

ANGLOGOLD ASHANTI LTD

Form 6-K

August 01, 2008

**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 July 31, 2008

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 ☒ 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 ☒

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 ☒

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 ☒

Enclosure: Press release **REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2008**

Quarter 2 2008

Report

for the quarter and six months ended 30 June 2008

Group results for the quarter and six months ended 30 June 2008

Significant progress on safety on all fronts continues, including 110 fatality free days achieved.

Gold production at 1.25Moz, 5% higher than prior quarter and 3% above guidance.

Total cash costs at \$434/oz, better than guidance and marginally higher than March quarter.

Highly successful execution of rights issue with \$1.7bn raised and an exceptional 98% take up from rights holders.

Hedge book commitments reduced by 3.15Moz during the quarter, 3 months ahead of schedule, with commitments down to 6.88Moz.

1m pounds of uranium contracts cancelled, providing increased exposure to spot uranium prices from 2009.

Following hedge book reductions, adjusted headline loss at \$946m. Adjusted headline earnings, normalised for hedge reduction and other once-off items at \$50m.

Interim dividend of 50 South African cents per share and 6.7 US cents per share declared for the six months ended 30 June 2008.

Quarter

Six months

Quarter

Six months

ended

Jun

2008

ended

Mar

2008

ended

Jun

2008

ended

Jun

2007

ended

Jun

2008

ended

Mar

2008

ended

Jun

2008

ended

Jun

2007

SA rand / Metric

US dollar / Imperial

Operating review

Gold

Produced

- kg / oz (000)

38,984

37,210 76,194 83,198

1,253

1,196

2,450

2,675

Price received

1

- R/kg / \$/oz

(44,303)

183,945 67,390 138,807

(157)

755

289

604

Price received normalised for accelerated
settlement of non-hedge derivatives

1

- R/kg / \$/oz

178,796

183,945 181,303 138,807

717

755

736

604

Total cash costs

- R/kg / \$/oz

108,195

104,461 106,429 76,406

434

430

433

333

Total production costs

- R/kg / \$/oz

138,115

136,200 137,238 99,872

554

561

558

435

Financial review

Gross profit (loss)

- Rm / \$m

787

(3,359)

(2,573)

2,708

36

(77) (41) 378

Gross (loss) profit adjusted for the gain (loss)
on unrealised non-hedge derivatives and other
commodity contracts

2

2

- Rm / \$m

(6,909)

2,095 (4,814)

3,520

(866)

274

(592)

492

Adjusted gross profit normalised for accelerated
settlement of non-hedge derivatives

2

- Rm / \$m

1,726

2,095

3,821

3,520

223

274

497

492

(Loss) profit attributable to equity
shareholders

- Rm / \$m

(817)

(3,812)

(4,630)

933

(168)

(142)

(310)

131

Headline (loss) earnings

- Rm / \$m

(1,354)

(3,880)

(5,234)

930

(237)

(151) (388) 130

Headline (loss) earnings adjusted for the gain (loss)
on unrealised non-hedge derivatives, other commodity
contracts and fair value adjustments on convertible
bond

4
- Rm / \$m

(7,518)

813 (6,705)

1,280

(946)

105

(842)

179

Capital expenditure

- Rm / \$m

2,357

1,930 4,287 3,396

304

257

561

476

(Loss) profit per ordinary share

- cents/share

Basic

(289)

(1,351)

(1,639)

332

(59)

(50) (110) 47

Diluted

(289)

(1,351)

(1,639)

331

(59)

(50) (110) 46

Headline

(479)

(1,376)

(1,853)

331

(84)

(54)

(137)

46

Headline (loss) earnings adjusted for the gain (loss)
on unrealised non-hedge derivatives, other commodity
contracts and fair value adjustments on convertible
bond

4

2

- cents/share

(2,661)

288 (2,374)

455

(335)

37

(298)

64

Notes:

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

3. Refer to note 9 “Notes” for the definition.

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

4. Refer to note A “Non-GAAP disclosure”.

\$ represents US dollar, unless otherwise stated.

Rounding of figures may result in computational discrepancies.

Operations **at a glance**

for the quarter ended 30 June 2008

Production

Total

cash

costs

Gross

(loss) profit

adjusted for

the gain (loss)

on unrealised

non-hedge

derivatives

and other

commodity

contracts

1

Adjusted

gross

profit (loss)

normalised

for accelerated

settlement

of non-hedge

derivatives

1

oz (000)

%

Variance

2

\$/oz

%

Variance

2

\$m

\$m

%

Variance

2

Mponeng

160

21

227

(10)

(75) 65

25

AngloGold Ashanti Brasil Mineração

82

14

323

2

(58) 24

(4)

TauTona

91

23

339

(12)

(58) 20

18

Cripple Creek & Victor J.V.

59

2

301

6

(37) 19

(14)

Siguiri

3

86

(8)

434

—

(31) 17

(19)

Kopanang

96

7

316

(10)

(73) 12

(37)

Morila

3

46

15

426

4

(30) 12

9

Sunrise Dam

114

(4)

553

22

(83) 10

(57)

Great Noligwa

96

(10)

432

8

(86) **7**
 (73)
 Iduapriem
46
 (2)
493
 9
(33) **7**
 (30)
 Sadiola
 3
45
 25
408
 1
(43) **7**
 (36)
 Serra Grande
 3
22
 5
307
 6
(11) **6**
 (14)
 Yatela
 3
15
 (12)
573
 10
(14) **3**
 (25)
 Tau Lekoa
35
 —
554
 5
(33) **3**
 —
 Savuka
18
 29
440
 20
(12) **2**
 (33)
 Navachab
16
 7
599

22
(8)
 –
 (100)
 Geita
74
 16
630
 (12)
(66) **(4)**
 69
 Moab Khotsong
28
 12
512
 (11)
(30) **(5)**
 (600)
 Cerro Vanguardia
 3
27
 (4)
870
 57
(24) **(6)**
 (186)
 Obuasi
79
 (9)
612
 18
(72) **(8)**
 (500)
 Other
18
 (18)
12
31
 72
 AngloGold Ashanti
1,253
 5
434
 1
(866) **223**
 (19)
 1
 Refer to note B “Non-GAAP disclosure” for the definition.
 2
 Variance June 2008 quarter on March 2008 quarter – increase (decrease).
 3

Attributable.

Rounding of figures may result in computational discrepancies.

Financial and **operating review**

OVERVIEW FOR THE QUARTER

The encouraging safety trend from the first quarter continued, with the company recording significant improvements in injury frequency rates. For the first time in its history, the company achieved 110 days without a fatality, with no fatalities recorded during the second quarter. Immediately after the quarter close, however, TauTona experienced a seismic event, resulting in one fatality. While we are saddened by our most recent loss, we are encouraged with progress and the commitment of all our employees on this important aspect of our business. Since launching “Safety is our first value” campaign on 8 November 2007, the company has reported a 75% decrease in fatal incidents.

The South African operations reported a 13% reduction in the lost time injury frequency rate, driven by an 11% improvement in stope risk assessments. Seismicity related fall of ground accidents have now declined for the sixth consecutive quarter.

For the quarter, seven operations remained injury free; Navachab, Sadiola, Yatela, Morila, CC&V, Serra Grande and Sunrise Dam. Mponeng was awarded the Mine Health and Safety Council’s award for surpassing the 1 million fatality-free shifts milestone. This is the second time in this deep level South African mine’s history that this accomplishment has been achieved.

The company once again delivered on its production forecast for the quarter. Gold production was 5% higher at 1.25Moz, reflecting higher production in South Africa, Brazil, Mali and Tanzania. Total cash costs for the group increased marginally from \$430/oz to \$434/oz, driven primarily by input cost inflation, partially offset by the higher gold production and stockpile movements. Gold production exceeded guidance for the second quarter, in part due to improved performances from Mponeng, TauTona and Geita. Improved production positively impacted reported costs for the second consecutive quarter.

The South African operations had a solid quarter, with gold production 9% higher at 16,867kg, led by an increase in gold production of 22% from both Mponeng and TauTona. Mponeng increased gold production as a result of improved face length availability, higher face advance, treatment of additional surface stockpile and increased

vamping activities; while TauTona benefited from higher face advance and increased reef development. Great Noligwa saw gold production reduce by 10% to 2,997kg, following a ten-day stoppage resulting from safety interventions. Total cash costs for the South African operations reduced marginally to R87,459/kg (\$352/oz), following the improved gold production and improved by-product contribution, partially offset by the higher inflationary impact.

In Brazil, AngloGold Ashanti Brasil Mineração had a strong quarter with gold production 14% higher at 82,000oz, through the mining of an increased proportion of higher grade ore from the Cuiabá operation. Total cash costs for the Brazil operations were marginally higher at \$341/oz, principally due to the impact of the stronger local currency.

The Mali assets had a strong performance with gold production increasing 13% to 106,000oz, with Morila 15% higher on the back of improved throughput and grade, while Sadiola was 25% higher due to an increase in yield following improved performance of the gravity circuit which resulted in a higher overall recovery. Total cash costs for the Mali operations was 4% higher at \$432/oz, following inflationary pressures on fuel in particular, combined with the effect of a stronger US dollar.

Geita in Tanzania showed an improvement from the prior quarter, as grades stabilised and gold production increased 16% to 74,000oz.

Consequently, total cash costs reduced 12% to \$630/oz. Progress on the performance turnaround was promising for the quarter, and the recovery plan which was presented to the Executive Management team has been endorsed for implementation.

In Ghana, Obuasi had a difficult quarter with gold production declining 9%, following lower delivered grades and lower throughput resulting from unscheduled plant stoppages for maintenance and the negative impact of power shortages. Total cash costs for Obuasi increased by 18% to \$612/oz. Performance at Obuasi this quarter was unacceptable. While good progress was made in identifying the steps necessary to effect the targeted performance turnaround, actual control in key areas was below expectations. Additional steps are being taken to support the operating team, with the establishment of a dedicated project recovery team.

The company's rights offer was completed in early July 2008, raising \$1.7bn. The transaction was highly successful, with a 98% take up from rights holders to acquire rights offer shares. Applications for additional rights shares representing nearly six times the number of rights offer shares were received. The strong reception for the rights offer saw the company's share price actually increasing between announcement and completion of the rights offer, despite difficult market conditions.

This encouraged the company to make substantial progress ahead of schedule in the reduction of the hedge book. The company capitalised on a weaker gold market during the quarter to execute a combination of delivery into and early settlement of non-hedge derivatives, and the number of committed ounces reduced from 10.03Moz at the end of the March 2008 quarter to 6.88Moz at 30 June 2008. The restructuring resulted in the received price being negative and adjusted headline earnings impacted by a corresponding after tax charge of \$977m. In addition, the company also cancelled 1.0 million pounds of uranium contracts during the quarter, which represents a reduction of 30% of uranium contracts outstanding as at 1 January 2008, at an after tax charge of \$11m. This will position AngloGold Ashanti to begin to participate in the spot uranium market from 2009, which in turn will provide by-product revenue, to the benefit of total cash costs.

