option to repurchase 60 percent of the project should economically viable reserves in excess of 2 million ounces be identified within three years, and accordingly, the accounting consequences will be deferred.

On October 26, 2005, AngloGold Ashanti announced that it welcomed the announcement by Anglo American that it intends to provide AngloGold Ashanti with greater flexibility to pursue its strategy by deciding to reduce its shareholding in the company, whilst still intending to remain a significant shareholder in the medium term.

On February 27, 2006, AngloGold Ashanti announced that it had signed an agreement with Dynasty Gold Corporation, a Vancouver-based company, with exploration activities in China, to acquire an effective 8.7 percent stake in that company through a purchase of 5.75 million Dynasty units at a price of C\$0.40 each. Each unit consists of one common share and one-half common share purchase warrant exercisable at a price of C\$0.60 per unit for two years.

On April 10, 2006, AngloGold Ashanti's shareholders in a general meeting gave authority to the directors to allot sufficient ordinary shares of the company to allow it to raise \$500 million before expenses but after underwriters' fees in a private offering. On the same day AngloGold Ashanti announced that its offering of 9,970,732 ordinary shares had been priced at \$51.25 per ADS and R315.19 per ordinary share.

On June 1, 2006, AngloGold Ashanti and Bema Gold Corporation (Bema) announced that they would jointly explore a select group of AngloGold Ashanti's mineral opportunities located in Northern Colombia, with initial work focused on the La Mina and El Pino targets. As part of the agreement, AngloGold Ashanti has initially agreed to provide a minimum of eight exploration properties. It is the intent of the parties to ultimately list a new company which will hold Bema's interest in the joint venture and in which AngloGold Ashanti has the right to subscribe for a 20 percent shareholding. In November 2006, certain members of Bema's management formed a company, B2 Gold, which company would acquire certain rights held by Bema following the acquisition by Kinross Gold of Bema in December 2006. On February 14, 2007, AngloGold Ashanti consented to the ultimate assignment of Bema's rights and responsibilities to B2 Gold in terms of the joint venture agreement entered into between AngloGold Ashanti and Bema.

On June 30, 2006, AngloGold Ashanti (U.S.A.) Exploration Inc. (AngloGold Ashanti), 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 percent interest in six Alaska mineral exploration properties and associated databases in return for 5,997,295 common shares of ITH stock, representing an approximate 19.99 percent interest in ITH (June 15, 2007; 15.68 percent). The sales transaction was closed on August 4, 2006. AngloGold Ashanti also granted to ITH the exclusive option to acquire a 60 percent interest in each of its LMS and Terra projects by incurring \$3 million of exploration expenditure on each project (total of \$6 million) within four years of the grant date of the options. As part of the two option agreements, AngloGold Ashanti will have the option to increase or dilute its stake in these projects, subject to certain conditions.

On July 14, 2006, AngloGold Ashanti announced the signing of a Heads of Agreement with Antofagasta plc to jointly explore a highly prospective belt in Southern Colombia for new gold and copper deposits. AngloGold Ashanti will include all of its mineral applications, contracts and third party contracts within the area of interest in the new joint venture, while Antofagasta plc will commit to fund a minimum of \$1 million of exploration within 12 months of the signing of the agreement, with an option to invest an additional \$7 million within four years in order to earn-in to 50 percent of the joint venture. Both AngloGold Ashanti and Antofagasta plc will have the right to increase their interests by 20 percent in copper-dominant and gold-dominant properties subject to certain conditions.



32

On August 23, 2006, AngloGold Ashanti announced that it had entered into a conditional agreement with Central African Gold plc (CAG) to sell the assets, related to Bibiani and Bibiani North prospecting permit, including all of Bibiani's employees, fixed mining and non-mining assets, inventory, trade receivables and intellectual property as well as the Bibiani mining lease and the Bibiani North prospecting license, and procure the cessation and delegation of all contracts related to Bibiani to CAG for a total consideration of \$40 million. The conditions precedent to the sale of Bibiani were satisfied effective December 28, 2006. The Bibiani North prospecting license was assigned to CAG on May 17, 2007, by the Ghanaian Land Commission and Registry. Arising from the sale of Bibiani assets, AngloGold Ashanti decided to apply \$3 million of the partial proceeds to an investment of 15,825,902 Central African Gold plc (CAG) shares. Subsequent to this decision, local regulators required that the shares in CAG be sold within 90 days of December 28, 2006. On February 14, 2007, the Company disposed of 7,000,000 CAG shares yielding total proceeds of £768,845 (\$1.5 million) and during April 2007, disposed of the remaining 8,825,902 CAG shares yielding total proceeds of £894,833 (\$1.8 million).

On August 30, 2006, AngloGold Ashanti announced that it had been advised by the Volta River Authority (VRA) of potential power shortage at its Ghanaian operations due to water shortages impacting the VRA's power generating facilities. This announcement was followed by an update on September 6, 2006, in which AngloGold Ashanti advised that the company was in discussions with the VRA, the Chamber of Mines in Ghana and the government of Ghana on activities designed to minimize the impact of the power shortages on the economy and the mining industry and to provide for a sustainable solution in the future. At the same time, AngloGold Ashanti provided guidance to investors as to the impact on production which the power shortages at its three Ghanaian operations should the situation be prolonged.

On September 21, 2006, AngloGold Ashanti announced that it had 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 cooperate in exploration, acquisition and development of gold mining opportunities within the Russian Federation. At the same time, AngloGold Ashanti announced that it had submitted an offer to the board of Trans-Siberian Gold plc (TSG) to acquire all of TSG's interest in its Krasnoyarsk based subsidiaries, OOO GRK Amikan and OOO Artel Staratelei Angarskaya Proizvodstvennaya Kompania for a total consideration of \$40 million. TSG announced on February 12, 2007, that the agreements for the sale of its Krasnoyarsk based subsidiaries to AngloGold Ashanti had been signed. The South African Reserve Bank has approved the transaction. These companies to be acquired from TSG by AngloGold Ashanti, together with two greenfields exploration companies held by Polymetal, hold the initial operating assets of the strategic alliance. The Company's aggregate shareholding in TSG at December 31, 2006, was 12,263,170 ordinary shares (29.9 percent interest held).

