ANGLOGOLD ASHANTI LTD
Form 6-K
February 09, 2009

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

Report on Form 6-K dated February 9, 2009
Commission File Number 1-14846
AngloGold Ashanti Limited
(Translation of registrant's name into English)
76 Jeppe Street
Newtown, 2001
(P.O. Box 62117, Marshalltown, 2107)
South Africa
(Address of principal executive offices)

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

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
Yes No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
Yes No X

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No X

Enclosure: Press release **ANGLOGOLD ASHANTI RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2009 PREPARED IN ACCORDANCE WITH IFRS**

Quarter 4 2008
Report
for the quarter and year ended 31 December 2008
Group results for the quarter….

• Gold production at 1.268Moz up on the prior quarter's performance and ahead of previous market guidance.
• Obuasi in Ghana delivers second consecutive quarter of production improvement, up 7% on the previous quarter as turnaround strategy starts to take effect.
• Uranium production increases 2% to 353,000 pounds.
• Total cash costs at $422/oz for the group, 13% better than previous quarter and 8% below market guidance with South African operations total cash costs at $318/oz, down 23%, while Brazil operations were $100/oz lower at $255/oz.
• Adjusted headline loss was $17m, distorted by annual accounting adjustments which totalled $48m relating to inventory write-downs, current and deferred tax provisions.
• $1.0bn term facility secured to re-finance convertible bond.
• Transaction announced to sell interest in Boddington for an aggregate maximum consideration of up to approximately $1.1bn in January 2009.

… and the year

• Fatalities reduced by 57%, while a 20% improvement has been achieved on all accidents.
• Gold production 4.982Moz – in line with market guidance.
• Total cash costs increased by $87/oz to $444/oz, due to lower production and inflationary pressure, offset partially by weaker local currencies for the latter part of the year.
• Hedge commitments reduced by 5.29Moz or 47% to 5.99Moz - company now better positioned to materially participate in higher spot prices going forward.
• Hedge buy-backs results in an adjusted headline loss of $897m, against an adjusted headline earnings of $278m in 2007.
• Mineral Resource after depletion increased 16% or 33.4Moz to 241.0Moz, while Ore Reserves after depletion increased 2% to 74.9Moz – prior to Boddington sale.
• Final dividend declared at 50 South African cents per share or 5 US cents per share, resulting in a total dividend of 100 South African cents or 11 US cents per share for the year.

Quarter
Year
Quarter
Year
ended
ended
ended
ended
ended
ended
ended
ended
Dec
Sep
Dec

Dec
Dec
Sep
Dec
Dec
2008
2008
2008
2007
2008
2008
2008
2007
Restated
Restated
SA rand / Metric
US dollar / Imperial
Operating review
Gold
Produced
- kg / oz (000)
39,429
39,336
154,958
170,365
1,268
1,265
4,982
5,477
Price received
1
- R/kg / $/oz
219,329
160,127
130,522
142,107
687
644
485
629
Price received normalised for
accelerated settlement of non-hedge
derivatives
1
- R/kg / $/oz
219,329
160,127
185,887
142,107
687
644

702
629
Total cash costs
- R/kg / $/oz
134,813
121,440
117,462
80,490
422
486
444
357
Total production costs
- R/kg / $/oz
172,312
152,945
150,149
107,415
540
612
567
476
Financial review
Gross profit (loss)
- Rm / $m
2,187
851
939
(1,309)
390
186
594
(248)
Gross profit (loss) adjusted for the gain
(loss) on unrealised non-hedge
derivatives and other commodity
contracts
2
- Rm / $m
1,241
184
(2,945)
5,893
125
28
(384)
835
Adjusted gross profit normalised for
accelerated settlement of non-hedge
derivatives
2

- Rm / $m
1,241
184
5,072
5,893
125
28
626
835
(Loss) profit attributable to equity
shareholders
- Rm / $m
(11,869)
(247)
(16,105)
(4,269)
(1,016)
51
(1,195)
(668)
Headline earnings (loss)
3
- Rm / $m
516
(298)
(4,375)
(4,136)
234
44
(30)
(648)
Headline (loss) earnings adjusted for
the gain (loss) on unrealised non-
hedge derivatives and other commodity
contracts and fair value adjustments on
convertible bond
4
- Rm / $m
(178)
(956)
(7,197)
1,971
(17)
(119)
(897)
278
Capital expenditure
- Rm / $m
2,994
2,623
9,905

7,444
302
338
1,201
1,059
(Loss) profit per ordinary share
- cents/share
Basic
(3,335)
(71)
(5,077)
(1,517)
(285)
15
(377)
(237)
Diluted
(3,335)
(71)
(5,077)
(1,517)
(285)
15
(377)
(237)
Headline
3
145
(86)
(1,379)
(1,470)
66
13
(9)
(230)
Headline (loss) earnings adjusted for
the gain (loss) on unrealised non-
hedge derivatives and other commodity
contracts and fair value adjustments on
convertible bond
4
-
cents/share
(50)
(275)
(2,269)
700
(5)
(34)
(283)
99

Notes:

1. Refer to note C "Non-GAAP disclosure" for the definition.

2. Refer to note B "Non-GAAP disclosure" for the definition.

3. Refer to note 9 "Notes" for the definition.

4. Refer to note A "Non-GAAP disclosure" for the definition.

$ represents US dollar, unless otherwise stated.