As a result of the reduction in gold non-hedge derivatives (\$977m) and uranium commodity contracts (\$11m), an adjusted headline loss of \$946m was recorded for the quarter. Excluding the impact of these adjustments, adjusted headline earnings would have been \$50m against

the \$105m recorded in the prior quarter. The reduced earnings is the result of once-off tax credits received in the prior quarter and the impact of a \$38/oz lower received price.

On 16 May 2008 the sale of various exploration interests in Colombia to B2Gold Corporation (B2Gold) was completed, with the company receiving 25m common shares and 21.4m share purchase warrants in B2Gold, which could result in a fully diluted interest in B2Gold of approximately 26%. This transaction allows AngloGold Ashanti to build on its strategy in Colombia of continuing to leverage its first mover advantage and developing its exploration portfolio, which includes its initial Inferred Resource of 12.9Moz at its 100% owned La Colosa project. On 1 July 2008, shareholders of Golden Cycle Gold Corporation approved the acquisition by AngloGold Ashanti, in an all share transaction that has resulted in CC&V being fully owned by the company.

AngloGold Ashanti also sold its 50% interest in Nufcor International Limited, a London based uranium marketing, trading and advisory business, to Constellation Energy Commodities Group for gross proceeds of \$50m. This transaction enables the company to focus on its core gold and uranium mining business, while retaining its 100% interest in Nuclear Fuels Corporation of South Africa (Pty) Limited, its local uranium calcining business.

In relation to power management in South Africa, Eskom, the national provider, has maintained a steady power supply of 96.5% during the second quarter. The company successfully operated at full production utilising less than 94% of power supply, following continuing the implementation of energy saving initiatives.

Eskom has also undertaken to continue to provide consistent power throughout the winter period and subject to this stable power supply, production for 2008 is expected to be between 4.9Moz to 5.1Moz. Given the higher inflationary trends

currently being experienced, higher power tariffs in South Africa and Ghana, total cash costs are anticipated to be between \$450/oz and \$460/oz, based on the following average exchange rate assumptions: R7.73/\$, A\$/0.94, BRL1.66/\$ and Argentinean peso 3.15/\$.

Production for the third quarter of 2008, based on a 96.5% stabilised power in South Africa, is estimated to be 1.27Moz. Given winter power tariffs in South Africa, the treatment of lower grade stockpiles at Geita, Siguiri and Sunrise Dam and an inventory movement at CC&V, and inflationary trends currently being experienced, total cash costs for the third quarter are expected to be unusually high at around \$490/oz. This assumes the following exchange rates: R7.80/\$, A\$/0.96, BRL1.60/\$ and Argentinean peso 3.12/\$.

An interim dividend of 50 South African cents (6.7 US cents) per share has been declared for the six months ended 30 June 2008.

OPERATING RESULTS FOR THE QUARTER SOUTH AFRICA

Great Noligwa lost ten production shifts due to safety issues and gold production was directed towards reducing inventory lock-ups, which were of a lower grade. As a result, the recovered grade declined 11% against the previous quarter, with gold production down 10% to 2,997kg (96,000oz). Consequently, total cash costs deteriorated 11% to R107,178/kg (\$432/oz) and the adjusted gross profit normalised for the accelerated hedge reduction was R54m (\$7m), against R202m (\$26m) reported in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of R682m (\$86m) was incurred. The Lost-Time Injury Frequency Rate (LTIFR) was 18.63 lost-time injuries per million hours worked (15.10 for the previous quarter).

Gold production at **Kopanang** increased by 7% to 2,997kg (96,000oz), as a result of increased volume, following reduced production stoppages and improved face length. Yield improved by 2%, following an increase in vamping activities and a reduction in underground inventory. Due to the improved production, total cash costs decreased by 8% to R78,460/kg (\$316/oz). The adjusted gross profit normalised for the accelerated hedge reduction was R90m (\$12m), as against R151m (\$19m) recorded in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of R579m (\$73m) was incurred.

The LTIFR improved to 13.17 (14.37).

The build-up at **Moab Khotsonq** continues with volume mined up 31%, while yield declined 12% as a result of increased mining in lower grade panels due to flexibility constraints. Gold production was 15% higher at 881kg (28,000oz) and total cash costs were 10% lower at R127,206/kg (\$512/oz).

The adjusted gross loss, normalised for accelerated settlement of non-hedge derivatives, amounted to R35m (\$5m), against a profit of R11m (\$1m) in the previous quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of R236m (\$30m) was incurred.

The LTIFR deteriorated to 15.85 (10.97).

At **Tau Lekoa**, volume improved 18% due to improved quality blasts and reduced safety related stoppages. However, yield was 17% lower, due to mining mix with reduced high grade pillar mining now being completed. As a result, gold production was down 2% at 1,073kg (35,000oz), and consequently total cash costs increased 7% to R138,069/kg (\$554/oz). The adjusted gross profit, normalised for the accelerated settlement of non-hedge derivatives, amounted to R26m (\$3m) against R28m (\$3m) in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of R264m (\$33m) was incurred.

The LTIFR improved marginally to 19.89 (20.45).

Gold production at **Mponeng** was 22% higher at 4,974kg (160,000oz), primarily as a result of improved face length availability, higher face advance, treatment of surface stockpile and increased vamping activities. Subsequently, total cash costs decreased by 7% to R56,689/kg (\$227/oz). The adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives amounted to R507m (\$65m), 25% higher than the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of R608m (\$75m) was incurred.

The LTIFR improved by 3% to 10.23 (10.57).

At **Savuka**, mining volumes increased by 17%, due to improved mining flexibility from increased development and stabilised crew movements, resulting in an increase in face length and face advance during the quarter. This resulted in gold production increasing 26% to 563kg (18,000oz). Despite the increased production, total cash costs were 24% higher at R109,769/kg (\$440/oz), primarily due to additional costs associated with higher volumes. The adjusted gross profit, normalised for the accelerated settlement of non-hedge derivatives, amounted to R16m (\$2m), against R27m (\$3m) in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of R95m (\$12m) was incurred. The LTIFR deteriorated to 22.40 (13.32).

TauTona's volume improved by 16%, due to improved face advance, while yield was 6% higher resulting from increased reef development. Consequently, gold production increased by 22% to 2,811kg (91,000oz) and total cash costs reduced by 9% to R84,434/kg (\$339/oz). The adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives amounted to R158m (\$20m), 17% higher than the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of R467m (\$58m) was incurred.

The LTIFR deteriorated to 13.66 (12.50).

ARGENTINA

At **Cerro Vanguardia** (92.5% attributable) plant constraints arising from sedimentation problems at the agitators in the leach tank, combined with plant stoppages for maintenance, resulted in volume being 7% lower while yield improved 6% following a higher feed grade. Accordingly, gold production decreased 4% to 27,000oz and total cash costs rose 57% to \$870/oz as a result of lower gold produced, reduced silver by-product contribution, higher inflationary pressure and maintenance costs. An adjusted gross loss, normalised for the accelerated settlement of non-hedge derivatives, amounted to \$6m, against a profit of \$7m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$24m was incurred.

The LTIFR was 5.36 (6.12).

AUSTRALIA

Gold production at **Sunrise Dam** was 4% lower at 114,000oz, following prior mining of the high grade GQ lode. Total cash costs increased by

17% to A\$586/oz (\$553/oz), owing to the lower gold production, higher fuel prices and stockpile movements. The adjusted gross profit, normalised for the accelerated settlement of non-hedge derivatives, amounted to A\$11m (\$10m) against A\$25m (\$23m) in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of A\$87m (\$83m) was incurred. During the quarter, production from underground mining continued from the Cosmo and Sunrise Shear lodes. A total of 206m of underground capital development and 2,041m of operational development were completed during the quarter. The LTIFR was 0.00 (6.88).

BRAZIL

At **AngloGold Ashanti Brasil Mineração**, production increased 14% to 82,000oz, as a result of higher feed grade from the Serrotonho and Fonte Grande Sul stopes at Cuiabá, together with improved fleet performance. Total cash costs rose 2% to \$323/oz primarily due to local currency appreciation and higher inflation, partially offset by the improved gold production and higher by-product contribution from a stronger sulphuric acid price. The adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives amounted to \$24m, against \$25m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$58m was incurred.

The LTIFR was 2.05 (4.39).

At **Serra Grande** (50% attributable) gold production rose 5% to 22,000oz, primarily due to the higher volume and an improved yield, following the mill shutdown in the prior quarter. Total cash cost increased 6% to \$307/oz, principally due to the effect of a stronger local currency, inflationary pressure (labour and power), partially offset by the higher gold production. The adjusted gross profit normalised for the accelerated settlement of non-hedge

derivatives amounted to \$6m, against \$7m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$11m was incurred.

The LTIFR improved to 0.00 (2.00).

GHANA

At **Obuasi**, gold production decreased 9% to 79,000oz due to a decrease in recovered grade and tonnage throughput, as a result of lower grades delivered and unscheduled plant maintenance. Total cash costs increased by 18% to \$612/oz, due to the lower production and inflationary pressures arising from a higher power tariff, increased fuel prices and wage increases.

The adjusted gross loss normalised for the accelerated settlement of non-hedge derivatives amounted to \$8m, against a profit of \$2m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$72m was incurred.

The LTIFR was 0.60 (2.27).

At **Iduapriem**, gold production decreased 2% to 46,000oz as mining plans were changed to accommodate the high rainfall experienced during the quarter. Total cash costs increased by 9% to \$493/oz, due to the lower gold production, increased contractor mining cost, higher power tariffs and higher fuel costs.

The adjusted gross profit, normalised for the accelerated settlement of non-hedge derivatives amounted to \$7m, against \$10m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$33m was incurred.

LTIFR was 1.32 (0.00).

REPUBLIC OF GUINEA

At **Siguiri** (85% attributable), the start of the rainy season reduced tonnage throughput, with gold production reducing 8% to 86,000oz. Despite the lower production, total cash costs decreased to \$434/oz as a result of lower royalty payments, partially offset by the inflationary impact of higher fuel and reagent costs.

The adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives amounted to \$17m, against \$21m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$31m was incurred.

LTIFR was 0.57 (0.00).

MALI

Gold production at **Morila** (40% attributable) was 15% higher than the previous quarter at 46,000oz due to increases in both recovered grade (4%) and tonnage throughput (8%). Tonnage throughput returned to higher levels, after the previous quarter was adversely affected by plant downtime, resulting from the replacement of the SAG mill gearbox and extended mill relining. Despite the higher production, total cash costs increased 4% to \$426/oz, mainly due to higher fuel prices and the impact of a stronger currency. The adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives amounted to \$12m, against \$11m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$30m was incurred.

The LTIFR was 0.00 (3.32).

At **Sadiola** (38% attributable), production was 25% higher at 45,000oz, primarily due to an increase in yield due to improved performance of the gravity circuit, resulting in a higher overall recovery. Total cash costs increased to \$408/oz as a result of higher fuel prices, a weaker US dollar and higher royalty expense.

The adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives amounted to \$7m, against \$11m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$43m was incurred.

The LTIFR was 0.00 (1.71).