On October 2, 2006, AngloGold Ashanti announced the imminent finalization of an empowerment transaction with two components: the first being the development of an employee share ownership plan (ESOP) wherein all qualifying employees of AngloGold Ashanti's South African operations, including the corporate office, would be beneficiaries and the

second component being the acquisition by Izingwe Holdings (Proprietary) Limited (an empowerment company) of an equity interest in AngloGold Ashanti. On December 11, 2006, the AngloGold Ashanti shareholders approved this transaction and shares were issued on December 15, 2006, to the Bokamoso Trust, which trust will hold and administer the shares on behalf of the employees participating in the employee share ownership plan, and Izingwe Holdings (Proprietary) Limited. For further details of the share issue see "Item 10A.: Share capital".

On June 1, 2007, AngloGold Ashanti Australia Ltd announced the commencement of a pre-feasibility study at the Tropicana gold project in Western Australia. Tropicana, located 400 kilometers north-east of Kalgoorlie, is a joint venture between AngloGold Ashanti Australia (70 percent) and Independence Group NL (30 percent free carried to completion of the pre-feasibility study). The study is expected to be completed in mid-2008 and will focus on the Tropicana and Havana zones and will only consider open-cut resources.

On June 8, 2007, AngloGold Ashanti Limited announced that it had sold to a consortium of Mintails South Africa (Pty) Limited / DRD South African Operations (Pty) Limited Joint Venture (the Joint Venture) most of the remaining moveable and immovable assets of Ergo, the surface reclamation operation east of Johannesburg, discontinued in March 2005. The site is currently being rehabilitated by AngloGold Ashanti. The assets and associated liabilities were sold for R42,8 million (approximately \$6 million). The joint venture will operate, for its own account, under the AngloGold Ashanti authorizations until new order mining rights have been obtained and transferred to the Joint Venture. A specific exclusion from the sale to the Joint Venture is the Brakpan Tailings Storage Facility which will continue to be rehabilitated by AngloGold Ashanti.

33

**4B. Business overview****The market for gold****Products**

AngloGold Ashanti's main product is gold. Revenue is also derived from the sales of silver, uranium oxide and sulphuric acid. AngloGold Ashanti sells its products on world markets.

**Gold market**

The gold market is relatively liquid compared to many other commodity markets. Physical demand for gold is primarily for fabrication purposes, including jewellery (which accounts for 80 percent of fabricated demand), electronics, dentistry, decorations, medals and official coins. In addition, central banks, financial institutions and private individuals buy, sell and hold gold bullion as an investment and as a store of value.

The use of gold as a store of value (a consequence of the tendency of gold to retain its value in relative terms against basic goods, and particularly in times of inflation and monetary crisis) and the large quantities of gold held for this purpose in relation to annual mine production have meant that, historically, the potential total supply of gold is far greater than demand at any one time. Thus, while current supply and demand play some part in determining the price of gold, this does not occur to the same extent as with other commodities. Instead, the gold price has from time to time been significantly affected by macro-economic factors such as expectations of inflation, interest rate changes, exchange rate changes, changes in reserve policy by central banks, and by global or regional political and economic events. In times of price inflation and currency devaluation, gold is often bought as a store of value, leading to increased purchases and support for the price of gold.

**The market in 2006**

Continued strong levels of investor and speculator interest combined with exceptional volatility in the first half of the year pushed the gold price to 26-year highs. After reaching a \$725 per ounce peak in the second quarter, gold pulled back to \$562 per ounce in June 2006, followed by a renewed bout of investor interest that drove the price back to the mid-\$600's in July 2006. Price volatility peaked in the second quarter, with relative stability returning to the gold market in the latter part of August 2006 and continuing through to the year end. In 2006 there was again a correlation between the US dollar exchange rate against the euro and the gold price. From an opening exchange rate of \$/€1.18 for the year the US dollar closed the year at \$/€1.33, thus providing strong support for a higher gold price. During 2006, the South African rand did not appreciate in line with the weaker US currency. The rand opened the year at R6.34/\$1 and closed the year weaker at R7.00/\$1. This weakening helped push the rand gold price to new highs of R157,000 per kilogram in July 2006 and to average R131,335 per kilogram for 2006, or some 45 percent higher than the average rand gold price for 2005.

**Investment**

The wholesale market of exchange traded funds (ETFs), commodity exchange activity and over-the-counter purchases was generally strong in 2006, with particularly robust interest evident in the gold ETF market, which saw the launch

of several new funds. The total net number of ounces held by ETFs almost doubled over the course of 2006, from 11 million ounces in January to 20 million ounces at year-end, and these investors would appear to be longer-term holders, as the ETFs only experienced small net disinvestment during periods of weakening gold prices. Another key development in 2006 was the rise in investor interest in physical gold, especially amongst high net worth individuals seeking wealth preservation instruments in the face of continued geopolitical and economic uncertainty. This type of safe haven buying was a marked difference to the approach of this group to gold investments in the past several years, when the main focus seemed to be short-term profits. Gold has also benefited from the move by some investment funds, such as pension funds, to allocate a portion of their assets to commodities. Some of this investment is made through commodity indexed funds, which saw investment values grow by some \$100 billion during the year.

34

**Demand**

The decline in physical offtake that began in the last quarter of 2005 continued through the first half of the year and into the early part of the third quarter. Although some recovery was seen in the last months of the year, total global demand for 2006 ended 5 percent lower year-on-year, or 3,866 tonnes versus 4,070 tonnes in 2005. The decline was due chiefly to a considerable decrease in jewellery offtake, particularly apparent in the first two quarters of the year, when jewellery demand dipped below total mine production in the face of a high spot price and considerable volatility in the market. Scrap supplies of gold onto the market increased significantly during this period, and gold jewellery manufacturers were further adversely affected as banks made margin calls to cover the higher value of gold inventory loans. In response, manufacturers were generally forced to increase their loan collateral or repay loans by cutting production or liquidating stock.

