

UNDERSTANDING AND MITIGATING OUR RISKS

We recognise that risk is present in all business and operational activities, that threat and opportunity are the two sides of risk, and that successful risk management is critical.

Risk assessment and management are fundamental components of our business – in planning for our future and executing our strategy. We identify, evaluate and manage significant threats and opportunities as we seek to deliver against business objectives, within the framework that the board set for group risk appetite and threshold levels.

Group risk appetite and tolerance levels are determined by the Board of Directors and are monitored against group strategic goals, targets and performance scorecards (see our targets on page 7).

GROUP RISK MANAGEMENT STRUCTURE

Risk management is a central part of group strategic management and is the system whereby the risks associated with group activities are methodically addressed with the goal of achieving sustained benefit. Risk management should increase the probability of success, and reduce both the failure potential and the uncertainty associated with achieving the group's overall objectives.

The group risk management system was formally initiated when the revised and invigorated focus on risk management was approved by the Board of Directors in February 2009. This was when commitment, in terms of the implementation of the group risk management process, was obtained. This involved the development, building and roll-out of the group risk management process, improvement of the quality of risk knowledge and risk response tasking.

Specific objectives of the group risk management focus are to:

- avoid or reduce adverse threats to business objectives and exploit beneficial opportunities to add sustained value to all group activities in line with group risk appetite and threshold levels;
- provide timely risk situation information and appropriate risk responses for evaluation of business strategy to assist with meeting business objectives;
- reduce future operational performance uncertainty by minimising surprises and associated costs and losses;

- develop and implement a best practice group risk management system that is owned and championed at all levels of the organisation;
- monitor and report on group and industry risk trends and outcomes and ensure appropriate Board and executive reporting and briefing;
- improve deployment of capital through using robust risk information to effectively assess overall capital needs and allocation; and
- ensure that risk management forms an integral part of normal business practice and engenders a culture of 'risk awareness'.

Our group risk management framework has the following core elements:

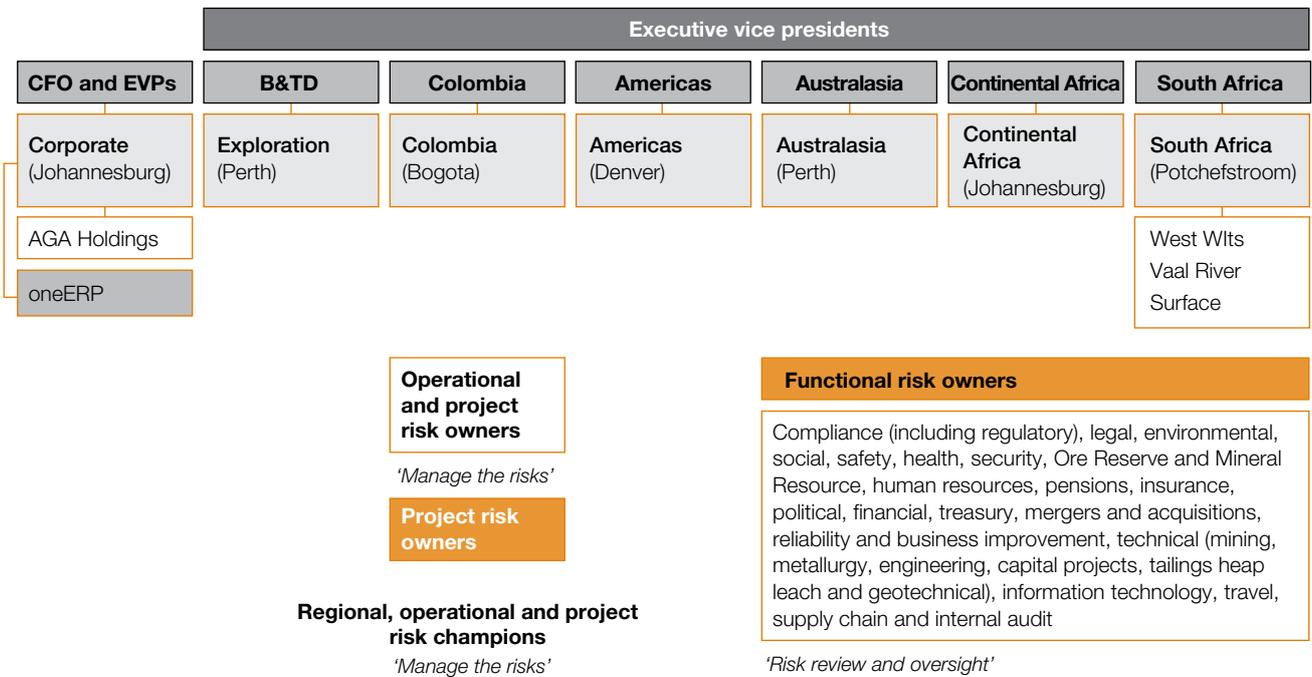
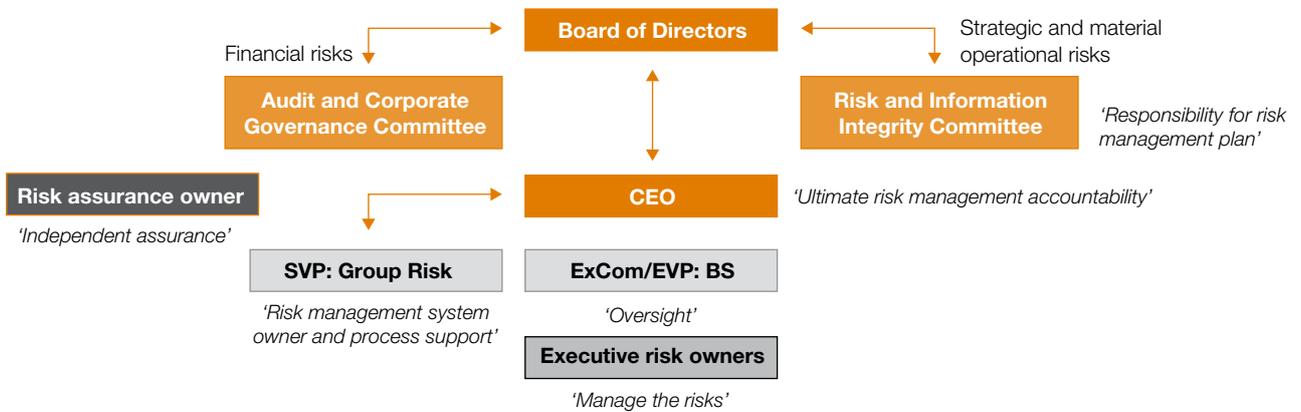
- policy, which provides the context for risk management and prescribes the scope, objectives and required outcomes of this process;
- plan, prepared by management, and which is reviewed and approved annually by the Risk and Information Integrity Committee of the board;
- standard that defines the adopted approach and methodologies that are based upon the principles of International Standards Organisation ISO 31000, and prescribes the minimum requirements; and
- guidelines enabling operations to access detailed information concerning risk management principles and practice in order to define risk management strategies.

Our risk management structure, depicted alongside, and accountabilities are defined in the framework and ensure that risk identification, assessment and management are considered at every step in the business planning process.

Supporting the application of the framework are annual regional and site-based risk training workshops, intranet resources to share and update information, understanding of risk management principles and practice, and an ongoing focus on training.

A group material risk register, known as AuRISK, is maintained and used for reporting and tracking purposes.