Production at **Yatela** (40% attributable) decreased by 12% to 15,000oz, due to stacking of lower grade marginal ore in the prior quarter. Total cash costs were 10% higher at \$573/oz, due to the lower production, together with higher fuel prices and weaker US dollar.

The adjusted gross profit, normalised for the accelerated settlement of non-hedge derivatives, amounted to \$3m against \$4m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$14m was incurred.

The LTIFR was 0.00 (0.00).

NAMIBIA

Gold production at **Navachab** rose 7% to 16,000oz, mainly attributable to an improvement in the recovery factor, despite volume treated being adversely affected by relining of the discharge section of the plant mill and associated unplanned maintenance. Total cash costs at \$599/oz, deteriorated by 22% due to inflationary pressure on fuel and higher maintenance costs on cyclone feed pumps and mill, as well as replacement of the liners. The operation was breakeven at an adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives, against a profit of \$3m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$8m was incurred.

The LTIFR was 0.00 (0.00).

TANZANIA

At **Geita** gold production was 16% higher at 74,000oz, due to a 35% increase in yield, which was partially offset by a 14% decrease in tonnage throughput. Yield has improved to normal levels, following improved blending of ore to improve recovery. Tonnage throughput was adversely affected during the quarter by a five day shutdown to repair the lubrication pumping system on the primary crushing circuit, together with major relining of both the SAG and Ball mills. Total cash costs were 12% lower at \$630/oz mainly due to the positive impact of higher gold production. The unit cost benefit of increased production was partly negated by higher fuel prices and the cost of crusher repairs and mill relining. The adjusted gross loss normalised for the accelerated settlement of non-hedge derivatives amounted to \$4m, against \$13m in the prior quarter. Including the impact of the early settlement

of non-hedge derivatives, a loss of \$66m was incurred.

The LTIFR was 0.94 (0.00).

NORTH AMERICA

At **Cripple Creek & Victor** (100% ownership effective 1 July 2008) gold production increased 2% to 59,000oz, while total cash costs increased 6% to \$301/oz, primarily due to inflationary pressures driven by rising fuel costs.

The adjusted gross profit normalised for the accelerated settlement of non-hedge derivatives amounted to \$19m, against \$22m in the prior quarter. Including the impact of the early settlement of non-hedge derivatives, a loss of \$37m was incurred.

The LTIFR was 0.00 (9.33).

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 gold price again traded strongly during the second quarter, albeit in a similarly volatile pattern to that in the first quarter, which is partly a reflection of continuing uncertainty in financial markets. The direction of the gold price remains closely linked to the movement of the US dollar, but more recently has also shown a strong correlation to the oil price. The first half of April 2008 saw strong dollar gold prices, reaching some \$946/oz towards the middle of the month, the highest price recorded during the quarter, as the US dollar edged towards an all-time low of Euro/US\$1.60. Since then, the price fell by \$100/oz to reach a low of \$845/oz in the opening days of May 2008, primarily on profit taking. From the middle of May, however, gold resumed an upward trend as a consequence of a steadily rising oil price and predictions by analysts of higher prices to come. The gold price continued to be volatile for the balance of the quarter reflecting uncertainty surrounding the outlook for the global economy and inflation, and amidst fears of further write-downs in the banking sector.

At \$898/oz, the average dollar gold spot price for the quarter was slightly lower than the strong average price attained during the first quarter of \$925/oz. The rand gold price reached highs of R234,551/kg during the quarter, and the spot price averaged R216,742/kg for the quarter, some 3% lower than the previous quarter's average of R224,308/kg.

JEWELLERY DEMAND

All the major markets experienced some slowdown in jewellery consumption over the quarter. In the US, the mass-market segment was the worst affected, with this group of consumers facing increased pressure on spending due to inflationary trends in that economy. In emerging markets, gold price volatility was a more significant factor in dampening demand. Seasonal factors also impacted negatively on gold consumption and a return to buying can be expected towards the end of the third quarter of the year, given a favourable price environment.

In India, the world's largest gold market, high rupee gold prices dampened demand during the second quarter, continuing from the trend set in the first quarter of the year. There were, however, some significant fluctuations in demand during the period, with good levels of consumption being seen during the festival of Akshaya Thritya, a

traditional gold-buying occasion. Although demand during the festival was lower than in 2007 by some 11%, when record levels of gold sales were registered, significant purchases still took place. During May 2008 and June 2008, however, when price volatility became a significant feature of the market, demand again receded.

Price volatility has an important impact on gold demand in India, while the continued weakening of the rupee against the dollar has also increased the absolute price level of gold to the consumer. With the metal breaching the R12,000/100g level during the quarter, and moving above R13,000/100g in the early part of July 2008, the Indian consumer is experiencing record high gold prices. As a result of higher gold prices there is some evidence that retail formats for jewellery in the Indian market are starting to shift. Wedding jewellery is becoming lighter and jewellery designs are emerging which enable consumers to wear one piece of jewellery in different ways and for different occasions.

Efforts are also underway to attract younger consumers to the market, taking advantage of the disposable income available in this target group. Looking forward to the second half of the year, the wedding season which gets underway in September/October and the Hindu festival of 'Diwali' is likely to act as a catalyst for a recovery in gold demand. This will be somewhat dependent on gold prices stabilising and short-term price volatility reducing.

In the Middle East, price volatility also impacted on demand, as did inflationary pressure, which limited the level of disposable income available for discretionary purchases. The quarter started slowly with relatively low levels of jewellery sales during the first part of April 2008, but picked up during the balance of the period as the wedding and holiday season stimulated sales.

Continued political uncertainty in Turkey and the weakening of the Turkish lira against the dollar both impacted negatively on demand in this market. In the Egyptian market, however, where the local currency appreciated against the dollar, demand remained relatively strong, building on that market's good performance in the first quarter of the year.

In the US, mass-market jewellery outlets pulled back significantly on sales of 14 carat gold, and tended to substitute gold items with gold-clad or lower-caratage jewellery. The high end of the market, though relatively small in tonnage terms, showed some strength. Overall gold jewellery sales are however expected to show a decline when figures for the quarter are released.

In China, the second quarter is traditionally a slower time for jewellery sales and the market data received to date appears to reflect this. It also suggests a significant slowdown in consumer demand following the earthquake on 12 May 2008. Inflationary concerns, however, remain significant and gold purchases in China have historically been strong in times of high inflation. Looking forward to the second half of the year, the Olympic Games are expected to lift consumer sentiment in the country and tourist purchases may also boost demand.

CENTRAL BANK SALES

In the current year of the Central Bank Agreement (which runs from October 2007 to September 2008), member signatories have sold only 251t of the allotted 500t quota for the period. If the signatories to the accord do not utilise their full quota during the current year, it will be the third consecutive year in which they have failed to do so. Countries such as Russia, Philippines and Kazakhstan have bought 38.3, 7.88 and 6.2t of gold respectively since September 2007.

INVESTMENT MARKET

The seven major Exchange Traded Funds (ETFs) did not repeat the impressive growth that they exhibited in the first quarter of 2008, although post quarter there has been significant renewed interest in investing into gold ETFs. From a peak of some 29Moz in the beginning of April 2008, these funds sold off almost 2Moz, before stabilising around 27Moz for the remainder of the quarter.

During the third quarter it is anticipated that the Dubai-based ETF will come into operation, serving both the Middle East market and Islamic communities globally through the provision of a Sharia-compliant exchange traded investment product.

In the Indian context, ETFs account for only a small portion of investment demand; the majority of gold purchased purely for investment purposes is in either coin or bar format. However, new formats of gold investment vehicles are being piloted in India which, if successful, could impact positively on this

market sector. These take the form of either consignment purchasing schemes or gold savings schemes whereby individuals set aside a portion of their monthly wages to purchase gold. These schemes are operated by local banks specialising in micro-finance.

PRODUCER HEDGING

The main item of news in this respect, although not entirely unexpected, was the statement from Newcrest that they had completed the close out of their last remaining hedges. This amounted to buying of some 600,000oz in total.

During the quarter, AngloGold Ashanti reduced its hedge commitments from 10.03Moz to 6.88Moz, through deliveries into maturing contracts, combined with select buy-backs, in respect of its non-hedge derivative contracts.

CURRENCIES

The rand opened the quarter at R8.09/\$ and closed at R7.83/\$, 3% stronger.

The rand started the quarter in a strengthening trend as it continued to recover from the previous quarter, where confidence was strained following the power shortages and political changes in South Africa. However, the announcement of a 9% current account deficit for the first quarter re-inforced the vulnerability of the rand and curtailed any further appreciation of the currency. Although there is currently potential for fixed investment into South Africa, specifically in the telecoms sector, the size of the current account deficit will continue to hamper real appreciation of the currency.

The Australian dollar opened the quarter at A\$/0.9147 and closed at A\$/0.9619, strengthening 5%.

The forces at play in the Australian dollar are much the same as those faced globally, balancing the risks of growth against those of inflation. More recent price increases, in particular iron ore and coal, have added support to the currency and are likely to keep underpinning the strength of the Australian dollar. Despite showing unusual levels of volatility during the quarter, the Brazilian real continued its strong appreciation trend, ending the quarter at BRL1.60/\$, an appreciation of 8% on its opening rate of BRL1.74/\$.

Hedge position

As at 30 June 2008, the net delta hedge position was 6.54Moz or 204t (at 31 March 2008: 9.25Moz or 288t). Despite a higher gold price, the delta of the hedge book was reduced by 2.71Moz to 6.54Moz, and total commitments reduced from 10.03Moz to 6.88Moz, as a result of delivery into maturing contracts and hedge buy-backs that were effected during the quarter.

The marked-to-market value of all hedge transactions making up the hedge positions was a negative \$3.53bn (negative R27.67bn), decreasing by \$1.25bn (R11.1bn) during the quarter. This value was based on a gold price of \$922.90/oz, exchange rates of R7.83/\$ and A\$/0.95 and the prevailing market interest rates and volatilities at that date.

The table below reflects the hedge position as at 30 June 2008 and includes the effect of all hedge close outs undertaken during the second quarter.

The second half of the year will see the continued reduction of the hedge book through the delivery into maturing short hedge positions.

Before taking the effects of the recent hedge close out into account, the company's received price for the second quarter would have been \$734/oz, or 18% lower than the average spot price of \$898/oz. Looking at the third and fourth quarter, the discount to spot price is likely to be between 17% and 19%, assuming that gold trades between \$900/oz and \$950/oz. For 2009, the discount to spot is expected to be around 6%, based on a \$900/oz price assumption.

As at 30 July 2008, the marked-to-market value of the hedge book was a negative \$3.42bn (negative R25.18bn), based on a gold price of \$915.50/oz and exchange rates of R7.36/\$ and A\$/0.95 and the prevailing market interest rates and volatilities at the time.

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 buying all hedge contracts at the time of valuation, at market prices and rates available at that time.