A marked change in trend was evident in the third quarter when the gold price began to stabilize, albeit at relatively elevated levels. This appeared to denote a move amongst consumers, particularly in Asia and the Middle East, towards accepting gold prices closer to \$600 per ounce. Consumption increases in the second half of the year were evident in key

markets such as India, when declining price volatility coincided with the Diwali period, which resulted in record gold imports for the fourth quarter even as the spot price steadied above \$600 per ounce.

To a lesser extent, a late-year recovery in consumption was also evident in most parts of the Middle East, and Chinese jewellery fabrication had actually increased by the end of December, supported primarily by local consumption, with 18-carat gold taking a rising share of the market.

North America saw some of the most significant retail price increases in recent years, with gold jewellery consumption in

the USA down significantly in tonnage terms in 2006, despite the industry's shift to lighter carat and mixed-material products in response to the year's price volatility.

Despite the recovery in the fortunes of the physical market during the second half of the year, the significant May price rise

and the related volatility that was the hallmark of the first six months of the year had a sustained impact on jewellery exports to price sensitive markets, including India and the Middle East. Major gold jewellery manufacturer and export hubs, such as Italy, suffered in turn as many distributors were reluctant to commit to stocks later in the year. The end result of a year of relatively high and volatile gold prices was a 16 percent, or 437 tonne, decline in global gold jewellery

fabrication for the year.

Industrial demand grew healthily through the year, posting a 7 percent total increase, thanks to especially robust demand

from the electronics industry, which set a new record of 79 tonnes in the third quarter.

The importance of a strong physical market to provide offtake and floor price support remains. Significantly, research indicates that positive attitude and socioeconomic changes have occurred among consumers, particularly women, in key

markets towards gold jewellery, which bodes well for gold should investors and speculator interest subside.

**Official market**

Official sector sales for the year are estimated to be 330 tonnes, some 50 percent lower than in 2005. The main cause of

this decline was the 34 percent drop in gold sales by the Central Bank Gold Agreement (CBGA) signatories after this group did not fully utilise their allocation, selling only 104 of their 500 annual permissible tonnes. This was read as a bullish

signal for both the gold market and investors, with most market analysts continuing to speculate that the CBGA

signatories

are indeed unlikely to fulfil their full quota for the remaining three years of the agreement. On an equally positive note, the

reserves of many of the Asian central banks continue to grow at a relatively fast rate, and the prospect remains for these

banks to diversify their reserve holdings into other investments, including gold.

***Hedging***

Gold producers continued to reduce their hedging positions during the year through deliveries into hedges and through buybacks. It is estimated that this added some 403 tonnes of demand during 2006. It is expected that the hedged producers will continue this strategy in 2007.

35

As at December 31, 2006, the net delta hedge position of AngloGold Ashanti was 10.16 million ounces or 316 tonnes, valued at the spot price of gold on that day of \$636 per ounce. The marked-to-market value of the hedge position at this

date was negative \$2.903 billion. Due to the higher gold price of \$636 per ounce at year end compared to the previous year end gold price of \$517 per ounce the hedge position only reduced by 0.68 million ounces while the marked-to-market

value increased by a negative \$0.962 billion from a negative \$1.941 billion.

### ***Marketing channels***

Gold produced by AngloGold Ashanti's mining operations is processed to saleable form at various precious metals refineries. Once refined to a saleable product – either a large bar weighing approximately 12.5 kilograms and containing

99.5 percent gold, or smaller bars weighing 1.0 kilograms or less with a gold content of 99.5 percent and above – the metal is sold directly by the refineries to bullion banks and the proceeds are paid to the company.

Bullion banks are registered commercial banks that deal in gold. They participate in the gold market by buying and selling

gold and distribute physical gold bullion bought from mining companies and refineries to physical offtake markets worldwide. Bullion banks hold consignment stocks in all major physical markets such as India or South East Asia and finance such consignment stocks from the margins charged by them to physical buyers, over and above the amounts paid

by such banks to mining companies for the gold.

Where forward sales contracts exist against which AngloGold Ashanti elects to deliver physical product, the same channel

of the refinery is used. In this case, the refinery does not sell the metal on the company's behalf, but instead delivers the

finished gold bars to the bullion bank with which the group's forward contract is held. The physical delivery to the counterparty bank of the appropriate amount of gold fulfills AngloGold Ashanti's obligations under the forward contract,

and AngloGold Ashanti is paid for this gold by the relevant bullion bank, at the price fixed under the forward contract, rather than at the spot price of the day.

### ***Gold market development***

AngloGold Ashanti has since its inception been committed to growing the market for its product, particularly as gold jewellery sales in many developed markets have declined materially over the years in favor of other luxury goods. In response, the company's marketing programmes aim to increase the desirability of gold to sustain and grow demand and

to support the deregulation of the market in key economies.

AngloGold Ashanti's market development activities centre on the following areas:

- Strategic projects undertaken in key and critical gold jewellery offtake markets (USA, India, China, Italy, Middle East), which aim to develop positive corporate identification and recognition while achieving, where sensible and possible, financial returns for AngloGold Ashanti;
- Host country projects of a downstream development nature; and
- AuDITIONS, the company's gold jewellery design competition.

AngloGold Ashanti remains a member of the World Gold Council (WGC) and through its membership receives assistance

in all its marketing endeavors. Beyond this, AngloGold Ashanti has committed to undertake marketing projects in partnership with the WGC, which also separately ensures that core global co-operative marketing activities are serviced.

### **Strategic projects**

#### ***India***

India is the world's largest consumer market in tonnage terms. Gold demand for this country is firmly embedded in cultural

and religious traditions and is seen as a symbol of wealth and prosperity, as well as considered to be an auspicious metal

that is bought and gifted during religious festivals.

With the assistance of a pre-eminent Indian jewellery retailer, AngloGold Ashanti's projects in India are intended to help

bring about the modernization of the country's traditional gold jewellery sector. One concept centers on transforming the

traditional, semi-urban jewellery retailing environment into a more modern and efficient one that presents rural consumers

with a high-quality, professional and trusted "local" jewellery store, which can better compete with stores selling such "lifestyle" items as electronics and cell phones. Other concepts focus on the development and distribution of branded collections of jewellery into the market.