Structure of risk management and accountabilities



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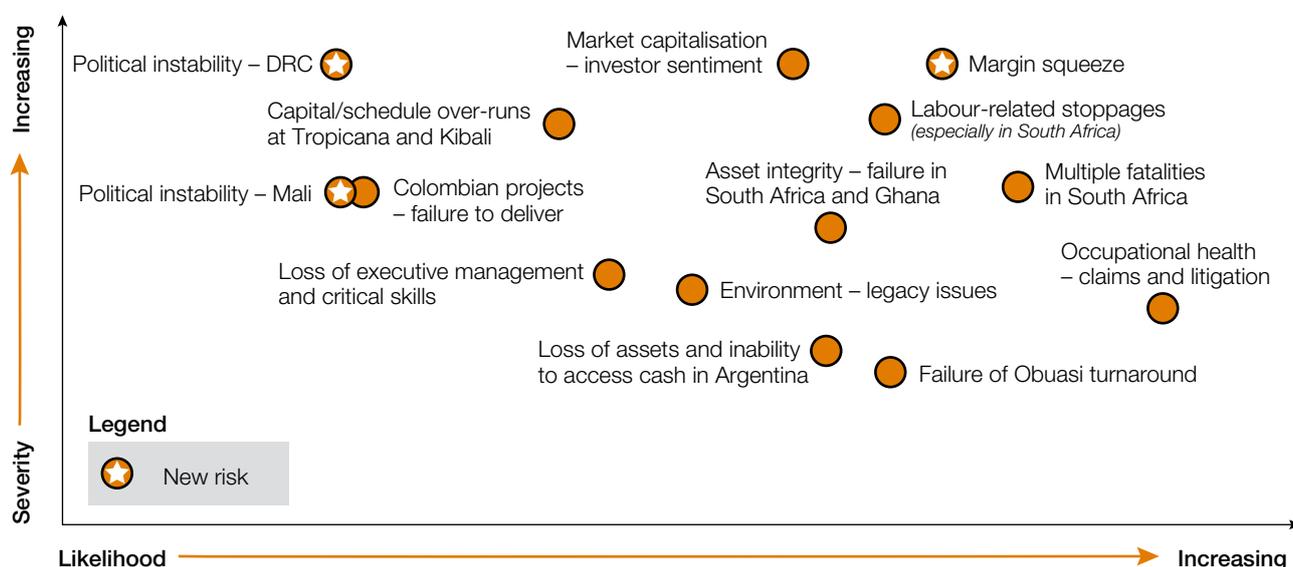
KEY AREAS OF RISK AND/OR UNCERTAINTY

The diagram of key risks and uncertainties below provides an overview of the key risks facing AngloGold Ashanti as at year-end. These risks are broadly defined as depicted in the diagram.

The key areas of risk, uncertainty and material issues facing the group in executing our strategy and delivering on our targets are described on the pages that follow. There may be additional risks unknown to AngloGold Ashanti and other risks,

currently believed to be immaterial, that could turn out to be material. Additional risks, either individually or simultaneously, could significantly affect AngloGold Ashanti's business, financial results and the price of its securities. We also urge you to carefully read the document entitled "Risk factors related to AngloGold Ashanti's suite of 2012 reports", which is available on the AngloGold Ashanti online corporate report website www.aga-reports.com and the section of our annual report on Form 20-F entitled "Risk factors", which will be available on our website at the end of April 2013.

Key areas of risk and/or uncertainty as at 31 December 2012



Key risk areas and uncertainties

Safety and health

Risk/uncertainty/issue	Mitigation strategy	For further information
Employee safety, resulting mainly from deep-level mine seismic activity and working practices.	Implementation of safety transformation programme, analysis of fatal risks, and enhanced incident investigation and reporting systems.	See page 20 of Sustainability Report – www.aga-reports.com/12/safety-and-health .
Potential legacy and on-going issues relating to occupational health following the South African Constitutional Court ruling in March 2011, exposing AngloGold Ashanti and others to individual and class action claims.	AngloGold Ashanti will defend all claims on their merits. In addition, discussions have begun, through the Chamber of Mines of South Africa, to address perceived deficiencies in the statutory compensation system on an industry-wide basis. Further, the company continues to implement measures to reduce employee dust exposure.	

