

Reporting to  
employee  
shareholders

07



ANGLOGOLD ASHANTI

## About this report

After the establishment of the Bokamoso Employee Share Ownership Plan (ESOP) in 2006, the company now includes a report especially for those employees who are members of the Bokamoso ESOP in its set of annual reports. This is the second such report to employee shareholders.

As an employee shareholder, you have a stake in the entire AngloGold Ashanti group and its operations around the world.

AngloGold Ashanti reports annually on its operational, financial and social performance to all its business and social partners by means of various reports, the most important of which are:

- **The Annual Financial Statements** – this report focuses on AngloGold Ashanti's financial and operating results and is posted to all shareholders of ordinary shares.
- **The Report to Society** – this report reviews AngloGold Ashanti's performance as an employer and a corporate citizen regarding safety and health, the environment and our community involvement.

You can obtain copies of these documents from the Human Resources Officers at your mine. They are also available on the AngloGold Ashanti website at [www.anglogoldashanti.com](http://www.anglogoldashanti.com) or at [www.aga-reports.com](http://www.aga-reports.com).

This report, however, provides more detailed information on the South African operations because it will be here that you are employed.

## Stock exchange information

AngloGold Ashanti's primary stock exchange listing is on the JSE Limited (Johannesburg). It is also listed on the exchanges in New York, London, Australia and Ghana as well as on Euronext Paris and Euronext Brussels. AngloGold Ashanti had 277,457,471 ordinary shares in issue and a market capitalisation of R81 billion as at 31 December 2007.

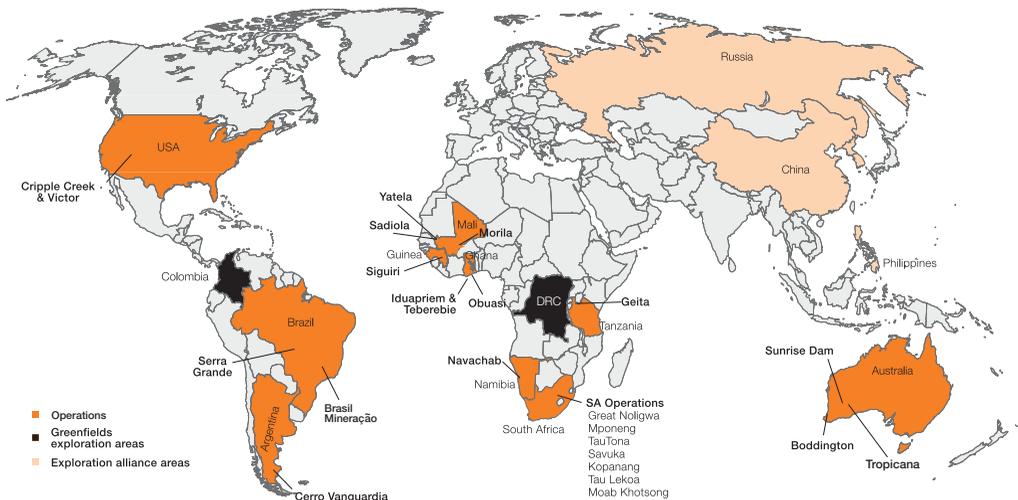
## Our profile

AngloGold Ashanti is currently the world's third largest producer of gold. Headquartered in Johannesburg, South Africa, the company has 20 operations in 10 countries around the world.

In 2007, AngloGold Ashanti produced 5.5 million ounces of gold – an estimated 7% of global production. The bulk of its production came from deep-level underground operations (40%) in South Africa.

During 2007, AngloGold Ashanti's global exploration programme continued to gain momentum in Colombia and the Democratic Republic of Congo (DRC), Australia, Russia, China and the Philippines.

In response to an ever-changing socio-economic environment, AngloGold Ashanti has reviewed its current structure and asset base. It remains a values-driven company and these values, the foremost of which is safety, and the group's business principles continue to guide the company, its managers and employees, and form the basis of the company's compact with all of its business – shareholders, employees, communities, business partners, governments and civil society organisations.