36

***China***

China has been identified as a key strategic market by AngloGold Ashanti both because of its size - it is the third largest market worldwide for jewellery – and because of its potential for growth. In China, AngloGold Ashanti has partnered with a Hong Kong-based retailer to develop jewellery that targets the independent, educated woman wishing to express her independence and individuality through accessories in gold. Together with the retailer, AngloGold Ashanti is co-sponsoring a gold jewellery design competition based on the theme “Just Women” to encourage the design of gold jewellery profiled on modern and independent Chinese women. The competition jewellery range will be commercialized and retailed through the partner’s stores. AngloGold Ashanti has also undertaken to support the development and rollout of the partner’s flagship retail outlets in key cities on mainland China.

***USA***

The American gold jewellery market – the largest region by value and third largest by volume – is characterized primarily as an adornment market in which gold jewellery is purchased mainly as a fashion accessory. During the past ten years, there has been a slippage in gold jewellery consumption in volume terms in the US market relative to other luxury and lifestyle goods. Contributing in part to this decline has been the commoditization of gold jewellery through the mass-market retail channel, which has tended to sell jewellery on price rather than design style. Consumer research, however, suggests that the US customer shops in a fashion- and trend-conscious way and is therefore generally receptive to brands and branding. Furthermore, the US market is viewed by consumers in other important consumption categories as an opinion- and trend-forming market. Influencing the purchasing motives and buying patterns of the US consumer base can therefore influence other key consumption regions around the world. In response to these factors, AngloGold Ashanti, together with the World Gold Council, partnered with a large US jewellery wholesaler and distributor in 2005 to develop and promote at retail level selected collections of gold jewellery from the new product ranges of the Italian-based Gold Expressions (GE) manufacturers. This project was launched at the Vicenza Jewellery Fair in January 2006 and is intended to strategically promote the sale of fashionably-designed and progressively-styled gold jewellery in the US retail market and to lay the foundation for Italian manufacturers to build themselves or their products into consumer brands.

***Middle East***

As a region, the Middle East (comprising the UAE, Turkey and Saudi Arabia) is the second largest consumer market for gold in volume terms. The increase in disposable income in this region as a result of both higher oil revenues and rising numbers of tourists has impacted positively on gold jewellery consumption. While the challenge from increasingly more prominent lifestyle, luxury and branded products is, as it is in other markets, clearly growing, the gold category in the Middle East has so far sustained its already high gold consumption per capita rates compared to population growth and per capita disposable income. AngloGold Ashanti has partnered with the WGC and a leading jewellery wholesaler in the region to develop a business concept to launch and promote at the local retail level selected collections of mid- to high- end gold jewellery from the

product ranges of Italian-based manufacturers, some of whom already participate in the WGC's (GE) initiative. The project is intended to improve the gold jewellery product and retailing proposition offered both to the domestic and also tourist consumer segments in the Middle East.

**Host Country Jewellery Sector Development**

AngloGold Ashanti's marketing efforts have historically been involved in the growth and development of the jewellery sector in countries that host AngloGold Ashanti operations. These projects are intended to bring benefit to the company on several levels:

- ° Corporate image building;
- ° Creation of potential goodwill by supporting where possible host governments' beneficiation agendas; and
- ° Providing a platform for strategic market development projects.

37

These projects will continue to be important for jewellery sector development going forward and will be focused primarily in South Africa, Brazil and Ghana. AngloGold Ashanti continues to hold a 25 percent stake in OroAfrica, the largest gold jewellery manufacturer in South Africa, with projects in Ghana and Brazil currently under investigation.

#### **AuDITIONS**

In 2004, following the merger of AngloGold with Ashanti, the AngloGold Ashanti AuDITIONS brand was created to unite the company's gold jewellery design competitions and to reinforce the company's brand in look, feel and character. The concept of AuDITIONS is premised on the metaphor of the performing arts, with designers auditioning in gold through their pieces.

The overall strategic objective of AngloGold Ashanti AuDITIONS is to stimulate innovative design in high-carat gold around the world in order to raise the profile of and stimulate demand for this jewellery category amongst consumers.

By ultimately providing consumers with AuDITIONS-inspired consumer product, the project seeks to promote AngloGold Ashanti to jewellery industry participants and consumers and to build relationships with stakeholders in key gold markets.

It is the intention to build AngloGold Ashanti AuDITIONS into a global brand, and with the help of the WGC, the competition has been extended to the key gold markets of India and China, with the Middle East to be added in 2007.

The first AuDITIONS India competition was launched in 2005, with the final awards event taking place in March 2006, while the first Chinese competition was launched in 2006 and will culminate in an awards event in March 2007.

#### **Uranium**

As South Africa's largest uranium producer, AngloGold Ashanti in July 2006 announced that its London-based nuclear fuel

marketer and trader, Nufcor International Limited (Nufcor International), (a 50:50 joint venture with First Rand International) had established and listed a new investment company, Nufcor Uranium Limited (Nufcor Uranium), on London's Alternative Investment Market (AIM). This new listing is 10 percent held by Nufcor International with the remaining shares held by institutional investors. The strategy of Nufcor Uranium is to buy and hold uranium oxide, in the form of U

3

O

8

, for the long term and not to actively trade it. Nufcor International is contracted to provide custodial and advisory services to Nufcor Uranium. This is the first time that equity investors can gain direct exposure to the uranium

price, in the form of U

3

O

8

, on a European exchange. NUL listed on AIM at 205p and ended the year up 49 percent at 304.50p.

More generally, the nuclear fuel market remained strong during 2006 with uranium oxide prices increasing from \$36 per

pound to \$72 per pound by year-end and indeed increasing by a factor of ten this decade. A number of drivers have sustained the price increases, including changes in the uranium sales processes.

Most notably, however, is the fact that the underlying supply-demand fundamentals for uranium are strong, given robust projected demand for nuclear energy from countries such as India, Russia, and China. Operational difficulties on the supply side in Canada in late October triggered the highest monthly uranium oxide price increase on record. Given these strong market fundamentals, further increases in prices can be anticipated in the near-term.

**Gold production and mine-site rehabilitation processes**

*The process of producing gold* can be divided into six main phases:

- finding the orebody;
- creating access to the orebody;
- removing the ore by mining or breaking the orebody;
- transporting the broken material from the mining face to the plants for treatment;
- processing; and
- refining.