Rounding of figures may result in computational discrepancies.

Global Footprint

AngloGold Ashanti is a global company…

…with an extensive portfolio of new and emerging opportunities.

China

DRC

Russia

Operations **at a glance**
for the quarter ended 31 December 2008
Production
Total cash costs
Gross profit (loss) adjusted
for the gain (loss) on
unrealised non-hedge
derivatives and other
commodity contracts
1
%
%
%
oz (000)
Variance
2
$/oz
Variance
2
$m
Variance
2
Mponeng
144
(12)
222
(23)
60
20
AngloGold Ashanti Mineração
83
-
234
(29)
27
50
Kopanang
91
8
310
(26)
24
200
Cripple Creek & Victor
78
24
322
-
20
67
Moab Khotsong

71
4
317
-
12
500
Morila
3, 4
47
24
385
(17)
11
120
Siguiri
3
81
13
478
(9)
10
67
Sunrise Dam
85
(26)
486
(21)
9
190
Great Noligwa
63
(2)
452
(25)
8
367
TauTona
70
(11)
325
(27)
7
(59)
Serra Grande
3
24
20
260
(20)
7
40

Sadiola
3, 4
49
20
386
(3)
5
25
Savuka
18
20
255
(58)
4
100
Iduapriem
57
14
577
2
3
400
Yatela
3, 4
16
(11)
561
(11)
3
100
Cerro Vanguardia
3
56
30
464
(30)
2
113
Tau Lekoa
36
(5)
478
(16)
2
200
Navachab
20
18
512
(5)
2

100
Obuasi
98
7
712
5
(33)
(50)
Geita
52
(30)
921
32
(58)
(32)
Other
27
8
18
100
Sub-total
1,268
-
422
(13)
143
286
Less equity accounted investments
(18)
100
AngloGold Ashanti
125
347
1
Refer to note B "Non-GAAP disclosure" for the definition.
2
Variance December 2008 quarter on September 2008 quarter - increase (decrease).
3
Attributable.
4
Equity accounted investments.
Rounding of figures may result in computational discrepancies.

Financial and **operating review**

OVERVIEW FOR THE QUARTER AND YEAR

FOURTH QUARTER

Five employees were fatally injured during the quarter, with four accidents occurring in the South African region and one at Obuasi in Ghana. This brings the total number of fatalities to 14 for 2008, against 34 fatal accidents in 2007. This is equivalent to a fatal injury frequency rate (FIFR) of 0.09 per million hours worked for the year, against 0.21 for 2007, representing a 57% improvement and is the lowest rate that the company has ever recorded.

The LTIFR rate for the year ended 11% lower than that recorded in 2007, while a 20% year-on-year improvement has been achieved on all injuries. AngloGold Ashanti remains committed to a continuing focus on raising safety standards and achieved this quarter, its commitment of having all its mining operations OHSAS 18001 compliant. In addition, its South African metallurgical plants and the Tropicana exploration project in Australia also achieved certification.

Gold production for the fourth quarter was marginally higher than market guidance at 1.27Moz, reflecting improved performance across all assets, with the exception of Geita. Total cash costs at $422/oz, was 13% lower than the previous quarter, primarily due to once-off ore stock pile movements not repeating during the fourth quarter, weaker local currencies and reduced fuel costs.

The South African operations were 3% lower at 16,185kg, primarily due to lower production from Mponeng which was constrained by face-length flexibility and vamping activities. Despite the lower gold production, total cash costs reduced 1% to R101,675/kg following lower summer power tariffs and delivery of cost saving initiatives. Savuka and Kopanang had solid quarters with gold production up 18% and 8% respectively, while Moab Khotsong continues to build-up production flexibility, up 3% for the quarter. The South African operations continue to provide currency leverage to a weakening Rand, and dollar denominated total cash costs closed 23% lower at $318/oz, with operational free-cashflow increasing significantly from $52m to $118m.

Uranium production increased 2% during the quarter to 353,000 pounds, and 629,000 pounds of uranium was on hand and at the converters at year-end. Total uranium production for the year was 4% higher than the prior year at 1.3m pounds, notwithstanding the power related production stoppages earlier in the year. Following the cancelling of some uranium contracts during the year, the company is poised to achieve greater exposure to spot uranium prices in 2009.

The other African assets also had solid performances. Production from the Ghanaian operations increased by 9% to 155,000oz, with both Obuasi and Iduapriem growing production for the second consecutive quarter.