Production

Risk/uncertainty/issue	Mitigation strategy	For further information
Labour unrest and violent strike action in South Africa for increased wages and improved employment conditions fuelled by inter-union rivalry, politics, migrant labour conditions, and mine worker debt levels.	Formalise relations with the Associated Mining and Construction Union (AMCU) to ensure greater accountability and responsibility. Business restructuring while complying with legal obligations. The 2013 Chamber of Mines-led wage negotiations will aim to bring all union stakeholders into the formal process. Engagement with the departments of Labour and Mineral Resources via Chamber of Mines forums.	See page 30 of Sustainability Report – www.aga-reports.com/12/strike-in-sa .
Power supply disruptions, rationing and escalating costs, particularly in South Africa, Ghana and at the Tropicana project in Australia.	Initiatives introduced to reduce power usage, focusing particularly on high users. In South Africa proactive engagement with power utilities, where significant energy efficiency projects are in place. Strong energy-efficiency focus during project design.	See page 47 of Sustainability Report – www.aga-reports.com/12/energy-climate-change .
Potential for water supply disruptions and rationing, as well as flooding. Water risk exposure is highest at the South African, Ghanaian, United States and Australian operations.	Progressive quantification of risk exposures and building a comprehensive strategy for integrated water management.	See page 49 of Sustainability Report – www.aga-reports.com/12/water-land .
Delivery on production and growth targets, including the introduction of new technologies.	Project ONE business process framework.	See page 7 of this report.
Obuasi, Ghana, turnaround plan.	Implementation of management framework, including Project ONE, to increase operational consistency and capacity and reduce the risk of project delays. A multi-disciplinary team is leading the Obuasi turnaround.	See the operational profile for Obuasi which will be made available on our website www.aga-reports.com/12/op/obuasi/ .
Group-wide implementation of ERP system.	Project management with monthly steering committee meetings on progress and budget performance, regular change management communication and internal and external audit assurance.	
Asset integrity relating to ageing mine infrastructure, particularly in South Africa and at Obuasi in Ghana.	A risk-based asset integrity and reliability engineering programme has been initiated that identifies threats and guides appropriate capital expenditure. Reliability management framework has been developed and guides asset integrity and reliability engineering.	

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Productivity

Risk/uncertainty/issue	Mitigation strategy	For further information
Skills availability and retention. Skills shortages are experienced across the sector globally. Loss of executive and senior management.	Talent pool management is an integral part of human resource strategy. Succession planning is being developed to ensure skills development and retention. Proactive recruitment processes are in place and there is a focus on transformation strategies in South Africa.	See page 28 of Sustainability Report – www.aga-reports.com/12/people .

Total cash costs

Risk/uncertainty/issue	Mitigation strategy	For further information
Inflationary cost pressures driven predominantly by energy price increases, mining input cost inflation and wage demands.	Productivity gains from implementation of the management framework, and broader cost management strategies to mitigate the impact of increases in input costs. Extensive business review in progress.	See page 15 of this report.
Changes to the regulatory environment (such as increased royalties, taxation demands or disputes or duties and 'resource nationalism' in many guises aimed at expanding state role in mining), that substantially increase costs in most countries of operation.	Active participation in industry and other stakeholder engagement processes with governments. These potential risks are taken into account in determining group strategy and are included, where relevant, in regional business plans. Active engagement is undertaken with tax authorities and finance ministries in affected regions, and stability agreements have been concluded in several jurisdictions.	See page 35 of Sustainability Report – www.aga-reports.com/12/adding-value .

Financial performance

Risk/uncertainty/issue	Mitigation strategy	For further information
Global market dynamics associated with a slow recovery from recession resulting in gold price and foreign exchange volatility, and credit rating downgrades.	Approximately two thirds of AngloGold Ashanti's revenue is naturally hedged, given the strong correlation between the gold price and foreign exchange movements in major producer countries (Australia, Brazil and South Africa). AngloGold Ashanti currently benefits from a strong balance sheet, international investment grade credit ratings, diversified asset base across 10 countries and fiscal prudence.	
Margin squeeze resulting from input price increases, wage demands, power tariff increases, oil prices, inflationary pressures, exchange rate volatility, grade declines, depth of mining, and higher Mineral Resource and Ore Reserve replacement costs.	Examination of continuous mining and the use of mine automation technologies in South Africa. Extensive business review in progress.	
Market capitalisation discount owing to negative investor sentiment related to unsatisfactory shareholder returns.	AngloGold Ashanti's investor relations strategy continues to highlight latent value in the business. Company restructuring under review.	