This basic process applies to both underground and surface operations.

*Finding the orebody*

AngloGold Ashanti's global exploration group identifies targets and undertakes exploration, on its own or in conjunction with joint venture partners.

38

*Creating access to the orebody*

There are two types of mining which take place to access the orebody:

- underground mining: a vertical or decline shaft (designed to transport people and/or materials) is sunk deep into the ground, after which horizontal development takes place at various levels of the main shaft or decline. This allows for further on-reef development of specific mining areas where the orebody has been identified; and
- open-pit mining: where the top layers of topsoil or rock are removed in a process called ‘stripping’ to uncover the reef.

*Removing the ore by mining or breaking the orebody*

- In underground mining, holes are drilled into the orebody, filled with explosives and then blasted. The blasted ‘stopes’ or ‘faces’ are then cleaned and the ore released is then ready to be transported out of the mine.
- In open-pit mining, drilling and blasting may also be necessary to release the gold-bearing rock; excavators then load the material onto the ore transport system.

*Transporting the broken material from the mining face to the plants for treatment*

- Underground ore is transported by means of vertical and/or horizontal transport systems. Once on the surface, conveyor belts usually transport the ore to the treatment plants.
- Open-pit mines transport ore to the treatment plants in vehicles capable of hauling large, heavy loads.

*Services*

Mining activities require extensive services, both on the surface and underground, including:

- mining engineering services;
  - mine planning;
  - ventilation;
- provision of consumable resources;
  - engineering services;
- financial, administration and human resource services; and
- environmental/sustainable development services.

*Processing*

- Comminution is the process of breaking up ore to make gold available for treatment. Conventionally, this process occurs in multi-stage crushing and milling circuits. Modern technology is to use large mills fed directly with run-of-mine material.
- Gold ores can typically be classified into:
  - refractory ores, where the gold is locked within a sulphide mineral and not readily available for recovery by the cyanidation process; or
  - free milling, where the gold is readily available for recovery by the cyanidation process.
-

Refractory ore treatment: after fine grinding, the sulphide materials are separated from the barren gangue material using flotation to produce a high-grade sulphide concentrate. The sulphide concentrate is oxidized by either roasting as at AngloGold Ashanti Brasil Mineração or bacterial oxidation (BIOX) as at Obuasi. The oxidation process oxidizes the sulphide minerals, liberating the gold particles and making them amenable to recovery by the cyanidation process.

- Free milling and oxidized refractory ores are processed for gold recovery by leaching the ore in agitated tanks in an alkaline cyanide leach solution. This is generally followed by adsorption of the gold cyanide complex onto activated carbon-in-pulp (CIP).

- An alternative process is the heap-leach process. This process is generally considered applicable to high-tonnage, low-grade ore deposits, but it can be successfully applied to medium-grade deposits where the ore deposit tonnage cannot economically justify constructing a process plant. Run-of-mine ore is crushed and heaped on a leach pad. Low strength alkaline cyanide solution is applied, generally as a drip, to the top of the heap for periods of up to three months. The dissolved 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 stripped solution is recycled to the top of the heaps.

39

- Gold adsorbed onto activated carbon is recovered by a process of re-dissolving the gold from the activated carbon (elution), followed by precipitation in electro-winning cells and subsequent smelting of that precipitate into doré bars that are shipped to the gold refineries.

- Retreatment of tailing stockpile from previous decades' operations is also practiced by AngloGold Ashanti. The old tailings are mined by water sluicing followed by agitator leaching in alkaline cyanide solution and recovery of dissolved gold onto activated carbon.

- At AngloGold Ashanti operations, the main by-products produced are:

- silver, which is associated with gold in ratios ranging from 0.1:1 to 200:1 silver to gold;

- sulphuric acid which is produced from the gases generated by the roasting plants; and

- uranium which is recovered in a process which involves initial acid leaching followed by recovery of the leached uranium onto resin and subsequent stripping with ammonium hydroxide and precipitation of crude yellow cake.

- The tailings from the process operations are stored in designated tailings storage facilities designed to enhance water recovery and prevent contaminant seepage into the environment.

#### *Refining*

The doré bars are transported to a refinery for further refining, to as close to pure gold as possible. This is known as good delivery status. This gives the assurance that the bar contains the quantity and purity of gold as stamped on the bar.

#### **The process of mine-site rehabilitation**

In all the jurisdictions in which the company operates, it is required to conduct closure and rehabilitation activities to return the land to a productive state once mining has been completed. Additionally, the company is required to provide

financial assurance, in a form prescribed by law, to cover some or all of the costs of the anticipated closure and rehabilitation costs for the operation. Rehabilitation refers to the process of reclaiming mined land to the condition that

existed prior to mining or to a pre-determined post-mining use.

Closure plans are devised prior to the commencement of operation and are regularly reviewed to take into account life-

of-mine projections. Although the final cost of closure cannot be fully determined ahead of closure, appropriate provision is made during the mine's economic operation.

#### **Operating performance and outlook**

In 2006, gold production declined by 9 percent to 5.6 million ounces from the 6.2 million ounces produced in 2005, primarily as a result of lower ounces from South African operations in line with the company's plans for 2006, from Geita in

Tanzania as a result of delays in the mining schedule to access the high-grade ore, and from Bibiani in Ghana as a result

of the move to tailings-only production. Consequently, total cash costs in 2006 rose by 14 percent to \$321 per ounce compared with 2005 of \$281 per ounce (2004: \$264 per ounce).

In 2005, gold production, including equity accounted joint ventures, adjusted for Ergo, rose 6 percent to 6.2 million ounces

from the 5.8 million ounces produced in 2004. Of the 2005 production, 2.7 million ounces (43 percent) came from deep-

level hard-rock operations in South Africa, and the balance of 3.5 million ounces (57 percent) from the shallower and surface operations. No new operations came into production in 2005, while the Ergo facility in South Africa was

closed

and the Savuka mine, also in South Africa, is in closure mode. Strong operating currencies against the US dollar – particularly the South African rand and the Brazilian real – contributed to the rising cost of inputs, as well as inflationary

pressures (including a new two-year wage settlement) in South Africa. This was partially mitigated by cost-savings initiatives, primarily in South African. Consequently, total cash costs in 2005 rose by 6 percent to \$281 per ounce compared with 2004 of \$264 per ounce.