Siguiri in Guinea saw production 13% higher at 81,000oz following improved plant availability with total cash costs reduced by 9%. The Malian operations increased production by 15% and reduced total cash costs by 12% to $411/oz. Production at Navachab in Namibia was 18% higher at 20,000oz and total cash costs 5% lower at $512/oz. Geita in Tanzania had a difficult quarter, affected by SAG mill breakdowns, which resulted in production reducing 30% to 52,000oz and consequently, total cash costs increasing 32%.

The Americas also delivered solid results, with Cerro Vanguardia in Argentina increasing production by 30% to 56,000oz, consistent with the steps taken in the prior quarter to rectify plant constraints. Total cash costs consequently reduced 30% to $464/oz, and operational free cashflow increased to $7m from a loss in the previous quarter of $10m.

The Brazilian operations saw production 5% higher at 108,000oz, led by Serra Grande with improved gold production, higher throughput and improved grades. Total cash costs for Brazil was significantly lower at $255/oz, assisted by the higher gold production, improved cost management and a weakening local currency. Operational free-cashflow increased 83% to $42m for the quarter.

Production at CC&V in the USA was 24% higher at 78,000oz, while total cash costs were flat at $322/oz, with operational free cashflow increasing 47% to $25m.

The company continued to execute its hedge reduction strategy and further reduced hedge commitments from 6.30Moz to 5.99Moz at 31 December 2008, while the net delta hedge position reduced 0.57Moz for the quarter to 5.22Moz. This brings the total year's reduction of hedge commitments to 5.29Moz or 47% for the year, while the net delta reduced by 5.17Moz or 46%. The company is now better positioned to participate in higher spot prices going forward.

During the quarter the received price of $687/oz was 7% higher than the previous quarter and 13.6% below the average spot price. This compares favourably with the previous quarter where the discount to spot was 26%. The adjusted headline loss was $17m, distorted by annual accounting adjustments (net of tax) aggregating $48m which included write-downs of Geita stockpiles ($19m) and stores in Continental Africa ($21m) and current and deferred tax provision ($8m).

During the quarter, the company recorded exceptional asset impairment charges aggregating $1.25bn (net of tax) in relation to the former Ashanti assets (comprising Obuasi, Geita and Iduapriem) and certain other investments and sundry assets. This adjustment which is of a non-cash nature is based on assumptions relating to market conditions which include the lower gold forward curve, higher discount rates, higher power tariffs in Ghana and reduced reserves at Geita. The asset impairment charges are excluded from both headline and adjusted headline earnings.

On 21 November 2008, AngloGold Ashanti announced the signing of a $1bn term facility agreement with Standard Chartered Bank to refinance its convertible bond. The Term Facility is available to be drawn during February 2009 for the purpose of repaying the $1bn convertible bond due on 27 February 2009. The Term Facility is for an initial one year period from the date of the first drawdown in February 2009 but may be extended, if required, at the option of AngloGold Ashanti until 30 November 2010. The covenant terms of the Term Facility are similar to those of AngloGold Ashanti's existing $1.15bn Revolving Credit Facility, save that the amounts drawn under the Term Facility will bear an interest margin of 4.25% for the first six months after the first drawdown and 5.25% thereafter.

On 15 December 2008 the company announced the purchase of São Bento Gold Company Limited ("SBG") and its wholly-owned subsidiary, São Bento Mineração S.A. ("SBMSA") from Eldorado Gold Corporation ("Eldorado") for a consideration of $70m. The purchase price was settled through the issuance of 2,701,660 AngloGold Ashanti shares. The purchase of SBG and SBMSA gives AngloGold Ashanti access to the São Bento mine, a gold operation located in the immediate vicinity of AngloGold Ashanti's proposed Córrego do Sítio mine in Brazil. The acquisition of the São Bento mine provides AngloGold Ashanti with the potential to double the scale of the proposed Córrego do Sítio mine, which once developed will significantly enhance AngloGold Ashanti's Brazilian asset base.

YEAR

The company’s total Mineral Resource before depletion increased by 40.5Moz for the year. After depletion, this represents an increase of 33.4Moz, from 207.6Moz in 2007 to 241.0Moz in 2008. The largest single resource increase came at La Colosa in Colombia, where 12.3Moz were delineated by the exploration team. Significant other additions include 7.9Moz at Mponeng, 3.9Moz at Obuasi following exploration work below 50 level, 1.6Moz at Boddington, 1.8Moz at Savuka, 1.4Moz at Iduapriem, 1.2Moz at CC&V following successful exploration and work completed on the mine life extension project, and 1.2Moz at Sadiola.