Year

2008

2009

2010

2011

2012

2013-2016**Total
DOLLAR
GOLD**

Forward contracts	Amount						
(kg)	7,823	12,917	12,580	12,931	11,944	12,364	70,559
US\$/oz							
\$104	\$218	\$327	\$397	\$404	\$432	\$326	
Put options sold							
Amount (kg)							
933							
1,882							
1,882							
3,763							
8,460							
US\$/oz							
\$660							
\$420	\$430	\$445	\$460				
Call options purchased							
Amount (kg)							
4,284							
4,284							
US\$/oz	\$428						
\$428							
Call options sold	Amount						
(kg)	6,096	11,695	29,168	37,146	24,461	39,924	148,490
US\$/oz							
\$348	\$357	\$498	\$521	\$622	\$604	\$535	

RAND GOLD

Forward contracts
Amount

(kg)

933

*1,866

*933

Rand

per

kg

R127,944

R157,213

R147,456

A DOLLAR GOLD

Forward contracts

Amount

(kg)

1,555

1,835

3,111

6,501

A\$

per

oz

A\$591

A\$569

A\$685

A\$630

Call

options

purchased

Amount

(kg)

1,555

1,244

3,111

5,910

A\$

per

oz

A\$682

A\$694

A\$712

A\$701

Delta

(kg)

(10,591) (23,390) (40,491) (47,467) (33,520) (48,066) (203,525)

** Total net gold:

Delta

(oz)

(340,510) (752,020) (1,301,820) (1,526,100) (1,077,690) (1,545,320) (6,543,460)

*

Indicates a long position resulting from forward purchase contracts. The group enters into forward purchase contracts as part of its strategy

to actively manage and reduce the size of the hedge book.

**

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 30 June 2008.

Rounding of figures may result in computational discrepancies.

Year

2008

2009

2010

2011

2012

2013-2016

Total

DOLLAR

SILVER

Put options purchased

Amount (kg)

21,772

21,772

\$ per

oz \$7.66

\$7.66

Put options sold

Amount (kg)

21,772

21,772

\$ per

oz \$6.19

\$6.19

Call

options

sold

Amount

(kg)

21,772

21,772

\$ per

oz \$8.64

\$8.64

The following table indicates the group's currency hedge position at 30 June 2008

Year

2008

2009

2010

2011

2012

2013-2016

Total

RAND DOLLAR (000)

Forward contracts

Amount (\$)

*420,000

*420,000

US\$/R

R7.85

R7.85

Put options purchased

Amount (\$)

50,000

50,000

US\$/R

R7.41

R7.41

Put options sold

Amount (\$)

50,000

50,000

US\$/R

R6.94

R6.94

Call options sold

Amount (\$)

50,000

50,000

US\$/R

R8.06

R8.06

A

DOLLAR

(000)

Forward

contracts

Amount

(\$) 5,000

5,000

A\$/US\$ \$0.73

\$0.73

Put options purchased

Amount (\$)

30,000

30,000

A\$/US\$ \$0.84

\$0.84

Put options sold

Amount (\$)

30,000

30,000

A\$/US\$ \$0.88

\$0.88

Call

options

sold

Amount

(\$)

30,000

30,000

A\$/US\$ \$0.81

\$0.81

BRAZILIAN REAL (000)

Forward contracts

Amount (\$)

15,000

1,000

16,000

US\$/BRL

BRL 1.87

BRL 1.84

BRL 1.87

Put options purchased

Amount (\$)

24,000

500

24,500

US\$/BRL

BRL 1.78

BRL 1.76

BRL 1.78

Call options sold

Amount (\$)

78,000

1,000

79,000

US\$/BRL

BRL 1.80

BRL 1.76

BRL 1.80

*

Indicates a long position established as part of the hedge close out transaction.

Derivative analysis by accounting designation as at 30 June 2008

Normal sale

exempted

Cash flow

hedge

accounted

Non-hedge

accounted

Total

US Dollars (millions)

Commodity option contracts

(719)

-

(1,409)

(2,128)

Foreign exchange option contracts

-

-

(4)

(4)

Forward sale commodity contracts

(1,086)

(273)

(93)

(1,452)

Forward foreign exchange contracts

-

-

4

4

Interest rate swaps

(27)

-

30

3

Total derivatives

(1,832)

(273)

(1,472)

(3,577)

Rounding of figures may result in computational discrepancies.

Exploration

Total exploration expenditure amounted to \$52m (\$27m brownfields, \$25m greenfields) during the second quarter of 2008, compared to \$46m (\$19m brownfields, \$27m greenfields) in the previous quarter.

BROWNFIELDS EXPLORATION

In **South Africa**, surface drilling continued in the Project Zaaiplaats area, with borehole MZA9 and MMB5 advancing 288m and 581m, respectively. Surface drilling in the Moab North area continued with a long deflection of borehole MCY4 reaching a depth of 2,386m and borehole MCY5 advancing a further 890m.

At Tau Lekoa, borehole G55 was stopped at a depth of 1,513m after intersecting a large fault and passing into deep footwall quartzite and further drilling is being considered.

At Iduapriem in **Ghana**, preparation for Mineral Resource conversion drilling at Ajopa continued, but was hampered by rugged terrain and heavy rains. Diamond (DDH) and reverse circulation (RC) drilling is planned to start in mid-July. At Obuasi, exploration continued with 4,005m of DDH drilling below 50 level and 1,212m of DDH drilling.

In **Argentina** at Cerro Vanguardia, the 2008 exploration programme continued with 7,594m of DDH drilling and 16,689m of RC drilling being completed. The interpretation of the hyper-spectral survey will be completed in July 2008. Exploration rights over 10 new claims were confirmed by the provincial authorities and geophysical surveys over these areas are being planned for 2009.

In **Australia**, at Boddington five rigs were employed on the Mineral Resource conversion and near mine exploration DDH drilling programmes. During the quarter, approximately 30,049m were drilled from 43 holes.

At Sunrise Dam, exploration continued to focus on the deep-seated mineralisation towards the Carey Shear Zone (1km vertical) and the extensions of known mineralisation in the Astro, GQ and Dolly lodes. During the quarter, 12,249m of diamond core was drilled from 81 holes. Economic gold intercepts were returned from the deep targets below the mine and further delineation of these deep mineralised zones remains the priority for 2008/2009.

In **Brazil**, at the Córrego do Sítio Sulphide Project, drilling continued with 11,448m being drilled from surface, 2,632m drilled from underground and 1,042m of underground development. At the Lamego project, 8,660m of surface drilling, 4,381m underground drilling and 1,067m of underground development were completed.

At Siguiri in **Guinea**, exploration activities continued to focus on conversion drilling at Sintroko South (situated 8km south of the mine).

Depth extensions to the high grade oxide mineralisation in the Sintroko pit were tested by DDH drilling, with encouraging results.

Results from reconnaissance air core drilling of the Setiguia anomaly were negative. Geochemical soil sampling covering the northwest extensions of Kintinian produced positive results and will require follow up aircore (AC) drilling. Reconnaissance AC drilling was completed on the Manguity geochemical anomaly, in the south-eastern corner of Block 2. Results from infill and extension drilling at Saraya in Block 2 is being awaited.

The individual resource models in the current mining area have been remodelled to create a larger, combined single model. This model indicates upside on the known mineralisation in the current mining area and a study is being conducted to optimise the current mining area based on this new model.

Conversion drilling will be completed at Sintroko South early in the third quarter, and efforts will then refocus on drill testing the combined pits model, together with conversion drilling along the perimeters of Kintinian village.

At Geita in **Tanzania**, exploration activities concentrated in three areas, namely, Area 3

(1,870m RC and 550m DDH); Kalondwa Hill (800m RC and 426m DDH) and Star and Comet, where drilling commenced on the southern extension and sterilisation of the proposed waste dump site. AC drilling on the Nyakabale-Prospect 30 area was completed.

At Morila in **Mali**, pitting and trenching was completed, and although no anomalous

mineralisation was intersected, important structural and lithological data was collected and is being interpreted.

At Sadiola, resource definition drilling was carried out at Sekokoto Main where an infill RC drill programme was started with 1,552m drilled. No major mineralised intersections were obtained from the drilling of Lakanfla East, which was completed in February 2008.

The Phase 9 diamond core drill programme for deep sulphide ore in the northern part of the Sadiola Main Pit was completed early in the quarter. A total of 11 diamond drill holes amounting to 4,420m were drilled along four fence lines, approximately 300m apart.

Air Core drilling of the following anomalies continued during the quarter: S3 (3,879m); S5 (1,480m); S6a (3,272m), S6b (2,997m), S7 and S9 (2,630m).

A diamond drill programme was completed around the FE4 pit, with the objective to collect geological and structural information to be correlated with the pit mapping and update the geological model for FE4, and test for sulphide mineralisation. A total of 7 holes were drilled along three fence lines amounting to 2,125m.

At Yatela, a RC drill programme at Donguera was completed and a total of 77 RC holes (4,632m) were drilled. A RC drill program was laid out at Dinguilou to cover two areas that have potential for oxide mineralisation, and a total 3,660m were drilled in these two areas.

At Alamoutala, an infill RC drill programme is in progress to the east and south of the current pit, with the intention to close off the mineralisation. The core logging and sampling for the 2007 Deep Sulphide drill programme was completed and final results are being awaited.

At Navachab in **Namibia**, RC drilling at Gecko continued with an additional 5,000m being drilled, and the drilling programme is expected to be completed by mid quarter.

At Steenbok-Starling, 2,840m of follow up RC was drilled. Results from the extension of the soil grid towards Bulbul have been disappointing, and no follow-up work is being planned. An extension of the soil grid towards Ostrich and Giraffe is currently underway.

At Anomaly 16, 2,920m of exploration, infill and advanced grade control holes were completed.

Results from the 195 sample BLEG stream sediment survey over the Okondura EPL3276 were disappointing and the EPL was therefore significantly reduced. Initial remote sensing work commenced on the two EPL's to the northeast of Okahandja.

A total of 1,666m of DDH drilling was undertaken in the area to the immediate north of the main pit, where drilling the northerly plunge extension of the MDM/US sheeted veins is in progress. RC drilling of 5,276m was done to the immediate north of the North Pit2, where a northerly vein plunge extension was confirmed and encouraging intersections were achieved.

At Cripple Creek & Victor in the **United States**, follow-up work with encouraging intercepts continues in the North Cresson area, while in-fill drilling has started in the Wild Horse and Cresson areas. Drilling for the High Grade Study was completed in Cresson and South Cresson and further work, including a test-mining case, is planned.

GREENFIELDS EXPLORATION

Greenfields exploration activities continued in six countries, namely Australia, Colombia, the DRC, China, the Philippines, and Russia. A total of 80,676m of diamond drilling (DDH), reverse circulation (RC), and aircore (AC) drilling was completed during the second quarter, at existing priority targets while also delineating new targets in Australia, the DRC, and Colombia.

In **Australia**, exploration drilling of the Tropicana Prospect (AngloGold Ashanti 70%, Independence Gold 30%) continued during the quarter, and focused on infill drilling of the resource to increase confidence in the estimate, to a level required for reserve reporting and feasibility level assessment.