**Outlook:** During the first quarter of 2007, AngloGold Ashanti produced 1.33 million ounces at an average cash costs of

\$332 per ounce, before the effects of change in accounting policy for deferred stripping. Gold production for the second

quarter of 2007 is expected to be marginally higher at around 1.35 million ounces at a cash cost, before the effects of change in accounting policy for deferred stripping, broadly similar to that achieved during the first quarter of 2007.



40

For the full year 2007, AngloGold Ashanti is targeting gold production of around 5.7 million ounces at a cash cost of \$323 per ounce, before the effects of change in accounting policy for deferred stripping, based on the following exchange

rates: \$/R7.16, A\$/0.81, \$/BRL2.00 and \$/ARS3.11. AngloGold Ashanti's ability to meet the full year's production target

could be impacted by, amongst other factors, seismicity in South Africa, power shortages in Africa, lower grades at some

of its mines and any set-back in clearing the pit wall failure at Geita. AngloGold Ashanti is also subject to cost pressures

and wage negotiations currently facing the mining industry which could adversely impact the cash costs for 2007.

AngloGold Ashanti has 21 operations in 10 countries around the world. This follows the sale on December 1, 2006 of Bibiani, one of the company's Ghanaian assets, to Central African Gold plc. The transaction was completed on December 28, 2006. The 21 operations include Boddington, a joint venture expansion project with Newmont, which is currently underway in Australia. While these operations are managed on a regional basis, they are reported on country-by-

country basis.

The operations and geographical areas in which AngloGold Ashanti currently operates are shown below.

41

**OPERATIONS AT A GLANCE for the year ended December 31, 2006**

**Attributable tonnes  
treated/milled (Mt)**

**Average grade  
recovered (g/t)**

**Attributable gold  
production (000oz)**

**Total cash costs  
(\$/oz)**

(1)									
2006	2005	2004	2006	2005	2004	2006	2005	2004	2006
2005	2004								

**SOUTH AFRICA**

***Vaal River***

Great Noligwa

2.4  
2.3  
2.4  
8.08  
9.30  
10.38  
615  
693  
795  
260  
264  
231

Kopanang

2.0  
2.0  
2.0  
7.01  
7.38  
7.37  
446  
482  
486  
291  
277  
281

Tau Lekoa

1.5  
2.1  
2.4  
3.76  
3.96  
3.87  
176  
265  
293

438					
410					
370					
Surface operations					
7.2					
5.8					
6.1					
0.49					
0.51					
0.60					
113					
95					
119					
283					
287					
250					
Moab Khotsong					
(1)					
0.2	–	–			
6.35	–	–	44	–	–
659	–	–			
<b>West Wits</b>					
Mponeng					
1.9					
1.7					
1.7					
9.93					
9.15					
8.14					
596					
512					
438					
238					
279					
322					
Savuka					
0.4					
0.6					
0.8					
7.68					
6.80					
6.19					
89					
126					
158					
337					
430					
455					
TauTona					
2.0					
1.6					

1.6  
 10.18  
 9.62  
 10.88  
 474  
 502  
 568  
 270  
 256  
 245

**ARGENTINA**

Cerro Vanguardia (92.5 percent)

0.9  
 0.9  
 0.9  
 7.29  
 7.70  
 7.60  
 215  
 211  
 211  
 223  
 171  
 156

**AUSTRALIA**

Sunrise Dam

4.0  
 3.6  
 3.7  
 3.39  
 3.68  
 3.46  
 465  
 455  
 410  
 333  
 269  
 260

**BRAZIL**

AngloGold Ashanti Brasil

Mineração

(2)

1.1	1.3	1.0							
7.60	7.27	7.85	242	250	240	207	169	133	

Serra Grande (50 percent)

0.4  
 0.4  
 0.4  
 7.51  
 7.93  
 7.80

97  
96  
94  
196  
158  
134

**GHANA**

Bibiani

(3) (5)

2.1  
2.4  
1.7  
0.55  
1.46  
1.93  
37  
115  
105  
432  
305  
251

Iduapriem

(3) (5)

3.0	3.2	2.2						
1.74	1.71	1.72	167	174	125	413	348	303

Obuasi

(2) (5)

6.2	4.7	2.6						
4.39	4.77	3.08	387	391	255	397	345	305

**GUINEA**

Siguiri (85 percent)

(4) (5)

7.0	5.8	2.6						
1.08	1.21	1.10	256	246	83	398	301	443

**MALI**

Morila (40 percent)

1.7  
1.5  
1.4  
3.88  
5.41  
4.57  
207  
262  
204  
266  
191  
196  
Sadiola (38 percent)  
1.8

1.9								
2.0								
3.22								
2.73								
2.77								
190								
168								
174								
268								
265								
242								
Yatela (40 percent)								
(6)								
1.3	1.3	1.1						
4.12	2.99	3.41	141	98	97	241	263	255
<b>NAMIBIA</b>								
Navachab								
1.5								
1.2								
1.3								
1.81								
2.05								
1.59								
86								
81								
66								
349								
321								
348								
<b>TANZANIA</b>								
Geita								
(7)								
5.7	6.1	4.8						
1.68	3.14	3.74	308	613	570	630	298	250
<b>UNITED STATES OF AMERICA</b>								
Cripple Creek & Victor								
(6)								
21.8								
19.2	18.2							
0.54	0.62	0.61	283	330	329	248	230	220
<b>ZIMBABWE</b>								
Freda-Rebecca								
(5) (8)								
-								
-								
0.1								
-								
-								
1.66								
-								
-								

9

—

—

417

*Table includes equity accounted joint ventures.*

*(1) Attributable production at Moab Khotsong yielded 29,862 ounces which was capitalized against pre-production costs.*

*(2) The yield of AngloGold Ashanti Brasil Mineração and Obuasi represents underground operations.*

*(3) The yield of Bibiani and Iduapriem represents open-pit operations.*

*(4) The yield at Siguiri arises from the open-pit operations in 2006 and 2005 and the heap leach operation in 2004.*

*(5) Interest acquired April 26, 2004 with reporting from May 1, 2004.*

*(6) The yield at Yatela and Cripple Creek & Victor Joint Venture reflects recoverable gold placed/tonnes placed.*

*(7) 50 percent holding to April 26, 2004 and 100 percent from this date.*

*(8) Freda-Rebecca was sold effective September 1, 2004.*

42

### **SOUTH AFRICA**

**Location:** AngloGold Ashanti's South Africa region includes seven underground operations located in two geographic areas on the Witwatersrand Basin. These are:

- ° the **Vaal River area**, near Klerksdorp and Orkney, in the North West Province and Free State, where the Great Nologwa, Kopanang, Tau Lekoa and Moab Khotsong (which remains under development) mines are located; and
- ° the **West Wits area**, near Carletonville, straddling the North West Province and Gauteng, where the Mponeng, TauTona and Savuka mines are located.

