

Review of operations

Ghana



Obuasi		2008	2007	2006
Pay limits*	(oz/t)	0.29	0.28	0.23
	(g/t)	9.35	8.49	7.13
Recovered grade*	(oz/t)	0.127	0.129	0.128
	(g/t)	4.37	4.43	4.39
Gold production	(000oz)	357	360	387
Total cash costs	(\$/oz)	633	459	395
Total production costs	(\$/oz)	834	698	600
Capital expenditure	(\$m)	112	94	91
Total number of employees		5,722	6,226	7,839
Employees		4,259	4,672	5,629
Contractors		1,463	1,554	2,210

* underground operation

The two AngloGold Ashanti operations in Ghana, Obuasi and Iduapriem, had combined total attributable production of 557,000 ounces, equivalent to approximately 11% of group production, for the year.

OBUASI

Description

Obuasi, which is wholly owned by AngloGold Ashanti, is located in the Ashanti region of southern Ghana, approximately 80 kilometres from Kumasi. It is primarily an underground mine operating at depths of 1,500 metres, although some surface mining does occur. Three treatment plants process the ore: a sulphide plant treats the ore from underground, a tailings plant undertakes tailings reclamation and an oxide plant is used to batch treat remnant open-pit ore and stockpiles.

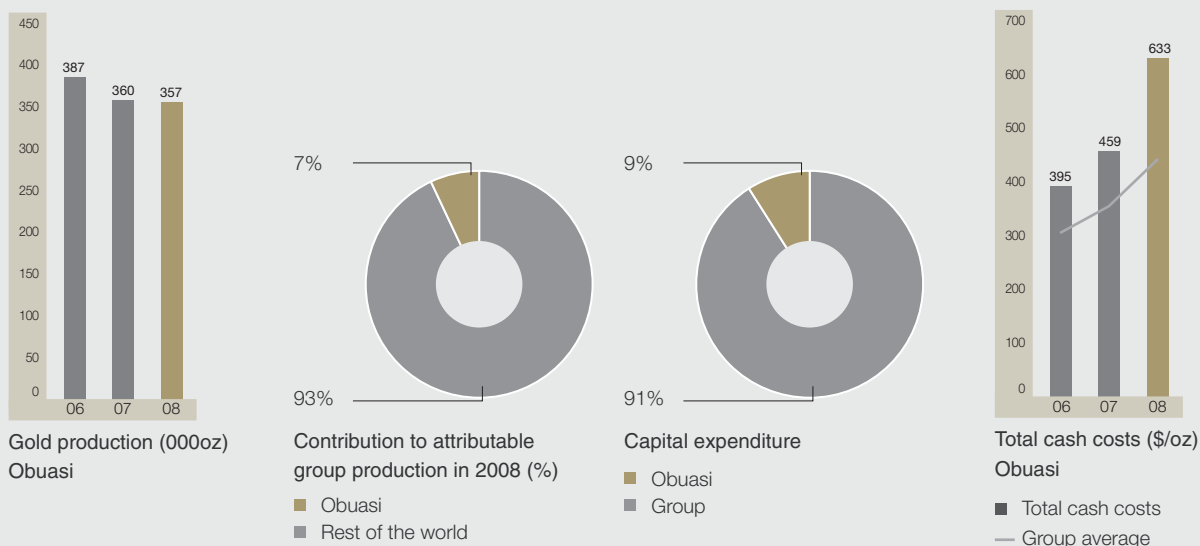
Safety

Regrettably there were two fatalities during the year (2007: four), one caused by an accident involving a fall of ground and one by an accident involving machinery. The LTIFR for the year improved to 2.10 per million hours worked, from 2.72 in 2007. The FIFR also improved to 0.10 in 2008 from the previous 0.19 per million hours worked in 2007.

The process to obtain OHSAS 18001:2007 accreditation for Obuasi was completed in December 2008 after a successful certification audit.

Operating review

The marginal decline of less than 1% in annual production to 357,000 ounces in 2008 was a result of a decrease in underground volumes and the grade mined, as well as unscheduled work stoppages at the plant for repairs and maintenance to the ball mill during the year. Water quality issues affected mill tonnages twice during the year and were exacerbated by the delay in the commissioning of the tailings sulphide plant to mid-2009. However production did improve as the year progressed, particularly in the second half of the year as the results of the short-term turnaround project at Obuasi became apparent. Development metres increased, contributing to greater mining flexibility which delivered a greater throughput of tonnes and improved grades in the second half of the year.



Following plant maintenance around mid-year and the commissioning of a larger regrind mill, metallurgical recoveries did improve in the second half of the year – although overall these too were marginally down on the year.

The 38% increase in total cash costs was due primarily to inflationary pressures resulting in substantial increases in power tariffs, contractor costs and the price of fuel and reagents over the year, as well as higher royalty payments.

Capital expenditure totalled \$112 million and was spent on projects \$16 million, ore reserve development \$44 million and stay in business capital \$52 million.

Growth prospects

While Obuasi is currently a focus of the short-term business turnaround plan it is also an initial target of the group's longer-term business improvement plan, the aim of which is sustained improvements to operational performance and efficiencies. At Obuasi in particular, this strategy aims to increase development metres, which are essential to mining flexibility, to improve the volumes processed and recovered by the sulphide plant by enhancing the grinding and flotation functions, to increase productivity and improve maintenance. The aim is to increase monthly ore production by 35%, grade to 7g/t by end-2009 and metallurgical recoveries at the sulphide plant to 83% by mid-2009. The number of areas being mined will be consolidated to 10 (from 14) and development metres increased so as to ensure 18 months of reserves. In addition, high speed development crews will be used to target selected areas. Changes to the mining method include a preference for longitudinal mining and increasing the stope length to a maximum of 70 metres.