## Message from Mark Cutifani, CEO of AngloGold Ashanti

It gives me great pleasure to report to you, our South African employees who are shareholders, for the first time as CEO of AngloGold Ashanti. This is the second such report to you as a Bokamoso ESOP shareholder.

With the formation of the Bokamoso ESOP in 2006, each qualifying South African employee was awarded 30 shares which was worth about R10,000 in March 2007. Now, in March 2008, these shares are worth about R9,000. You will also each have received during 2007 dividends of R3.30 per share (ie R99.00 in all for the 30 shares) and you will receive your next dividend payment of R15.90 on the first payday after 7 March 2008.

Given that my term began almost three quarters of the way through 2007, I would like to offer some of my first impressions on the way forward for AngloGold Ashanti and for the South African operations where you work.

### **Safety**

Firstly, I would like to emphasise the importance of safety at AngloGold Ashanti. You will all have participated in the 'safety is our first value' campaign. It is my firm belief that our starting point – every minute, every day, every week, and in every working place, every shaft, every office – is that our first and foremost value must be safety. This applies to our executive leadership team, all levels of managers, employee representatives, and all of our employees and contractors. We all must take individual accountability for our health and safety, and share a collective accountability – to look after each other in every facet of our work and interactions.

It is with deep regret that I report the death of 34 of our colleagues, of whom 27 were at our South African operations, during the course of 2007. On behalf of the AngloGold Ashanti board and management, our sympathies are extended to the families and colleagues of those who have lost their lives while in our care.

Ensuring a safe work environment is not only the right thing to do, it also makes sound business sense. Safety and productivity go hand-in-hand. It is no coincidence that our safest teams and operations are also our most productive.

I believe that safety is more than an operational issue. We need to change the way in which we communicate with each other at the most personal level. Allied to that is the need to look at innovative ways in which we can mine and engineer technological changes to reduce the risk to people in the workplace.

### **Company results**

As I reflect on our operations and financial performance for the year, I must express disappointment at the results achieved. There was an overall decline in production of 3% to 5.5 million ounces (9% decline at the South Africa operations), largely as a result of declines in production at Great Noligwa and TauTona in South Africa, less-than-hoped for improvements in production at Geita and ongoing underperformance at Obuasi in Ghana. Record production at Siguiri in Guinea, Mponeng in South Africa and Sunrise Dam in Australia failed to compensate for these declines.

Reduced production, appreciating local currencies, higher uranium losses and increased royalty payments and maintenance expenses, as well as inflationary pressures all contributed to an overall increase in total cash cost of 16% to \$357 per ounce. Although this



*Mark Cutifani,  
Chief Executive  
Officer*

was in line with or better than the reported performance of our peers, it reflects the cost pressures being experienced in the whole mining industry.

Adjusted headline earnings totalled \$278 million, a decline of 32%. This was despite the increase in the gold price and a result of reduced production, increased costs and greater expenditure on exploration.

We are paying close attention to the production problems being experienced at Obuasi in Ghana and at Geita in Tanzania. The power crisis in South Africa, which began in January 2008, has seriously affected the mining industry. Operating at a power supply of 90% for the remainder of the year would result in the loss of another 200,000 ounces, bringing the estimated total loss in production for the year from the South African operations as a result of power outages to 400,000 ounces. We have succeeded in negotiating with Eskom an improved power supply, which we hope will be sustainable for the rest of 2008. Nonetheless, we must now use this opportunity to reflect on how we use energy, across the entire group, and look for long-term sustainable strategies to reduce power consumption and thus improve our long-term competitive cost position.

### **Planning for growth**

The company is currently embarking on a new phase of its life and restructuring has been necessary to address weaknesses in our performance and delivery on our commitments. This restructuring has occurred mostly at executive and managerial level. Our fundamental objective as a business is to deliver value to all our shareholders, including you. To do this we have three vital tasks:

- To deliver at the operations by producing as much as we can as safely and cost-effectively as we can;
- To make the most of conditions in the gold market; and
- To increase our resource base by investing in exploration and capital infrastructure.