The group's surface metallurgical reclamation operation, **Ergo**, located near Johannesburg in the province of Gauteng ceased production in 2005, and is currently being closed in terms of environmental legislation, a process that is expected

to take some years to complete.

**Geology:** The Witwatersrand Basin comprises a six-kilometer thick sequence of interbedded argillaceous and arenaceous

sediments that extend laterally for some 300 kilometers north-east/south-west and 100 kilometers north-west/south-east

on the Kaapvaal Craton. The upper portion of the basin, which contains the orebodies, crops out at its northern extent near Johannesburg. Further west, south and east the basin is overlain by up to four kilometers of Archaean,

Proterozoic

and Mesozoic volcanic and sedimentary rocks. The Witwatersrand Basin is late Archaean in age and is considered to be

in the order of 2.7 to 2.8 billion years old.

Gold occurs in laterally extensive quartz pebble conglomerate horizons or reefs, generally less than two meters thick, and

are widely considered to represent laterally extensive braided fluvial deposits. Separate fan systems were developed at different entry points and these are preserved as distinct goldfields. There is still much debate about the origin of the gold

mineralization in the Witwatersrand Basin. Gold was generally considered to have been deposited syngenetically with the

conglomerates, but increasingly an epigenetic origin theory is being supported. Nonetheless, the most fundamental control

to the gold distribution in the Basin remains the sedimentary features, such as facies variations and channel directions.

Gold generally occurs in native form often associated with pyrite and carbon, with quartz being the main gangue mineral.



43

**Operating performance:** Production declined 5 percent from 2.676 million ounces in 2005 to 2.554 million ounces in

2006, (2004: 2.857 million ounces). Total cash costs improved from \$291 per ounce in 2005 to \$286 per ounce in 2006, as

a result of a weakening of the rand and cost savings initiatives in the region (2004: \$284 per ounce).

Cost savings of \$50 million were recorded for the year, primarily as a result of operational efficiencies, improved procurement practices and restructuring of both the Savuka and Tau Lekoa. The restructuring involved the combining of

the management of the mine Savuka with Mponeng and Tau Lekoa with Kopanang and with both mines being optimized

from a production point of view where volumes were reduced to support the cost saving initiatives.

Great Nologwa and Moab Khotsong together produced 1.38 million pounds of uranium oxide in 2006.

Capital expenditure in 2006 amounted to \$321 million, 7 percent lower than that of 2005 at \$347

(2004: \$333 million), with ore reserve development representing 58 percent of this amount, expansion capital representing 21 percent and stay-in-business capital representing 21 percent. Major components of the expansion capital

included the completion and commissioning of the Moab Khotsong mine, the deepening project at Mponeng and the acceleration of the uranium plant upgrade in Vaal River.

- **Vaal River operations**

**Description:** AngloGold Ashanti's Vaal River operations are located in the original Vaal Reefs mining area of the Witwatersrand Basin and comprise four operating mines, Great Nologwa, Kopanang, Tau Lekoa and Moab Khotsong. The Vaal River complex also has four gold plants, one uranium plant and one sulphuric acid plant. The Vaal River processing plants include crushers, mills, CIP and electro-winning facilities and are able to treat between 180,000 and 420,000 tonnes of ore per month.

Although the Vaal River operations produce uranium oxide as a by-product of the production of gold, the value is not significant relative to the value of gold produced.

**Location:** The Vaal River operations are located near the towns of Klerksdorp and Orkney in North West and Free State

Provinces.

**Geology:** In order of importance, the reefs mined at the Vaal River operations are the Vaal Reef, the VCR and the "C" Reef:

- The Vaal Reef contains approximately 85 percent of the reserve tonnage with mining grades between 10 and 20g/t and comprises a series of oligomictic conglomerates and quartzite packages developed on successive unconformities. Several distinct facies have been identified, each with its unique gold distribution and grade characteristic.
- The VCR has a lower grade than the Vaal Reef, and contains approximately 15 percent of the estimated reserves. The economic portion is mainly concentrated in the western part of the lease area and can take the form of a massive conglomerate, a pyritic sand unit with intermittent pebble layers or a thin conglomerate horizon. The reef is located at the contact between the overlying Kliprivierberg Lavas of the Ventersdorp SuperGroup and the underlying sediments of the Witwatersrand SuperGroup which creates a distinctive seismic reflector. The VCR is located up to one kilometer above the Vaal Reef.
- The "C" Reef is a thin, small pebble conglomerate with a carbon-rich basal contact, located approximately 270 meters above the Vaal Reef. It has less than 1 percent of the estimated reserves with grades similar to the Vaal Reef, but more erratic. The most significant structural features are the north-east striking normal faults which dip to the north-west and south-east, resulting in zones of fault loss.