Financial performance (continued)

Risk/uncertainty/issue	Mitigation strategy	For further information
Capital and/or schedule over-run on Tropicana and Kibali projects.	<p>Project owner and EPCM (Engineering Procurement Contract Management) contractor's team to provide close performance monitoring and control of contractors at Tropicana. Expediting effort increased and operating team recruitment brought forward for Tropicana.</p> <p>Kibali is a joint venture between Randgold Resources (45%), AngloGold Ashanti (45%) and a Congolese parastatal, SOKIMO (10%). The project development is being managed by Randgold Resources who also operate the mine.</p>	See pages 57 and 60 of this report.
Political instability and difficult security environment in the DRC and Mali.	Continuous risk monitoring. Security plans in place. Engagement with governments.	
Loss of asset or inability to access cash in Argentina.	Encouraging direct government participation. Provincial, national, industry and other stakeholder engagement processes. Focus on generating direct and sustainable benefits for the host community through pro-active and well organised social and community development programmes.	
Failure to deliver on Colombian projects.	Dedicated executive leadership structure implemented. Increased engagement with local government bodies and community to demonstrate the project benefits.	See pages 61 to 63 of this report.

Environmental performance

Risk/uncertainty/issue	Mitigation strategy	For further information
Environmental permitting, legacy environmental issues, ground and process water management, air pollution, and competing land use demands.	Compliance with legal requirements and application of company environmental standards where these are stricter than legislation. Roll-out of company community standards and application as per environmental standards.	See pages 49 and 53 of Sustainability Report – www.aga-reports.com/12/water-land and www.aga-reports.com/12/cyanide-waste .
Concerns relating to the potential for ground and surface water pollution.	Our water management focus remains on minimising fresh water intake from the environment, combined with ensuring that the quality of water discharged by our operations meets or exceeds regulatory requirements. Where feasible, we operate a closed looped system, recycling water without discharging to the environment. This reduces our environmental impact, enabling us to reduce water consumption and the potential for water contamination. At some operations – for example in Ghana – high levels of rainfall mean that a closed system is not feasible and that controlled releases must take place. In this situation, we seek to ensure that we have the water treatment systems in place to manage effluents to meet minimum discharge standards. An integrated water management strategy has been developed in South Africa that is designed to ensure the interception of seepage from tailings storage facilities and to minimise potential discharges of process water during heavy rainfall events.	See page 49 of Sustainability Report – www.aga-reports.com/12/water-land .

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Environmental performance (continued)

Risk/uncertainty/issue	Mitigation strategy	For further information
Potential inter-mine flooding in South Africa.	Both the Vaal River and West Wits mining entities in South Africa are potentially at risk of inter-mine flooding as the financial ability of neighbouring mines and their ability to continue mine dewatering remains a concern. In the Vaal River district, a prefeasibility study of a regional mine water management plan is expected to recommend sustainable options for the management of mine water going forward. In the West Wits district, operational interventions are being pursued to sustain pumping at the neighbouring Blyvooruitzicht mine.	See page 52 of Sustainability Report – www.aga-reports.com/12/water-land .

Social performance

Risk/uncertainty/issue	Mitigation strategy	For further information
Social issues emanating from heightened community expectations and artisanal and small-scale mining (ASM).	On-going engagement of local and national administrations, communities and other interested groups. A sustainability framework that addresses sustainable development issues, including artisanal mining, is under development. Implementation of Community Management Standards will include engagement with ASM. Holistic strategy to address legacy and operating issues developed and being implemented. AngloGold Ashanti participates in industry and non-government organisation initiatives relating to ASM and community resettlement.	See page 39 of Sustainability Report – www.aga-reports.com/12/artisanal-mining .
More stringent legislation and other initiatives in response to concerns regarding the potential for gold to contribute to conflict.	AngloGold Ashanti participates actively in industry, government and inter-governmental initiatives relating to the responsible use of gold. Implementation of Responsible Gold standards.	See page 45 of Sustainability Report – www.aga-reports.com/12/responsible-gold .
Ensuring consistency in policy, approach and management of AngloGold Ashanti's supply chain.	Supply chain and procurement policies and standards.	See page 55 of Sustainability Report – www.aga-reports.com/12/managing-supply-chain .