In 2008, AngloGold Ashanti recorded an increase in total ore reserves before depletion of 7.7Moz. After depletion, this represents a 2.5% increase year-on-year, from 73.1Moz in 2007 to 74.9Moz in 2008. Significant additions included 2.8Moz at Mponeng, 1.3Moz at Obuasi due to revised mine design and schedule, 1.1Moz at Boddington due to successful drilling and at Siguiri 0.6Moz, where the resources were upgraded from inferred to indicated at the Seguelen NW and Sintroko deposits due to improved mining efficiencies.

Production for 2008 declined 9% to 4.98Moz, but within market guidance. South African production declined 230,000oz, primarily as a result of the power shortages experienced in South Africa and safety stoppages. Post the January 2008 power shortage incident, no further constraints were experienced during the year and the company is now operating at 100% capacity, while utilising 93% of its original power allocation in South Africa.

Production at Sunrise Dam was 167,000oz lower as anticipated following the completion of mining the high grade zone in the MegaPit, and production at Geita was 63,000oz lower following mill breakdowns. Cerro Vanguardia also had a difficult year with production 50,000oz lower, due to lower feed grades and problems associated with the agitators in the leach tanks in the first half of the year. Encouragingly, Ghana posted a 6% increase in production, while the Brazil operations maintained their solid performance.

Total cash costs for 2008 increased by $87/oz to $444/oz, primarily as a result of the 9% lower gold production and cost escalation on wages and consumables, offset partially by weaker local currencies during the latter part of the year.

Combined with the hedge buy-backs during the year, the adjusted headline earnings reduced from $278m in 2007 to a loss of $897m for 2008.

A dividend of 50 South African cents (5 US cents) per share was declared for the six months ended 31 December 2008. This represents a similar dividend payout as per the interim year declaration, resulting in a total dividend for the year of 100 South African cents (approximately 11 US cents) per share.

Post quarter end, on the 27 January 2009 the company announced the sale of its 33.33% interest in Boddington Mine to Newmont Mining Corporation for an aggregate consideration of up to approximately $1.1 billion. The transaction includes a cash payment of $750m upon closing; $240m due on 31 December 2009 in either cash or shares and quarterly royalty payments to a maximum of $100m based on a specified cash operating margin being achieved. All capital expenditure incurred from 1 January 2009 is also to be reimbursed. Boddington Mine was under development during the course of 2008 and is scheduled to come into production during the course of 2009. As at the 31 December 2008, Boddington had attributable reserves of 6.7Moz and Mineral Resources of 11.9Moz.

Production for 2009 is expected to be within a range of 4.9Moz to 5.0Moz, and total cash costs are anticipated to be between $435/oz and $450/oz, based on the following exchange rate assumptions: R9.75/$, A$/$0.675, BRL2.25/$ and the Argentinean peso 3.65/$. Capital expenditure for the year is estimated to be approximately $840m, and will be managed in line with profitability and cashflow.

Production for the first quarter of 2009 is estimated to be 1.13Moz at an average total cash costs of between $440/oz and $450/oz, assuming the following exchange rates: R9.75/$, A$/$0.66, BRL2.25/$ and Argentinean peso 3.50/$. Capital expenditure is estimated at $220m.

The table below provides guidance for the year in respect of forecast ounces and total cash costs for 2009.

	Forecast Production Ounces (000)*	**Expected Cash Cost $/oz****
Great Noligwa	220	460 - 480
Kopanang	400	275 - 295
Tau Lekoa	150	455 - 475
Moab	300	280 - 300
VR Surface	115	360 - 380
TauTona	295	330 - 350
Savuka	65	440 - 460
Mponeng	530	260 - 280
Navachab	70	430 - 450
Morila	130	550 - 570
Yatela	90	

440
- 460
Sadiola 130
495
- 515
Siguiri 300
495
- 515
Obuasi 400
620
- 640
Iduapriem 200
540
- 560
Geita 315
800
- 820
Cripple Creek
280
350 - 370
Serra Grande
80
340 - 360
AngloGold Ashanti Brazil
320
280 - 300
Cerro Vanguardia
160
410 - 430
Sunrise Dam
410
530 - 550
Total
4.9 – 5.0
435 - 450
* Attributable production
** Assumes the following exchange rates to the US dollar: R9.75/$, A$/$0.675, BRL2.25/$ and the Argentinean peso 3.65/$

OPERATING RESULTS FOR THE QUARTER

SOUTH AFRICA

At **Great Noligwa**, following the transfer of the upper level high-grade SV4 section to Moab Khotsong during the third quarter, production remained steady at 1,969kg (63,000oz). However, total cash costs were 4% lower at R144,190/kg ($452/oz), primarily due to higher by-product contribution and lower power tariffs.

The adjusted gross profit was R78m ($8m) against a loss of R28m ($3m) in the previous quarter. This was mainly as a result of the higher gold price received.

The Lost-Time Injury Frequency Rate (LTIFR) improved to 12.11 lost-time injuries per million hours worked (12.52 for the previous quarter)

Kopanang had a solid quarter with gold production up 8% to 2,827kg (91,000oz), following increased mining volumes resulting from improved face length and higher grade tonnage delivered to the plant.