It is anticipated that the resource drilling programme will be largely completed by mid-year. Prefeasibility studies are continuing with metallurgical test work programmes, while engineering and mining studies have been substantially completed. Key work programmes to be completed, prior to making a recommendation on the project, include process water supply, exploration, optimal scale of operation and economic modelling.

Regional AC exploration drilling returned encouraging results from the Screaming Lizard prospect, 10km to the east of the Tropicana Prospect. Field mapping at the Black Dragon and Voodoo Child Prospects located approximately 30km northeast of the Tropicana identified outcropping gold mineralisation. Diamond drilling at the Beachcomber prospect intersected visible gold mineralisation, and the regional exploration effort will be accelerated in the second half of the year, as drill rigs and personnel become available from the resource drilling at the Tropicana prospect.

The Viking project (AngloGold Ashanti 100%) is located along the southeast Yilgarn margin in an equivalent geological setting to the Tropicana project. A number of tenements in the Viking project area were granted during the quarter and exploration will commence in the third quarter. In **Colombia**, regional exploration focused on 41 targets, with three new targets brought to drill ready stage. AngloGold Ashanti and its partners are actively exploring 294 targets, generated by systematic exploration in an area of 4.2m hectares, for precious and base metal deposits. At La Colosa it is anticipated that the necessary environmental permits will be issued during the fourth quarter of 2008, after which pre-feasibility stage work, including drilling, will continue. AngloGold Ashanti and JV partners drilled on four new projects and continued drilling at Gramalote during the quarter. Significant results were released from the Quebradona project (JV with B2Gold), as per the table below.

Location at

La Aurora

Hole

no.

Metres

drilled

(m)

Gold

(ppm)

Silver

(ppm)

Copper

(%)

La Mama

1

161.87

0.97

2.5
 .154
 La Mama
 2
 52.70
 1.36
 2.1
 .144
 La Mama
 3
 86.15
 0.99
 2.1
 .134
 La Mama
 Incl.
 32.90
 1.67
 2.6
 .167
 La Mama
 4
 86.30
 2.08
 2.6
 .166
 La Mama
 5
 65.80
 0.94
 2.5
 .162
 La Mama
 6
 228.90
 0.80
 2.0
 .154
 La Mama
 Incl.
 125.00
 1.07
 2.0
 .153

Exploration activities in the **DRC** continued over Concession 40, which covers most of the Kilo greenstone belt. A second regional aeromagnetic survey is being planned to collectively provide coverage over approximately 70% of the area, which remains virtually unexplored by modern methods. This programme, combined with

regional geochemistry programmes, will provide the platform from which to fast-track regional exploration over the concession. Field work has concentrated on detailed mapping, soil sampling and trenching. At the Issuru prospect, located approximately 4km north of the Mongbwalu resource, a total of 2,972m was drilled, defining potentially economic mineralisation over a strike length of approximately 800m and a width of up to 450m. A further 14,000m of planned drilling will focus on defining the underground resource. The findings of the DRC Minerals Review Commission have resulted in AngloGold Ashanti and the AGK joint venture engaging the DRC government to seek resolution and secure our rights to Concession 40. It is envisaged that formal discussions will commence early in the third quarter 2008.

In the **Philippines**, all required documentation has been submitted and final grant of the Mapawa tenement application is being awaited from the Department of Environment and Natural Resources.

In **Russia**, exploration to increase resources at Veduga, so as to improve project economics, is ongoing. Trenching and drilling at this advanced project have demonstrated strike continuation of mineralisation from the south-eastern ore zone for a further 500m along strike. At the recently acquired Penchenga property, regional soil geochemistry has begun as part of a programme to assess the potential of the licence area within 18 months. Growth through project generation and securing grassroots licences is being planned by the AngloGold Ashanti / Polymetal Alliance in the North Yenisei and Baley districts.

In **China** work on the Yili-Yunlong project focussed on investigating geochemical anomalies and coincident silica-clay alteration. Data from this work is being compiled, with a final evaluation of these tenements to be completed by the end of the third quarter 2008. Final approval for the Jinchanggou CJV was received from the Gansu government in late June 2008. Results from soil sampling on the eastern (Dashuigou) and western (Hongchungou) tenements indicate significant extensions to known mineralisation with anomalous gold-in-soils over more than 16km strike length, and drilling is likely to commence in the fourth quarter of 2008.

Group **operating results**

Jun

Mar

Jun

Jun

Jun

Jun

Mar

Jun

Jun

Jun

2008

2008

2007

2008

2007

2008

2008

2007

2008

2007

OPERATING RESULTS

UNDERGROUND OPERATION

Milled

- 000 tonnes

/ - 000 tons

3,030

2,901

3,404

5,931

6,492

3,340

3,197

3,753

6,537

7,157

Yield

- g / t

/ - oz / t

7.08

6.95

6.70

7.02

6.95

0.206

0.203

0.195

0.205

0.203

Gold produced

- kg

/ - oz (000)

21,444

20,164

22,817

41,608

45,113

690

648

734

1,338

1,451

SURFACE AND DUMP RECLAMATION

Treated

- 000 tonnes

/ - 000 tons

2,875

2,826

3,192

5,701

6,466

3,169

3,115

3,518

6,284

7,128

Yield

- g / t

/ - oz / t

0.38

0.47

0.53

0.42

0.52

0.011

0.014

0.015

0.012

0.015

Gold produced

- kg

/ - oz (000)

1,100

1,318

1,680

2,418

3,374

35

42

54

78

108

OPEN-PIT OPERATION

Mined

- 000 tonnes

/ - 000 tons

44,336

46,554

42,880

90,890

82,939

48,872

51,317

47,267

100,189

91,425

Treated

- 000 tonnes

/ - 000 tons

6,164

6,331

6,139

12,496

12,401

6,795

6,979

6,767

13,774

13,670

Stripping ratio

- t (mined total - mined ore) / t mined ore

5.33

4.91

4.16

5.11

4.56

5.33

4.91

4.16

5.11

4.56

Yield

- g / t

/ - oz / t

2.25

2.09

2.29

2.17

2.27

0.066

0.061

0.067

0.063

0.066

Gold in ore

- kg

/ - oz (000)

12,411

12,266

14,123

24,677

26,694

399

394

454

793

858

Gold produced

- kg

/ - oz (000)

13,879

13,240

14,033

27,118

28,117

446

426

451

872

904

HEAP LEACH OPERATION

Mined

- 000 tonnes

/ - 000 tons

14,328

13,239

15,229

27,567

29,948

15,794

14,593

16,787

30,387

33,012

Placed

1

- 000 tonnes

/ - 000 tons

6,168

5,408

5,673

11,576

10,853

6,799

5,962

6,253

12,760

11,964

Stripping ratio

- t (mined total - mined ore) / t mined ore

1.45

1.43

1.94

1.44

2.00

1.45

1.43

1.94

1.44

2.00

Yield

2

- g / t

/ - oz / t

0.64

0.67

0.82

0.65

0.78

0.019

0.019

0.024

0.019

0.023

Gold placed

3

- kg

/ - oz (000)

3,929

3,613

4,656

7,542

8,421

126

116

150

242

271

Gold produced

- kg

/ - oz (000)

2,561

2,488

3,428

5,050

6,595

82

80

110

162

212

TOTAL

Gold produced

- kg

/ - oz (000)

38,984

37,210

41,958

76,194

83,198

1,253

1,196

1,349

2,450

2,675

Gold sold

- kg

/ - oz (000)

38,704

37,098

40,661

75,802

82,219

1,244

1,193

1,307

2,437

2,643

Price received

- R / kg

/ - \$ / oz

- sold

(44,303)

183,945

137,579

67,390

138,807

(157)

755

605

289

604

Price received normalised for
accelerated settlement of non-
hedge derivatives

- R / kg

/ - \$ / oz

- sold

178,796

183,945

137,579

181,303

138,807

717

755

605

736

604

Total cash costs

- R / kg

/ - \$ / oz

- produced

108,195

104,461

75,724

106,429

76,406

434

430

333

433

333

Total production costs

- R / kg

/ - \$ / oz

- produced

138,115

136,200

99,734

137,238

99,872

554

561

439

558

435

PRODUCTIVITY PER EMPLOYEE

Target

- g

/ - oz

340

303

397

322

386

10.93

9.75

12.76

10.34

12.41

Actual

- g

/ - oz

320

302

339

311

338

10.27

9.72

10.89

10.00

10.86

CAPITAL EXPENDITURE

- Rm

/ - \$m

2,357

1,930

1,979

4,287

3,396

304

257

279

561

476

1

Tonnes (Tons) placed on to leach pad.

2

Gold placed / tonnes (tons) placed.

3

Gold placed into leach pad inventory.

Rounding of figures may result in computational discrepancies.

Quarter ended

Quarter ended

Unaudited

Rand / Metric

Unaudited

Dollar / Imperial

Six months

ended

Six months

ended

Group **income statement**

Quarter

Quarter

Quarter

Six months

Six months

ended

ended

ended

ended

ended

June

March

June

June

June

2008

2008

2007

2008

2007

SA Rand million

Notes

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Revenue

2

7,720

7,471

5,461

15,191

11,343

Gold income

7,508

7,245

5,222

14,753

10,886

Cost of sales

3

(5,406)

(4,992)

(4,132)

(10,398)

(8,356)

(Loss) gain on non-hedge derivatives and other commodity contracts

4

(1,316)

(5,612)
840
(6,928)
178
Gross profit (loss)
787
(3,359)
1,930
(2,573)
2,708
Corporate administration and other expenses
(252)
(215)
(216)
(467)
(424)
Market development costs
(24)
(24)
(26)
(48)
(49)
Exploration costs
(269)
(274)
(204)
(542)
(380)
Other operating (expenses) income
5
(48)
32
(43)
(16)
(91)
Operating special items
6
273
82
86
355
101
Operating profit (loss)
467
(3,758)
1,527
(3,291)
1,866
Interest received
102
82

62
184
135
Exchange (loss) gain
(28)
1
(14)
(27)
(12)
Fair value adjustment on option component of convertible bond
12
170
223
183
358
Finance costs and unwinding of obligations
(216)
(265)
(220)
(481)
(419)
Share of associates' profit (loss)
10
(1)
(51)
10
(54)
Profit (loss) before taxation
348
(3,771)
1,527
(3,423)
1,873
Taxation
7
(1,235)
52
(371)
(1,183)
(805)
(Loss) profit after taxation from continuing operations
(887)
(3,719)
1,155
(4,607)
1,067
Discontinued operations
Profit (loss) for the period from discontinued operations
8
191
(3)

(4)
188
(10)
(Loss) profit for the period
(697)
(3,722)
1,151
(4,419)
1,057
Allocated as follows:
Equity shareholders
(817)
(3,812)
1,083
(4,630)
933
Minority interest
121
90
68
211
124
(697)
(3,722)
1,151
(4,419)
1,057
Basic (loss) earnings per ordinary share (cents)
1
(Loss) profit from continuing operations
(357)
(1,350)
386
(1,706)
335
Profit (loss) from discontinued operations
68
(1)
(1)
67
(3)
(Loss) profit
(289)
(1,351)
385
(1,639)
332
Diluted (loss) earnings per ordinary share (cents)
2
(Loss) profit from continuing operations
3

(357)

(1,350)

385

(1,706)

334

Profit (loss) from discontinued operations

3

68

(1)

(1)

67

(3)

(Loss) profit

3

(289)

(1,351)

384

(1,639)

331

Dividends

4

- Rm

148

668

- cents per Ordinary share

53

240

- cents per E Ordinary share

26

120

1

Calculated on the basic weighted average number of ordinary shares.