My observations are that our most recent production and cost performance has been inconsistent and declining; we are not adequately exposed to the rising gold price; and our asset base has grown only moderately. We must pay careful attention to the life cycle of our assets, the highly competitive nature of the industry today and the robust gold market. We have begun a process of reviewing our assets and one of the fundamental results of this has been the recognition that people are our business.

It is my ambition that we enter into a social contract with as many employees as possible and that in so doing AngloGold Ashanti, as an employer, benefits from each employee delivering to the best of his or her ability. We have moved quickly to restructure the organisation, establishing a clearer accountability structure, focusing on delivery and turning operating weaknesses into opportunities for improvement. We have a wonderful opportunity to go forward and build on the company's strengths, and to create value for our shareholders and all of our business partners.

I look forward to working with our outstanding people at an operational level to deliver the results that I know we can achieve.

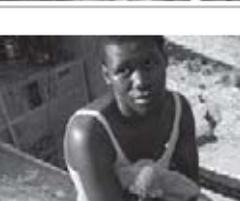
Mark Cutifani  
**Chief Executive Officer**

## Our performance

Several key factors determine the economic and financial success of AngloGold Ashanti. They are:

- How much gold we produce;
- What we spend to produce this gold – that is the cost of goods and services, the payment of salaries and benefits, and taxes and royalties;
- The price we receive for the gold we sell; and
- What we invest in the company so that we can sustain our business in the longer term – this includes capital expenditure and the cost of exploration to find new deposits of gold to mine.

## Key features 2007

	<ul style="list-style-type: none"> <li>■ Production declines 3%</li> <li>■ Ore Reserves increase 9% to 73.1Moz and Mineral Resources, 18% to 207.6Moz</li> </ul>	<p><b>5.5Moz</b> gold produced</p>
	<ul style="list-style-type: none"> <li>■ Total cash costs up 16% to \$357/oz – pressured by lower production, stronger local currencies and inflation</li> <li>■ R408 million delivered in savings initiatives</li> </ul>	<p><b>R6,590m</b> adjusted gross profit</p>
	<ul style="list-style-type: none"> <li>■ Adjusted headline earnings of R1,971 million</li> <li>■ Capital expenditure increased to R7,444 million</li> <li>■ Dividend maintained at 20% of adjusted headline earnings</li> </ul>	<p><b>143SA cents</b> total dividend declared</p>
	<p>As at the end of December 2007, AngloGold Ashanti employed 61,522 people – 77% employees and 23% contractors at its operations around the world.</p>	<p><b>61,522</b> people employed</p>
	<p>Extensive training and development is undertaken at all levels, ranging from Adult Basic Education and Training (ABET) to skills development and training for career endings.</p>	<p><b>R207m</b> spent on training and development</p>
	<p>As part of our effort to remove the stigma from HIV/AIDS and to encourage employees to manage their health proactively, we place a great deal of importance on voluntary counselling and testing (VCT). Assuming single testing, 102% of employees in South Africa were tested during the year.</p>	<p><b>102%</b> VCT at the South African operations</p>



Our malaria programme at Obuasi in Ghana has shown huge dividends, with an estimated 74% decrease in malaria incidence in the region in just under two years.

**74%**

decrease in malaria at Obuasi in Ghana



We reached a major milestone in 2007, by when all of our operations were certified as being in compliance with the ISO14001 environmental system standard.