44

**Vaal River – Summary of metallurgical operations**

**West GP**

**East Gold Acid  
and Float Plant**

**Noligwa GP**

**Mispah GP**

**Kopanang GP**

**Gold plants**

Capacity (000 tonnes/month)

180

309

263

140

420

Technology

ROM mills (2),

ball mill,

cyanide,

CIL,

elution,

electro-winning

cyanide,

Pumpcell,

elution,

electro-winning

ROM (2), cyanide,

CIP,

elution, electro-

winning

ROM,

Cyanide,

CIP, elution,

electro-winning

ROM mills (6),

cyanide,

CIP,

elution, electro-

winning

**Uranium plants**

Capacity (000 tonnes/month)

–

–

263

**Pyrite flotation plants**

Capacity (000 tonnes/month)

–

250

145

**Sulphuric acid plants**

Production (tonnes/month)

–

7,500

–

**Operating and production data for Vaal River operations**

**Great Noligwa**

**Kopanang**

**Tau Lekoa**

**Moab Khotsong**

(3)

**2006**

Pay limit (oz/t)

0.28

0.32

0.14

1.50

Pay limit (g/t)

9.57

10.92

4.85

51.44

Recovered grade (oz/t)

0.236

0.204

0.110

0.185

Recovered grade (g/t)

8.08

7.01

3.76

6.35

Gold production (000 oz)

615

446

176

44

Total cash costs (\$/oz)

(1)

260

291

438

659

Total production costs (\$/oz)

(1)

374

377

693

1,136

Capital expenditure (\$ million)

49

41

11

83  
 Employees  
 (2)  
 5,883  
 5,360  
 2,514  
 1,539  
 Outside contractors  
 (2)  
 696  
 455  
 379  
 1,365  
**2005**  
 Pay limit (oz/t)  
 0.39  
 0.39  
 0.19  
 -  
 Pay limit (g/t)  
 13.24  
 13.25  
 6.23  
 -  
 Recovered grade (oz/t)  
 0.271  
 0.215  
 0.116  
 -  
 Recovered grade (g/t)  
 9.30  
 7.38  
 3.96  
 -  
 Gold production (000 oz)  
 693  
 482  
 265  
 -  
 Total cash costs (\$/oz)  
 (1)  
 264  
 277  
 410  
 -  
 Total production costs (\$/oz)  
 (1)  
 354  
 363  
 555  
 -

Capital expenditure (\$ million)  
 43  
 41  
 15  
 94  
 Employees  
 (2)  
 5,704  
 5,506  
 3,021  
 1,320  
 Outside contractors  
 (2)  
 1,152  
 524  
 1,084  
 1,201  
**2004**  
 Pay limit (oz/t)  
 0.48  
 0.43  
 0.20  
 -  
 Pay limit (g/t)  
 14.36  
 14.52  
 6.81  
 -  
 Recovered grade (oz/t)  
 0.303  
 0.215  
 0.113  
 -  
 Recovered grade (g/t)  
 10.38  
 7.37  
 3.87  
 -  
 Gold production (000 oz)  
 795  
 486  
 293  
 -  
 Total cash costs (\$/oz)  
 (1)  
 231  
 281  
 370  
 -  
 Total production costs (\$/oz)  
 (1)

268	
325	
444	
-	
Capital expenditure (\$ million)	
36	
38	
25	
80	
Employees	
(2)	
6,192	
5,758	
3,398	
1,066	
Outside contractors	
(2)	
908	
554	
854	
808	
(1)	
<i>Total cash costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures, see "Item 5A.:</i>	
<i>Operating results – Total cash costs and total production costs".</i>	
(2)	
<i>Average for the year.</i>	
(3)	
<i>Commercial production commenced on January 1, 2006.</i>	

45

**Operating performance:**

**Great Noligwa:** In 2006, production declined by 11 percent to 615,000 ounces from 693,000 produced in 2005 (2004: 795,000) due primarily to a 13 percent yield decline, from 9.3g/t in 2005 to 8.08g/t in 2006 (2004: 10.38g/t).

Total

cash costs rose by 5 percent in rand terms to R56,390 per kilogram from R53,868 per kilogram in 2005, due to lower gold

production (2004: R47,820 per kilogram). The continued focus on cost savings helped to limit the effect of reduced production on the operation's costs. In dollar terms, total cash costs improved by 1 percent to \$260 per ounce in 2006 from \$264 per ounce in 2005 (2004: \$231 per ounce). Capital expenditure at \$49 million was 14 percent higher than the

\$43 million spent in 2005 (2004: \$36 million), mainly as a consequence of the acceleration of a plan to upgrade the operation's uranium plant.

**Kopanang:** In 2006, production declined by 7 percent to 446,000 ounces from 482,000 ounces produced in 2005 (2004: 486,000 ounces) as a result of a lower mine call factor and a 5 percent decline in yield from 7.38g/t in 2005 to 7.01g/t in 2006 (2004: 7.37g/t). Consequently, total cash costs increased by 6 percent to \$291 per ounce in 2006, from \$277 per ounce in 2005 (2004: \$281 per ounce). Total cash costs, in rand terms, rose by 11 percent to R62,908 per kilogram from R56,427 per kilogram in 2005. Capital expenditure of \$41 million was unchanged from that of 2005 (2004: \$38 million).

**Tau Lekoa:** Tau Lekoa was downscaled in 2006 in order to return the operation to profitability in a rising gold price environment. As a result, production in 2006 declined by 34 percent from 265,000 ounces produced in 2005 to 176,000 ounces produced in 2006 (2004: 293,000 ounces).

Consequently, total cash costs increased by 7 percent from \$410 per ounce in 2005 to \$438 per ounce in 2006 (2004: \$370 per ounce) and in rand terms, total cash costs, increased by 12 percent to R94,365 per kilogram in 2006 from

R83,885 per kilogram in 2005 (2004: R76,428 per kilogram). Capital expenditure at \$11 million declined by 27 percent on

2005's spend of \$15 million (2004: \$25 million).

**Moab Khotsong** commenced commercial production in January 2006 and the operation was marked by the high total cash costs and low volumes typical of a deep-level underground operation's start-up phase. In 2006, production was 44,000 ounces and total cash costs were \$659 per ounce or R142,364 per kilogram. Capital expenditure of \$83 million in

2006 was 12 percent lower than the spend in 2005 of \$94 million (2004: \$80 million).

**Growth prospects:** In 2007, production at **Moab Khotsong** is expected to increase to some 80,000 ounces and total cash costs should decline accordingly as this operation builds up to full production, likely in 2012.

•

**West Wits operations**

**Description:** The West Wits operations comprise Mponeng, Savuka and TauTona mines. Savuka and TauTona share a

processing plant, whereas Mponeng has its own