4

Represents the dividend declared and paid during the period.

Rounding of figures may result in computational discrepancies.

2

The impact of the diluted earnings per share is anti-dilutive and therefore equal to the basic earnings per share.

3

Calculated on the diluted weighted average number of ordinary shares.

Group **income statement**

Quarter

Quarter

Quarter

Six months

Six months

ended

ended

ended

ended

ended

June

March

June

June

June

2008

2008

2007

2008

2007

US Dollar million

Notes

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Revenue

2

996

987

773

1,983

1,586

Gold income

968

958

739

1,926

1,522

Cost of sales

3

(698)

(661)

(585)

(1,359)

(1,169)

(Loss) gain on non-hedge derivatives and other commodity contracts

4

(235)

(373)

77

(608)

25

Gross profit (loss)

36

(77)

231

(41)

378

Corporate administration and other expenses

(33)

(28)

(31)

(61)

(59)

Market development costs

(3)

(3)

(4)

(6)

(7)

Exploration costs

(34)

(37)

(29)

(71)

(53)

Other operating (expenses) income

5

(6)

4

(6)

(2)

(13)

Operating special items

6

36

11

12

47

14

Operating (loss) profit

(4)

(130)

174

(134)

260

Interest received

13

11

9	
24	
19	
Exchange loss	
(4)	
-	
(2)	
(4)	
(2)	
Fair value adjustment on option component of convertible bond	
2	
23	
32	
24	
51	
Finance costs and unwinding of obligations	
(28)	
(35)	
(31)	
(63)	
(59)	
Share of associates' profit (loss)	
1	
-	
(7)	
1	
(8)	
(Loss) profit before taxation	
(20)	
(131)	
174	
(151)	
261	
Taxation	
7	
(157)	
1	
(52)	
(156)	
(112)	
(Loss) profit after taxation from continuing operations	
(176)	
(130)	
121	
(307)	
149	
Discontinued operations	
Profit (loss) for the period from discontinued operations	
8	
24	
-	

(1)
24
(1)
(Loss) profit for the period
(152)
(131)
121
(283)
148
Allocated as follows:
Equity shareholders
(168)
(142)
111
(310)
131
Minority interest
16
11
10
27
17
(152)
(131)
121
(283)
148
Basic (loss) earnings per ordinary share (cents)
1
(Loss) profit from continuing operations
(68)
(50)
39
(118)
47
Profit from discontinued operations
9
-
-
8
-
(Loss) profit
(59)
(50)
39
(110)
47
Diluted (loss) earnings per ordinary share (cents)
2
(Loss) profit from continuing operations
3

(68)

(50)

39

(118)

46

Profit from discontinued operations

3

9

-

-

8

-

(Loss) profit

3

(59)

(50)

39

(110)

46

Dividends

4

- \$m

18

90

- cents per Ordinary share

7

32

- cents per E Ordinary share

3

16

1

Calculated on the basic weighted average number of ordinary shares.

4

Represents the dividend declared and paid during the period.

Rounding of figures may result in computational discrepancies.

2

The impact of the diluted earnings per share is anti-dilutive and therefore equal to the basic earnings per share.

3

Calculated on the diluted weighted average number of ordinary shares.

Group **balance sheet**

As at

As at

As at

As at

June

March

December

June

2008

2008

2007

2007

SA Rand million

Notes

Unaudited

Unaudited

Audited

Unaudited

ASSETS

Non-current assets

Tangible assets

53,752

53,362

45,783

44,551

Intangible assets

3,649

3,657

2,996

3,041

Investments in associates

396

127

140

245

Other investments

633

738

795

956

Inventories

3,030

2,917

2,217

2,103

Trade and other receivables

864

761

566

452

Deferred taxation

655

631

543

417

Other non-current assets

281

281

278

313

63,259

62,475

53,318

52,078

Current assets

Inventories

5,778

5,639

4,603

4,112

Trade and other receivables

1,905

1,949

1,587

1,535

Derivatives

4,810

3,966

3,516

3,383

Current portion of other non-current assets

2

2

2

5

Cash restricted for use

547

423

264

166

Cash and cash equivalents

3,914

4,167

3,381

2,792

16,955

16,146

13,353

11,993

Non-current assets held for sale

10

131
210
203
16,965
16,277
13,563
12,196
TOTAL ASSETS
80,224
78,752
66,881
64,274
EQUITY AND LIABILITIES
Share capital and premium
11
22,495
22,448
22,371
22,237
Retained earnings and other reserves
12
(6,573)
(5,787)
(6,167)
(34)
Shareholders' equity
15,921
16,661
16,204
22,203
Minority interests
13
637
576
429
475
Total equity
16,558
17,237
16,633
22,678
Non-current liabilities
Borrowings
7,387
5,728
10,441
9,293
Environmental rehabilitation and other provisions
4,049
3,917
3,361

2,929
Provision for pension and post-retirement benefits

1,247

1,244

1,208

1,201

Trade, other payables and deferred income

68

89

79

131

Derivatives

14

350

874

1,110

1,183

Deferred taxation

8,366

7,392

7,159

7,821

21,467

19,244

23,358

22,559

Current liabilities

Current portion of borrowings

10,103

10,157

2,309

2,056

Trade, other payables and deferred income

15

12,658

5,250

4,549

3,880

Derivatives

14

18,126

25,188

18,763

11,869

Taxation

1,313

1,506

1,269

1,232

42,200

42,101

26,890

19,037

Non-current liabilities held for sale

-

171

-

-

42,200

42,272

26,890

19,037

Total liabilities

63,666

61,515

50,248

41,596

TOTAL EQUITY AND LIABILITIES

80,224

78,752

66,881

64,274

Net asset value - cents per share

5,873

6,116

5,907

8,072

Rounding of figures may result in computational discrepancies.

Group **balance sheet**

As at

As at

As at

As at

June

March

December

June

2008

2008

2007

2007

US Dollar million

Notes

Unaudited

Unaudited

Audited

Unaudited

ASSETS

Non-current assets

Tangible assets

6,862

6,593

6,722

6,350

Intangible assets

466

452

440

433

Investments in associates

51

16

21

35

Other investments

81

91

117

136

Inventories

387

360

325

300

Trade and other receivables

110

94

83

64

Deferred taxation

84

78

80

59

Other non-current assets

36

35

41

45

8,076

7,719

7,829

7,423

Current assets

Inventories

738

697

676

586

Trade and other receivables

243

241

233

219

Derivatives

614

490

516

482

Current portion of other non-current assets

-

-

-

1

Cash restricted for use

70

52

39

24

Cash and cash equivalents

500

515

496

398

2,164

1,996

1,960

1,709

Non-current assets held for sale

1

16	
31	
29	
2,165	
2,011	
1,991	
1,738	
TOTAL ASSETS	
10,241	
9,731	
9,820	
9,161	
EQUITY AND LIABILITIES	
Share capital and premium	
11	
2,872	
2,773	
3,285	
3,169	
Retained earnings and other reserves	
12	
(839)	
(715)	
(906)	
(5)	
Shareholders' equity	
2,033	
2,058	
2,379	
3,165	
Minority interests	
13	
81	
71	
63	
68	
Total equity	
2,114	
2,130	
2,442	
3,232	
Non-current liabilities	
Borrowings	
943	
708	
1,533	
1,325	
Environmental rehabilitation and other provisions	
517	
484	
494	

417
Provision for pension and post-retirement benefits

159

154

177

171

Trade, other payables and deferred income

9

11

12

19

Derivatives

14

45

108

163

169

Deferred taxation

1,068

913

1,051

1,115

2,740

2,378

3,430

3,215

Current liabilities

Current portion of borrowings

1,290

1,255

339

293

Trade, other payables and deferred income

15

1,616

649

668

553

Derivatives

14

2,314

3,112

2,755

1,692

Taxation

168

186

186

176

5,387

5,202

3,948

2,713

Non-current liabilities held for sale

-

21

-

-

5,387

5,223

3,948

2,713

Total liabilities

8,127

7,600

7,378

5,929

TOTAL EQUITY AND LIABILITIES

10,241

9,731

9,820

9,161

Net asset value - cents per share

750

756

867

1,150

Rounding of figures may result in computational discrepancies.

Group cash flow statement

Quarter

Quarter

Quarter

Six months

Six months

ended

ended

ended

ended

ended

June

March

June

June

June

2008

2008

2007

2008

2007

SA Rand million

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Cash flows from operating activities

Receipts from customers

7,706

7,142

5,551

14,848

11,180

Payments to suppliers and employees

(6,413)

(5,267)

(3,869)

(11,681)

(7,406)

Cash generated from operations

1,293

1,875

1,682

3,167

3,774

Cash utilised by discontinued operations

(16)

(1)

(9)

(16)

(19)
 Taxation paid
(544)
 (442)
 (545)
 (986)
 (877)
 Net cash inflow from operating activities
733
 1,432
 1,128
 2,165
 2,878
Cash flows from investing activities
 Capital expenditure
(2,357)
 (1,930)
 (1,764)
 (4,287)
 (3,181)
 Acquisition of assets
 -
 -
 (287)
 -
 (287)
 Disposal of subsidiary net of cash
229
 -
 -
 229
 -
 Proceeds from disposal of tangible assets
21
 222
 91
 243
 108
 Proceeds from disposal of assets of discontinued operations
77
 -
 6
 78
 8
 Other investments acquired
(78)
 (266)
 (16)
 (344)
 (56)
 Associate loans and acquisitions

-
30
64
31
1
Proceeds from disposal of investments
105
207
26
312
48
(Increase) decrease in cash restricted for use
(119)
(48)
101
(168)
(88)
Interest received
100
88
49
188
110
Net loans advanced (repaid)
1
(2)
26
(2)
1
Cash utilised for hedge book settlement
(749)
-
-
(749)
-
Net cash outflow from investing activities
(2,770)
(1,700)
(1,702)
(4,470)
(3,336)
Cash flows from financing activities
Proceeds from issue of share capital
21
65
36
86
140
Share issue expenses
-
-

(4)	
-	
(4)	
Proceeds from borrowings	
1,918	
1,300	
730	
3,218	
926	
Repayment of borrowings	
(78)	
(233)	
(182)	
(311)	
(326)	
Finance costs	
(30)	
(258)	
(33)	
(288)	
(245)	
Advanced proceeds from rights offer	
6	
-	
-	
6	
-	
Dividends paid	
(50)	
(152)	
(63)	
(202)	
(756)	
Net cash inflow (outflow) from financing activities	
1,788	
722	
485	
2,510	
(264)	
Net (decrease) increase in cash and cash equivalents	
(249)	
454	
(89)	
205	
(721)	
Translation	
(4)	
332	
(38)	
328	
46	