Total cash costs were 5% lower at R99,050/kg ($310/oz) on the back of higher gold production. The adjusted gross profit was R240m ($24m), compared with the R57m ($8m) in the previous quarter, due to the higher price received and higher gold production.

The LTIFR was 12.25 (11.86).

The build-up at **Moab Khotsong** continues with gold production up 3% at 2,194kg (71,000oz), following increased tonnage throughput, partially offset by mining mix which adversely affected the grade.

Total cash costs were 28% higher at R101,180/kg ($317/oz), primarily due to lower underground inventory lock-ups, partially offset by the higher gold production. The adjusted gross profit was R114m against a loss of R27m in the prior quarter, primarily due to the higher gold price received and improved production.

The LTIFR improved 28% to 9.18 (12.83). Regrettably, there was one fatal accident during the quarter.

At **Tau Lekoa**, gold production was 6% lower at 1,105kg (36,000oz), following the loss of three production shifts to safety stoppages and maintenance. As a result, total cash costs increased 7% to R152,541/kg ($478/oz), while the adjusted gross profit was R22m ($2m) against a loss of R16m ($2m) in the previous quarter. The favourable movement is attributed to an improved gold price received, partially offset by the lower gold production.

The LTIFR improved 16% to 12.38 (14.82).

Gold production from the **Vaal River Surface Operations** was the highest achieved for the year, with production of 848kg (27,000oz), 10% higher quarter-on-quarter mainly due to increased tonnage throughput to ensure maximum plant capacity. On the back of the higher gold production, total cash costs were 9% lower at R116,749/kg ($366/oz).

Adjusted gross profit was R62m ($5m) higher at R81m ($8m), mainly as a result of a higher gold price received and improved total cash costs.

The LTIFR was 0.56 (1.08).

Gold production at **Mponeng** was 12% lower at 4,492kg (144,000oz) against the prior quarter, but the mine has for the fourth consecutive quarter exceeded its plan. Gold production decreased quarter-on-quarter due to reduced mining volume constrained by face length and lower vamping activities.

Despite the lower gold production, total cash costs improved 2% to R71,022/kg ($222/oz), primarily due to the lower power tariffs and a favourable inventory adjustment due to an increase in lock-up tonnes.

The adjusted gross profit was R212m higher than the previous quarter at R594m ($60m). This was due to higher gold price received, partially offset by lower gold production.

The operation regrettably recorded one fatality for the quarter and the LTIFR was 12.66 (12.21).

Savuka had a solid quarter with gold production 18% higher at 566kg (18,000oz), mainly due to improved drilling and blasting, vamping and improved mining mix. Total cash costs reduced significantly to R81,339/kg ($255/oz), the result of higher gold production, lower operating costs following savings initiatives and lower power tariffs.

The adjusted gross profit was R24m ($2m) higher at R42m ($4m), due to the higher gold price received, improved production and lower total cash costs.

The LTIFR improved to 12.35 (14.27).

Gold production at **TauTona** was 11% lower at 2,184kg (70,000oz) following reduced mining volume due to safety concerns. Despite the lower gold production, total cash costs decreased 6% to R103,961/kg ($325/oz), the result of lower power tariffs and costs saving initiatives.

The adjusted gross profit reduced to R72m ($7m), against R130m ($17m) in the prior quarter.

The LTIFR was 15.44 (12.49). Regrettably, there were two fatal accidents during the quarter.

ARGENTINA

At **Cerro Vanguardia** (92.5% attributable) production rose 30% to 56,000oz due to higher yield and increased volume, both the consequence of action taken to resolve plant constraints experienced during 2008. Total cash costs decreased 30% to $464/oz as a result of local currency depreciation, higher gold produced, higher silver by-product contribution, as well as lower costs in respect of equipment maintenance and contractors.

The adjusted gross profit was $2m, against a loss of $15m in the prior quarter, as a result of higher gold sold, improved received price and lower costs.

The LTIFR was 3.49 (1.56).

AUSTRALIA

Gold production at **Sunrise Dam** reduced 26% as anticipated to 85,000oz, following the completion of mining in the MegaPit during the previous quarter. Total cash costs, however, only increased 3% to A$721/oz ($486/oz), with lower handling costs partially offsetting the reduced gold production.

The adjusted gross profit was A$13m ($9m), against a loss of A$12m ($10m) in the prior quarter.

The LTIFR remained 0.00 (0.00).

BRAZIL

Gold production at **AngloGold Ashanti Brasil Mineração** was steady at 83,000oz. Total cash costs decreased 29% to $234/oz primarily due to local currency depreciation and lower fuel costs.

The adjusted gross profit was $27m, against $18m in the previous quarter, reflecting the higher received price and lower costs.

The LTIFR was 3.24 (2.67).