Outlook

Production at Obuasi is forecast to be around 400,000 ounces in 2009, at an estimated total cash cost of between \$620/oz and \$640/oz. Planned capital expenditure is expected to be approximately \$126 million, to be spent on projects \$22 million, stay-in-business capital \$65 million and ore reserve development \$39 million.

Review of operations

Ghana cont.



Iduapriem		2008	2007	2006
Pay limits	(oz/t)	0.04	0.06	0.05
	(g/t)	1.43	1.66	1.60
Recovered grade*	(oz/t)	0.051	0.054	0.051
	(g/t)	1.76	1.85	1.74
Gold production	(000oz) – 100%	200	185	196
	– 100%#	200	167	167
Total cash costs	(\$/oz)	525	373	368
Total production costs	(\$/oz)	611	495	478
Capital expenditure	(\$m) – 100%	54	24	6
	– 100%#	54	23	5
Total number of employees		1,780	1,323	1,251
Employees		732	721	668
Contractors		1,048	602	583

* open-pit operations

100% effective 1 September 2007. Prior to this date, the effective holding was 85%.

IDUAPRIEM

Description

Iduapriem comprises two properties, Iduapriem and Teberebie. The Iduapriem mine is situated in the western region of Ghana, some 70 kilometres north of the coastal city of Takoradi and 10 kilometres south-west of Tarkwa. Iduapriem is an open-pit mine and its processing facilities include a carbon-in-pulp (CIP) plant.

Safety

Despite the heightened focus on training and education, safety performance deteriorated during the year. The LTIFR was 1.63 per million hours worked (2007: 0.46). There were no fatalities.

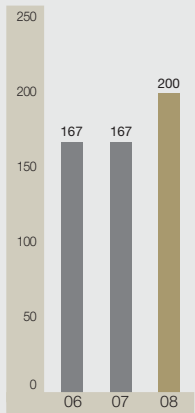
Iduapriem achieved OHSAS 18001 certification in January 2008 after a successful certification audit.

Operating review

Despite the decline in grade mined, attributable production increased by 8% to 200,000 ounces. Crushed tonnage improved significantly by 26% mainly due to commissioning of the Scats crusher in the first quarter and a marked improvement in blast fragmentation, assisting throughput in the second half of the year, despite problems experienced in the first and third quarter with mill gearbox and crusher component failures. Recovered grade declined by 5% mainly due to a reduced head grade and lower recoveries during the first half of the year. Mechanical upgrading of the hydraulic flow path in the leach section improved residence time and recoveries during the fourth quarter.

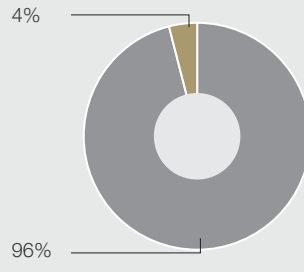
Total cash costs increased by 41% on the year to \$525/oz as a result of substantial increases in power tariffs during the second half of the year, higher royalty payments and contractor costs; and a surge in the price of fuel and consumables.

Capital expenditure for the year amounted to \$54 million, spent primarily on the advancement of the plant expansion project. Due to delays experienced in the delivery of long-lead critical items, project commissioning, originally scheduled for the fourth quarter of 2008, has been postponed to the first quarter of 2009.



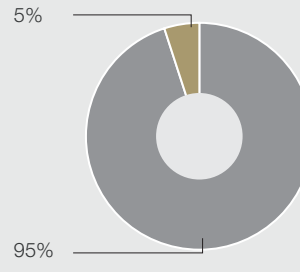
Gold production (000oz)* Iduapriem

*Attributable pre-Sept 2007



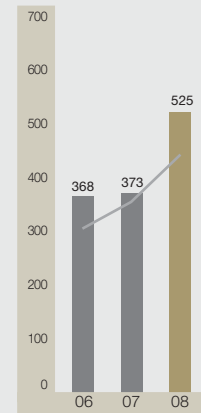
Contribution to attributable group production in 2008 (%)

■ Iduapriem
■ Rest of the world



Capital expenditure

■ Iduapriem
■ Group



Total cash costs (\$/oz) Iduapriem

■ Total cash costs
— Group average

Growth prospects

While the mine has limited growth prospects on surface, the recent surge in the gold price has led to renewed interest in evaluating the considerable low-grade Mineral Resources of other properties lying in the Tarkwaian conglomerates that extend below the economic limits of the existing pits. Additional drilling to give more confidence to existing data has been scheduled for 2009 and the scoping study will subsequently be progressed to the pre-feasibility stage.

Outlook

Production at Iduapriem is projected to remain constant at approximately 200,000 ounces in 2009. Total cash costs are estimated to range from \$540/oz to \$560/oz with planned capital expenditure of around \$24 million, to be spent primarily on the completion of the expansion project and the establishment of the Ajopa pit.

Grace Lina Ansah

Occupational Health Superintendent
Iduapriem, Ghana

“Values are important for a company and its employees. They guide employees’ professional conduct and also inform the vision of the company. AngloGold Ashanti’s values help us to respect each other and the environment.”