Cash and cash equivalents at beginning of period

4,167

3,381

2,919

3,381

3,467

Net cash and cash equivalents at end of period

3,914

4,167

2,792

3,914

2,792

Cash generated from operations

Profit (loss) before taxation

348

(3,771)

1,527

(3,423)

1,873

Adjusted for:

Movement on non-hedge derivatives and other commodity contracts

771

5,409

(195)

6,179

788

Amortisation of tangible assets

1,184

1,082

1,009

2,266

1,957

Finance costs and unwinding of obligations

216

265

220

481

419

Environmental, rehabilitation and other expenditure

(28)

87

(14)

58

(28)

Operating special items

(273)

(82)

(86)

(355)

(101)

Amortisation of intangible assets

4	
4	
3	
8	
7	
Deferred stripping	
18	
(213)	
(131)	
(194)	
(231)	
Fair value adjustment on option components of convertible bond	
(12)	
(170)	
(223)	
(183)	
(358)	
Interest receivable	
(102)	
(82)	
(62)	
(184)	
(135)	
Other non-cash movements	
211	
(20)	
181	
190	
329	
Movements in working capital	
(1,043)	
(633)	
(547)	
(1,676)	
(747)	
1,293	
1,875	
1,682	
3,167	
3,774	
Movements in working capital	
Increase in inventories	
(591)	
(1,762)	
(494)	
(2,353)	
(820)	
Decrease (increase) in trade and other receivables	
5	
(462)	
79	

(458)

(209)

(Decrease) increase in trade and other payables

(457)

1,591

(131)

1,134

282

(1,043)

(633)

(547)

(1,676)

(747)

Rounding of figures may result in computational discrepancies.

Group cash flow statement

Quarter

Quarter

Quarter

Six months

Six months

ended

ended

ended

ended

ended

June

March

June

June

June

2008

2008

2007

2008

2007

US Dollar million

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Cash flows from operating activities

Receipts from customers

990

953

783

1,943

1,563

Payments to suppliers and employees

(826)

(705)

(545)

(1,531)

(1,037)

Cash generated from operations

164

248

238

412

526

Cash utilised by discontinued operations

(2)

-

(1)

(2)

(3)	
Taxation paid	
(70)	
(59)	
(77)	
(129)	
(123)	
Net cash inflow from operating activities	
91	
189	
160	
280	
400	
Cash flows from investing activities	
Capital expenditure	
(304)	
(257)	
(249)	
(561)	
(446)	
Acquisition of assets	
-	
-	
(40)	
-	
(40)	
Disposal of subsidiary net of cash	
29	
-	
-	
29	
-	
Proceeds from disposal of tangible assets	
3	
30	
13	
32	
15	
Proceeds from disposal of assets of discontinued operations	
10	
-	
1	
10	
1	
Other investments acquired	
(10)	
(35)	
(2)	
(45)	
(8)	
Associate loans and acquisitions	

-
4
9
4
-
Proceeds from disposal of investments
13
28
4
41
6
(Increase) decrease in cash restricted for use
(16)
(6)
14
(23)
(12)
Interest received
13
11
7
24
15
Net loans advanced
-
-
3
-
-
Cash utilised for hedge book settlement
(94)
-
-
(94)
-
Net cash outflow from investing activities
(357)
(226)
(241)
(583)
(467)
Cash flows from financing activities
Proceeds from issue of share capital
3
9
5
11
19
Share issue expenses
-
-

(1)	
-	
(1)	
Proceeds from borrowings	
248	
173	
103	
421	
130	
Repayment of borrowings	
(10)	
(31)	
(26)	
(41)	
(46)	
Finance costs	
(4)	
(34)	
(5)	
(38)	
(34)	
Advanced proceeds from rights offer	
1	
-	
-	
1	
-	
Dividends paid	
(6)	
(19)	
(9)	
(25)	
(103)	
Net cash inflow (outflow) from financing activities	
232	
97	
67	
330	
(34)	
Net (decrease) increase in cash and cash equivalents	
(34)	
60	
(14)	
27	
(101)	
Translation	
18	
(42)	
11	
(24)	
4	

Cash and cash equivalents at beginning of period

515

496

400

496

495

Net cash and cash equivalents at end of period

500

515

398

500

398

Cash generated from operations

(Loss) profit before taxation

(20)

(131)

174

(151)

261

Adjusted for:

Movement on non-hedge derivatives and other commodity contracts

165

345

15

510

111

Amortisation of tangible assets

153

144

143

296

274

Finance costs and unwinding of obligations

28

35

31

63

59

Environmental, rehabilitation and other expenditure

(4)

12

(2)

7

(5)

Operating special items

(36)

(11)

(12)

(47)

(14)

Amortisation of intangible assets

-
 -
 -
 1
 1
 Deferred stripping
1
 (26)
 (19)
 (25)
 (33)
 Fair value adjustment on option components of convertible bond
(2)
 (23)
 (32)
 (24)
 (51)
 Interest receivable
(13)
 (11)
 (9)
 (24)
 (19)
 Other non-cash movements
27
 (3)
 25
 24
 46
 Movements in working capital
(136)
 (82)
 (76)
 (219)
 (106)
164
 248
 238
 412
 526
Movements in working capital
 Increase in inventories
(111)
 (59)
 (102)
 (170)
 (115)
 (Increase) decrease in trade and other receivables
(8)
 (21)
 3

(28)

(29)

(Decrease) increase in trade and other payables

(18)

(3)

23

(21)

39

(136)

(82)

(76)

(219)

(106)

Rounding of figures may result in computational discrepancies.

Statement of **recognised income and expense**

Six months

Year

Six months

ended

ended

ended

June

December

June

2008

2007

2007

SA Rand million

Unaudited

Audited

Unaudited

Actuarial loss on pension and post-retirement benefits

-

(99)

-

Net loss on cash flow hedges removed from equity and reported in gold sales

1,017

1,421

540

Net loss on cash flow hedges

(763)

(1,173)

(67)

Hedge (effectiveness) ineffectiveness

(2)

69

-

(Loss) gain on available-for-sale financial assets

(67)

8

-

Deferred taxation on items above

(51)

36

(74)

Translation

4,108

(169)

376

Net income recognised directly in equity

4,242

93

775

(Loss) profit for the period

(4,419)

(4,047)
1,057
Total recognised (expense) income for the period
(177)
(3,954)
1,832
Attributable to:
Equity shareholders
(438)
(4,169)
1,705
Minority interest
261
215
127
(177)
(3,954)
1,832
US Dollar million
Actuarial loss on pension and post-retirement benefits
-
(14)
-
Net loss on cash flow hedges removed from equity and reported in gold sales
134
202
78
Net loss on cash flow hedges
(100)
(168)
(10)
Hedge ineffectiveness
-
10
-
(Loss) gain on available-for-sale financial assets
(9)
1
-
Deferred taxation on items above
(6)
5
(11)
Translation
351
6
50
Net income recognised directly in equity
370
42
107

(Loss) profit for the period

(283)

(636)

148

Total recognised income (expense) for the period

87

(594)

255

Attributable to:

Equity shareholders

62

(627)

237

Minority interest

25

33

18

87

(594)

255

Rounding of figures may result in computational discrepancies.

Notes**for the quarter and six months ended 30 June 2008****1. Basis of preparation**

The financial statements in this quarterly report have been prepared in accordance with the historic cost convention except for certain financial instruments which are stated at fair value. The group's accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007 and revised International Financial Reporting Standards (IFRS) which are effective 1 January 2008, where applicable.

The financial statements of AngloGold Ashanti Limited have been prepared in compliance with IAS34, JSE Listings Requirements and in the manner required by the South African Companies Act, 1973 for the preparation of financial information of the group for the quarter and six months ended 30 June 2008.

2. Revenue**Quarter ended****Six months ended****Quarter ended****Six months ended****Jun****Mar Jun****Jun****Jun****Jun****Mar Jun Jun Jun****2008****2008 2007****2008****2007****2008****2008 2007 2008 2007**

Unaudited

Unaudited Unaudited

Unaudited

Unaudited

Unaudited

Unaudited Unaudited Unaudited Unaudited

SA Rand million

US Dollar million

Gold income

7,508

7,245

5,222 14,753 10,886

968

958

739

1,926

1,522

By-products (note 3)

110

145

178 254 323 **14**

19

25

33
 45
 Interest received
102
 82
 62 184 135 **13**

11
 9
 24
 19
7,720
 7,471
 5,461 15,191 11,343
996
 987
 773
 1,983
 1,586

3. Cost of sales
Quarter ended
Six months ended
Quarter ended
Six months ended

Jun
2008
Mar
2008
Jun
2007
Jun
2008
Jun
2007
Jun
2008
Mar
2008
Jun
2007
Jun
2008
Jun
2007

Unaudited
 Unaudited Unaudited
 Unaudited
 Unaudited
 Unaudited
 Unaudited Unaudited Unaudited Unaudited
 SA Rand million
 US Dollar million

Cash operating costs

(4,168)

(3,770) (3,176)

(7,937)

(6,274)

(537)

(500) (449)

(1,036) (878)

By-products revenue (note 2)

110

145

178 254 323 **14**

19

25

33

45

By-products cash operating

costs

(159)

(107) (143)

(265)

(243)

(21)

(14) (20) (35)

(34)

(4,217)

(3,732) (3,141)

(7,948)

(6,194)

(544)

(495) (444)

(1,038) (867)

Other cash costs

(207)

(251) (165)

(459)

(342)

(27)

(33) (23) (60) (48)

Total cash costs

(4,424)

(3,983) (3,305)

(8,407)

(6,537)

(570)

(528) (468)

(1,098) (915)

Retrenchment costs

(15)

(26) (9)

(42)

(16)			
(2)			
(3)	(1)	(5)	(2)
Rehabilitation and other non-cash costs			
(15)			
(106)	(19)		
(120)			
(39)			
(2)			
(14)	(3)	(15)	(5)
Production costs			
(4,454)			
(4,115)	(3,333)		
(8,569)			
(6,591)			
(574)			
(545)	(471)		
(1,119)	(923)		
Amortisation of tangible assets			
(1,184)			
(1,082)	(1,009)		
(2,266)			
(1,957)			
(153)			
(144)	(143)	(296)	(274)
Amortisation of intangible assets			
(4)			
(4)	(3)		
(8)			
(7)			
—			
—			
—			
(1)			
(1)			
Total production costs			
(5,642)			
(5,201)	(4,346)		
(10,843)			
(8,556)			
(727)			
(689)	(615)		
(1,416)			
(1,198)			
Inventory change			
236			
209			
214	445	200	30

28

30

58

28

(5,406)

(4,992) (4,132)

(10,398)

(8,356)

(698)

(661) (585)

(1,359)

(1,169)

Rounding of figures may result in computational discrepancies.