At **Serra Grande**, (50% attributable) gold production increased 20% to 24,000oz, resulting from improved throughput and grade. Total cash costs decreased 20% to $260/oz, primarily due to local currency depreciation and higher gold production.

The adjusted gross profit was $7m, against the previous quarter's $5m.

The LTIFR was 1.46 (1.60).

GHANA

Obuasi, for the second consecutive quarter, increased gold production to 98,000oz, 7% higher than the previous quarter. The turnaround project continues with an increase in development metres to improve mining flexibility and improved metallurgical recoveries, resulting in both throughput and yield improving. Total cash costs increased by 5% to $712/oz, due to once-off consumable write-offs, partly offset by lower fuel prices and reduced power consumption.

The adjusted gross loss was $33m, resulting from the increase in cash operating costs.

The LTIFR was 4.40 (1.18). Regrettably, there was one fatal accident during the quarter.

At **Iduapriem** gold production increased for the second consecutive quarter, up 14% to 57,000oz, following improved plant availability that increased tonnage throughput 10% and yield was 2% higher following improved mining mix. Total cash costs increased by 2% to $577/oz mainly as a result of an increase in waste stripping costs in line with the mining plan, partially offset by the higher gold production.

An adjusted gross profit of $3m was achieved, against a loss of $1m in the previous quarter.

LTIFR was 3.33 (1.46)

REPUBLIC OF GUINEA

At **Siguiri** (85% attributable) production increased 13% to 81,000oz as a result of improved plant availability and utilisation. Total cash costs decreased to $478/oz as a result of the higher production, lower fuel prices and local currency depreciation.

The adjusted gross profit increased to $10m as a result of the increase in production, higher gold price received and decrease in total cash costs.

LTIFR was 0.58 (0.57)

MALI

Gold production at **Morila** (40% attributable) was 24% higher than the previous quarter at 47,000oz due to a 24% increase in recovered grade, following higher grade material available from Pit 4N. Total cash costs were 17% lower at $385/oz, on the back of the higher gold production, lower reagent and fuel costs.

Adjusted gross profit of $11m was double that of the previous quarter.

The LTIFR was 0.00 (0.00).

At **Sadiola** (38% attributable), production was 20% higher at 49,000oz due to a combination of increases in both tonnage throughput and yield. Tonnage throughput was favourable as a result of improved plant availability, while better feed grades improved yield, as a result of processing a higher percentage of sulphide ore. Total cash costs decreased to $386/oz as a result of lower fuel prices and increased production, partly offset by a once-off mining contractor expenses.

Adjusted gross profit increased to $5m primarily as a result of the increased production and lower fuel prices.

The LTIFR was 0.83 (0.91).

Production at **Yatela** (40% attributable) decreased by 11% to 16,000oz due to a decrease in recovered grade, as a result of stacking lower grade marginal ore in the previous quarter. Despite the lower gold production, total cash costs decreased by 11% as a result of lower fuel prices, reduced reagents consumption and a stronger US dollar, offsetting the impact of the lower gold production.

The adjusted gross profit was $3m, against break-even in the previous quarter, primarily due to the higher received price and lower total cash costs.

The LTIFR was 0.00 (4.76).

NAMIBIA

Gold production at **Navachab** increased 18% to 20,000oz, as both throughput and yield improved. Tonnage throughput was higher following the implementation of continuous shifts, while improved grade control allowed for improved delineation of higher grade blocks from the North pit 2 area. Consequently, total cash costs reduced 5% to $512/oz.

The adjusted gross profit was $2m, against $1m in the previous quarter.

The LTIFR remained 0.00 (0.00).

TANZANIA

At **Geita**, gold production was 30% lower than the previous quarter at 52,000oz due to a reduction in grade and tonnage throughput following the breakdown of the SAG mill. Total cash costs were consequently 32% higher at $921/oz.

Adjusted gross loss was $14m lower at $58m.

The LTIFR was 0.80 (1.63).

NORTH AMERICA

At **Cripple Creek & Victor**, (100% ownership effective 1 July 2008) gold production increased 24% to 78,000oz due to pad phase timing. Total cash costs were on par with that of the previous quarter at $322/oz, with higher production and lower royalties offsetting increased lime requirements.

The adjusted gross profit was $20m against $12m in the prior quarter.

The LTIFR was 9.81 (0.00).

Notes:

- All references to price received includes realised non-hedge derivatives.
- In the case of joint venture and operations with minority holdings, all production and financial results are attributable to AngloGold Ashanti.
- Rounding of figures may result in computational discrepancies.

Review of the gold market

The ‘deleveraging’ that started with the collapse of Lehman Brothers continued into the fourth quarter as financial markets struggled to come to terms with the extent of the crisis and its global impact. Continued liquidation took place across all metals and commodities including gold. Having peaked at $910/oz in early October, the liquidation on the COMEX over the ensuing month of almost 8Moz took the price down to the lows of the quarter of $710/oz by early November. It is possible that the extent of this decline was exacerbated by market participants who took advantage of the ease with which gold can be used as a short-term funding mechanism.