**100%**

of operations ISO14001 compliant



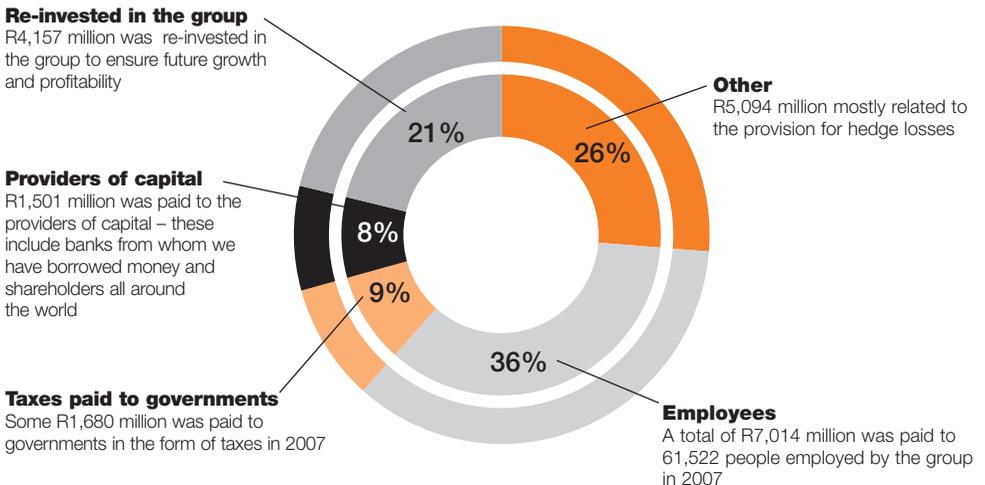
As part of our philosophy of leaving communities better off for our having been there, we develop local economic activity and apply corporate social investment (CSI) funding to sustainable, community-based projects.

**R56m**

spent on CSI

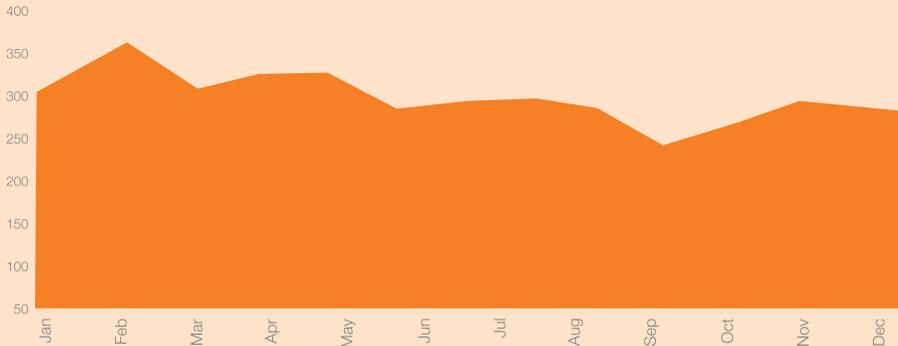
## How we add value

During the year, we created significant value for the benefit of shareholders, stakeholders and business partners. In 2007, this amounted to R19,446 million. This value was distributed as follows:



## Our share price performance

AngloGold Ashanti share price on the JSE - 2007 (R/share)



The company's share price represents the value placed on the share by the market – in other words, how much an individual or a company is prepared to pay to own the company's shares at a particular point in time. This price will vary over time and is based on a number of factors including the state of the global economy, the gold price, the rand-dollar exchange rate, the recent performance of the company (particularly gold production and cost

control) and investors' view of the company's likely performance in both the short and the long term.

The share price depreciated during the year, from R330 per share on 31 December 2006 to R293 per share on 31 December 2007. The share reached a high of R359 per share and a low of R254 per share during the year.

## Definitions

**ART:** Anti-retroviral therapy/treatment regimen of antiretroviral drugs for the treatment of people with HIV/AIDS.

**Capital expenditure:** Total capital expenditure on mining assets to both maintain and expand operations.

**CSI:** Corporate social investment.

**Dividends:** A dividend is the share of earnings paid to shareholders at the discretion of the board. The amount paid out as a dividend is declared and paid per share held by the shareholder. For example, if the dividend declared is 50 cents per share and the shareholder has 100 shares, then he/she will receive R50.00 in total.

**FIFR:** Fatal injury frequency rate. The number of fatal injuries per million hours worked.

**Gold production:** The amount of refined gold produced by the company, measured in ounces (or kilograms).

**Adjusted gross profit:** Gross profit excluding unrealised non-hedge derivatives and other commodity contracts.

**Adjusted headline earnings:** Headline earnings excluding unrealised non-hedge derivatives, fair value adjustments on option component of the convertible bond, fair value gain (loss) on interest rate swap, adjustments to other commodity contracts and deferred tax thereon.

**VCT:** Voluntary counselling and testing. Part of the company's HIV/AIDS programme.