Despite falling over $200/oz during the quarter, gold outperformed all of the other metals and oil. The sell off to around $700/oz represented a decline of just over 30% from the year’s high, whereas on a similar basis, platinum lost 68%, copper 67%, nickel 73% and the oil price plunged 77%.

In November speculative interest returned to gold, partly due to another wave of US dollar weakness but also on hopes that another cut in production from OPEC would lift the oil price and that this would in turn support the gold price.

This rally was sustained through December when commodities in general started to stage a recovery. In addition, gold started to benefit from safe haven buying once again as analysts began to highlight the potential inflationary impact of all of the co-ordinated global activities of liquidity injections, stimulus packages and interest rate cuts. During the month of December the gold price rallied 14%, ending the year at $878/oz.

The gold price averaged $872/oz in 2008, 24% higher than the average for 2007 of $703/oz. The average price during the fourth quarter was $795/oz, marginally higher than the average price during the fourth quarter of 2007 of $788/oz.

Investment Market

ETF holdings continued to grow during the period under review, against the general trend in other investment vehicles. This is indicative of the fact that ETF investors tend not to be driven by short-term price movements or speculative opportunities but are rather longer-term investors who see gold as a hedge against inflation or a portfolio diversifier. Total holdings at year end were some 38Moz. Holdings increased during the quarter by some 3Moz, including over 600,000oz invested in a new exchange traded fund listed on the German Stock Exchange.

Producer Hedging

Very little activity took place in this area during the quarter and in comparison to the volatility experienced in international markets, the relatively small movements in the global hedge book were not a significant driver of price or market sentiment.

Physical Demand

The retail sector and particularly the luxury goods market suffered globally as a result of the credit squeeze and fears of recession. The gold jewellery market, which accounts for some 70% of physical demand, was affected by this trend, particularly in the US and in Europe, where jewellery is purchased as an adornment, rather than as an investment product.

The exception to this trend was China, where jewellery sales continued at similar level as the comparable period in 2007. However many Chinese exporters of consumer goods have seen a drop in sales and it is likely that the internal consumption market for jewellery will suffer as the effects of this decline filter into the Chinese economy. The first quarter of the year, in particular the Chinese New Year period in late January, is typically a period of peak demand, but it is likely that consumption will slow down in March as retailers restock cautiously.

Investment demand, in the form of bars and coins, has increased dramatically in China over the recent period and 2008 is likely to show an increase of over 100% year-on-year when official figures are released later in the year. The reasons for the increase relate to concern over other investment vehicles, particularly housing and the stock exchange, but also the traditional view of gold as a hedge against inflation and a safe haven in times of economic uncertainty.

The US market was hard hit by concerns over the economy and sales were down in all sectors of the market. In parallel, higher gold prices have driven retailers to stock alternative jewellery products, using for example gold plating or gold and silver in combination, in order to maintain price points.

Sales during the fourth quarter, which typically account for around 40% of jewellery sales annually, were at significantly lower levels, even in comparison to the lacklustre fourth quarter experienced in 2007. However, stocks are also at record low levels, and it is possible that there will be some revival in demand in the early part of 2009 as retailers restock.

Economic uncertainty also affected the Middle Eastern market, particularly in tourist destinations such as Dubai. The local retail trade in the Gulf Region declined as well as the tourist sector. As consumer spending slowed and the impact of stock exchange falls took its toll, spending on discretionary and luxury goods including jewellery, was affected.

Egyptian demand remained healthy despite high local gold prices (as the Egyptian Lira weakened against the US dollar). In contrast, demand in Turkey, where local gold prices also rose significantly but where the effects of the global economic crisis were more apparent, experienced significant weakness during the quarter, in both the jewellery as well as the coin sector. Fabrication demand in Turkey declined (Turkey is a major exporter of gold jewellery to the US and as such was affected by the downturn in US jewellery sales).

In India, where jewellery purchases have a quasi-investment characteristic, the third quarter had shown some revival in jewellery sales, after dampened demand in the first half of the year, due to the lower and more stable price as well as expectations of an eventual gold price increase.

In the fourth quarter, however, buying slowed as prices rose once again. Fabrication demand (jewellery manufactured for export as well as for local consumption) also showed a slight decrease in comparison to the preceding period. If the second half of the year is viewed as a whole, however, fabrication demand still shows a significant increase, in the order of approximately 50%, over the same period in 2007.

Official Sector Sales

The current Central Bank Gold Agreement (CBGA) entered its fifth and final year in September 2008. Central Bank sales in the first quarter of the final year of the agreement however reached only 50t, against a quota of 500t for the full year, which seemed unlikely to be met.

Currencies

The Rand, Australian dollar and Brazilian Real all came under pressure from the deleveraging that occurred across other asset classes. In the case of the Rand and the Australian dollar, the decline was particularly severe in October, when they lost 34% and 26% respectively against the US dollar.

Both of these currencies recovered somewhat during the remainder of the quarter but never regained their initial levels. The Rand closed the quarter at $/R9.455 which represents a depreciation of 14% over the quarter and the Australian dollar closed at A$/$0.69, a depreciation of 14%.

The Brazilian Real experienced the same sell off during October as did all emerging market currencies, however unlike the Rand, it did not stage any form of sustained recovery through the balance of the quarter. The Real closed at $/BRL 2.34 which represented a decline over the quarter of 21%.

Hedge position

HEDGE POSITION

As at 31 December 2008, the net delta hedge position was 5.22Moz or 162t (at 30 September 2008: 5.79Moz or 180t), representing a further reduction of 0.57Moz for the quarter. The total commitments of the hedge book as at 31 December 2008 was 5.99Moz or 187t, a reduction of 0.31Moz from the position as at 30 September 2008.

The marked-to-market value of all hedge transactions making up the hedge positions was a negative $2.68bn (negative R25.36bn), decreasing by $0.29bn (R0.80bn increase) over the quarter. The marked-to-market value after the credit risk adjustment of all hedge transactions making up the hedge positions was a negative $2.46bn (negative R23.25bn). This value was based on a gold price of $872.15/oz, exchange rates of R9.455/$ and A$/$0.6947 and the prevailing market interest rates and volatilities at that date.

The company's received price for the fourth quarter was $687/oz, 13.6% below the average spot price for the same period.

During the course of 2008, the hedge book has been reduced by 5.17Moz on a delta basis and the committed ounces have reduced by 5.29Moz.

As at 6 February 2009, the marked-to-market value before the credit risk adjustment of the hedge position was a negative $2.94bn (negative R28.97bn), based on a gold price of $913.50/oz and exchange rates of R9.840/$ and A$/$0.6528 and the prevailing market interest rates and volatilities.

These marked-to-market valuations are in no way predictive of the future value of the hedge position, nor of future impact on the revenue of the company. The valuation represents the theoretical cost of closing all hedge contracts at the time of valuation, using prevailing market prices and rates.

The following table indicates the group's commodity hedge position at 31 December 2008.

Year
2009
2010
2011
2012
2013
2014-2016
Total

DOLLAR GOLD
Forward contracts
Amount (kg)
*(5,960)
8,354
11,765
11,944
9,518
2,845
38,466
US$/oz
$1,199 $204
$383
$404
$408 $510 $467
Put options sold
Amount (kg)
4,043
4,226
3,048
1,882
1,882
1,882
16,963
US$/oz
$671 $708
$533
$430
$440 $450 $579
Call options sold
Amount (kg)
14,805
33,394
38,312
24,461
17,857
22,067
150,896
US$/oz
$442 $537
$530
$622
$601 $606 $557
RAND GOLD
Forward contracts
Amount (kg)
*(1,866)
*
(1,866)
Rand per kg
R157,213

R157,213
A DOLLAR GOLD
Forward contracts
Amount (kg)
280
3,110
3,390
A$ per oz
A$852
A$652
A$669
Call options purchased
Amount (kg)
1,244
3,110
4,354
A$ per oz
A$694
A$712
A$707
Delta
(kg)
(4,501) (36,523)
(44,466)
(31,629)
(24,106) (20,998) (162,223)
** Total net gold:
Delta (oz)
(144,720)
(1,174,250)
(1,429,620)
(1,016,910)
(775,040)
(675,070)
(5,215,610)
*
Indicates a net long position resulting from forward purchase contracts.
**
The Delta of the hedge position indicated above is the equivalent gold position that would have the same marked-to-market sensitivity for a
small change in the gold price. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and
volatilities as at 31 December 2008.
Rounding of figures may result in computational discrepancies.

The following table indicates the group's currency hedge position at 31 December 2008
Year
2008
2009
2010
2011
2012
2013-2016
Total
RAND DOLLAR (000)
Put options purchased
Amount ($)
30,000
30,000
US$/R
R11.56
R11.56
Put options sold
Amount ($)
50,000
50,000
US$/R
R9.52
R9.52
Call options sold
Amount ($)
50,000
50,000
US$/R
R11.61
R11.61
A DOLLAR (000)
Forward contracts
Amount ($)
450,000
450,000
A$/US$
$0.65
$0.65
Put options purchased
Amount ($)
10,000
10,000
A$/US$
$0.69
$0.69
Put options sold
Amount ($)
10,000
10,000
A$/US$

$0.76
$0.76
Call options sold
Amount ($)
10,000
10,000
A$/US$
$0.64
$0.64
BRAZILIAN REAL (000)
Forward contracts
Amount ($)
62,340
62,340
US$/BRL
BRL 1.86
BRL 1.86
Fair value of derivative anal