4. (Loss) gain on non-hedge derivatives and other commodity contracts

Quarter ended

Six months ended

Quarter ended

Six months ended

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

SA Rand million

US Dollar million

(Loss) gain on realised non-hedge
derivatives

(249)

(158) 598 (407)

990 **(32)**

(22) 84

(54)

139

Realised loss on other commodity
contracts

(128)

—

—

(128)

—
(16)
—
—
(16)
—
Loss on accelerated settlement of non-hedge derivatives
(8,635)
—
—
(8,635)
—
(1,089)
—
—
(1,089)
—
Gain (loss) on unrealised non-hedge derivatives
7,673
(5,464) 99
2,210
(902)
899
(353) (28) 547
(127)
Unrealised gain (loss) on other commodity physical borrowings
19
(10) 19 9 (28)
2
(1)
3
1
(4)
Provision reversed for loss on future deliveries of other commodities
3
20
125
23
119
—
3
18
3
17
(Loss) gain on non-hedge derivatives and other commodity contracts
(1,316)

(5,612) 840
 (6,928)
 178 (235)
 (373) 77
 (608) 25

5. Other operating (expenses) income

Quarter ended

Six months ended

Quarter ended

Six months ended

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

SA Rand million

US Dollar million

Pension and medical defined
 benefit provisions

(24)

(24) (25)

(48)

(50)

(3)

(3) (3) (6) (7)

Claims filed by former employees in
respect of loss of employment, work-
related accident injuries and diseases,
governmental fiscal claims and costs of
old tailings operations

(27)

60

(6)

33

(27)

(3)

8

(1)

5

(4)

Miscellaneous

3

(4) (12)

(1)

(14)

—

(1) (2) (1) (2)

(48)

32

(43)

(16)

(91)

(6)

4

(6)

(2)

(13)

6. Operating special items

Quarter ended

Six months ended

Quarter ended

Six months ended

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Jun

2008

Mar

2008

**Jun
2007**

**Jun
2008**

**Jun
2007**

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

SA Rand million

US Dollar million

Reimbursement (under provision) of
indirect tax expenses

49

—

(6)

49

(6)

6

—

(1)

6

(1)

Impairment of tangible
assets (note 9)

(1)

(3) — (4)

(1)

—

—

—

—

—

Recovery of loan

—

—

—

—

21

—

—

—

—

3

ESOP and BEE costs resulting from rights
offer

(76)

—

—

(76)

—

(10)

—

—

(10)

—

Profit on disposal and abandonment of
assets (note 9)

272

85

92

357

86

35

11

13

46

12

Profit on disposal of investment in
subsidiary (note 9)

29

—

—

29

—

4

—

—

4

—

273

82

86 355 101 **36**

11

12

47

14

Rounding of figures may result in computational discrepancies.

7. Taxation

Quarter ended

Six months ended

Quarter ended

Six months ended

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

SA Rand million

US Dollar million

Current tax

Normal taxation

(270)

(577) (333)

(847)

(775)

(36)

(77) (46) (111) (108)

Disposal of tangible
assets (note 9)

(3)

(2) (18)

(5)

(22)

—				
—				
(3)	(1)	(3)		
(Under) over provision				
prior year				
(28)				
14				
23				
(14)				
(44)				
(4)				
2				
3				
(2)				
(6)				
(301)				
(565)	(328)			
(866)				
(841)				
(40)				
(75)	(46)	(114)	(117)	
Deferred taxation				
Temporary differences				
604				
(151)	31	452	32	76
(20)				
4				
55				
4				
Unrealised non-hedge				
derivatives and other				
commodity contracts				
(1,545)				
590				
22				
(954)				
104				
(194)				
72				
4				
(122)				
15				
Disposal of tangible				
assets (note 9)				
7				
(11)	(6)			
(4)				
(10)				
1				
(1)	(1)	—		
(1)				

Change in estimated
deferred tax rate

—

—

(90)

—

(90)

—

—

(13)

—

(13)

Change in statutory tax rate

—

189

—

189

—

—

25

—

25

—

(934)

617

(43)

(317)

36

(117)

76

(6)

(42)

5

Total taxation

(1,235)

52

(371)

(1,183)

(805)

(157)

1

(52)

(156)

(112)

8. Discontinued operations

The Ergo surface dump reclamation, which forms part of the South African operations, has been discontinued as the operation has reached the end of its useful life. The results of Ergo are presented below:

Quarter ended

Six months ended

Quarter ended

Six months ended

**Jun
2008**

**Mar
2008**

**Jun
2007**

**Jun
2008**

**Jun
2007**

**Jun
2008**

**Mar
2008**

**Jun
2007**

**Jun
2008**

**Jun
2007**

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

SA Rand million

US Dollar million

Gold income

—

—

2

—

4

—

—

—

—

1

Cost of sales

(12)

(5) (5)

(17)

(10)

(2)

(1) (1) (2) (1)

Gross loss

(12)			
(5)	(2)		
(17)			
(6)			
(2)			
(1)	(1)	(2)	(1)
Profit on disposal of assets			
217			
—			
—			
217			
—			
27			
—			
—			
27			
—			
Other income			
3			
3			
—			
5			
—			
—			
1			
—			
1			
—			
Profit (loss) before taxation			
207			
(2)	(2)		
205	(6)		
26			
—			
(1)			
26			
(1)			
Normal tax			
(22)			
—			
(3)			
(22)			
(3)			
(3)			
—			
—			
(3)			
—			
Deferred tax on disposal of assets			
(note 9)			
6			

—		
—		
6		
—		
1		
—		
—		
1		
—		
Other deferred tax		
—		
(1)	1	(1)
(1)		
—		
—		
—		
—		
—		
Net profit (loss) attributable to discontinued operations		
191		
(3)	(4)	
188	(10)	
24		
—		
(1)		
24		
(1)		

The pre-tax profit on disposal of the assets amounting to \$27million (R217 million) relates to the remaining moveable and immovable assets of Ergo that was sold by the Company to a consortium of Mintails South Africa (Pty) Ltd/DRD South African Operations (Pty) Ltd Joint Venture. The transaction was approved by the Competition Commissioner during May 2008 and the Joint Venture will operate, for its own account, under the AngloGold Ashanti authorisations until the new order mining rights have been obtained and transferred to the Joint Venture.

Rounding of figures may result in computational discrepancies.

9. Headline (loss) earnings

Quarter ended

Six months ended

Quarter ended

Six months ended

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

SA Rand million

US Dollar million

The (loss) profit attributable to equity shareholders has been adjusted by the following to arrive at headline (loss) earnings:

(Loss) profit attributable to equity shareholders

(817)

(3,812) 1,083 (4,630)

933 **(168)**

(142) 111

(310) 131

Impairment of tangible assets (note 6)

1

3

—
4
1
—
—
—
—
—
Profit on disposal and abandonment
of assets (note 6)
(272)
(85)
(92)
(357)
(86)
(35)
(11) (13)
(46) (12)
Profit on disposal of investment in
subsidiary (note 6)
(29)
—
—
(29)
—
(4)
—
—
(4)
—
Profit on disposal of discontinued
assets (note 8)
(217)
—
—
(217)
—
(27)
—
—
(27)
—
Impairment of investment in associate
13
1
50
14
50
2
—
7

2	
7	
Profit on disposal of assets in	
associate	
(23)	
—	
—	
(23)	
—	
(3)	
—	
—	
(3)	
—	
Taxation on items above –	
current portion (note 7)	
3	
2	
18	
5	
22	
—	
—	
3	
1	
3	
Taxation on items above –	
deferred portion (note 7)	
(7)	
11	
6	
4	
10	
(1)	
1	
1	
—	
1	
Discontinued operation – Taxation	
on item above (note 8)	
(6)	
—	
—	
(6)	
—	
(1)	
—	
—	
(1)	
—	
Headline (loss) earnings	

(1,354)

(3,880) 1,066

(5,234)

930

(237)

(151) 109 (388) 130

Cents per share

(1)

Headline (loss) earnings

(479)

(1,376) 379

(1,853)

331

(84)

(54) 39 (137) 46

(1)

Calculated on the basic weighted average number of ordinary shares.

10. Shares

Quarter ended

Six months ended

Jun

2008

Mar

2008

Jun

2007

Jun

2008

Jun

2007

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Authorised:

Ordinary shares of 25 SA cents each

400,000,000

400,000,000

400,000,000 400,000,000 400,000,000

E ordinary shares of 25 SA cents each

4,280,000

4,280,000

4,280,000 4,280,000 4,280,000

A redeemable preference shares of 50 SA cents each

2,000,000

2,000,000

2,000,000 2,000,000 2,000,000

B redeemable preference shares of 1 SA cent each

5,000,000

5,000,000

5,000,000	5,000,000	5,000,000
Issued and fully paid:		
Ordinary shares in issue		
277,894,808		
277,745,007		
276,836,030	277,894,808	276,836,030
E ordinary shares in issue		
4,042,865		
4,104,635		
4,115,930	4,042,865	4,115,930
Total ordinary shares:		
281,937,673		
281,849,642		
280,951,960	281,937,673	280,951,960
A redeemable preference shares		
2,000,000		
2,000,000		
2,000,000	2,000,000	2,000,000
B redeemable preference shares		
778,896		
778,896		
778,896	778,896	778,896
In calculating the diluted number of ordinary shares outstanding for the period, the following were taken into consideration:		
Ordinary shares		
277,825,711		
277,658,759		
276,792,157	277,742,234	276,619,448
E ordinary shares		
4,064,751		
4,122,800		
4,152,725	4,093,776	4,150,888
Fully vested options		
607,752		
280,789		
308,961	630,553	359,980
Weighted average number of shares		
282,498,214		
282,062,348		
281,253,843	282,466,563	281,130,316
Dilutive potential of share options		
—		
—		
568,077	—	
619,872		
Diluted number of ordinary shares		
(1)		
282,498,214		

282,062,348

281,821,920 282,466,563 281,750,188

(1)

The basic and diluted number of ordinary shares is the same for the March 2008 quarter, June 2008 quarter and period ended six months June 2008 as

the effects of shares for performance related options are anti-dilutive.

Rounding of figures may result in computational discrepancies.

11. Share capital and premium

As at

As at

Jun

2008

Mar

2008

Dec

2007

Jun

2007

Jun

2008

Mar

2008

Dec

2007

Jun

2007

Unaudited

Unaudited

Audited

Unaudited

Unaudited

Unaudited

Audited

Unaudited

SA Rand million

US Dollar million

Balance at beginning of period

23,322

23,322 23,045 23,045 **3,425**

3,425

3,292

3,292

Ordinary shares issued

112

73

283

146

15

10

40

19

E ordinary shares cancelled

(10)

(5)

(6)

(9)

(1)

(1)

(1)

(1)

Translation

—

— — —

(448)

(544) 94

(7)

Sub-total

23,42423,391 23,322 23,182 **2,991**

2,890

3,425

3,303

Redeemable preference shares held within the group

(312)

(312)

(312)

(312)

(40)

(39)

(46) (44)

Ordinary shares held within the group

(282)

(288)

(292)

(289)

(36)

(36) (43) (41)

E ordinary shares held within the group

(335)

(343)

(347)

(344)

(43)

(42) (51) (49)

Balance at end of period**22,495**22,448 22,371 22,237 **2,872**

2,773

3,285

3,169

12. Retained earnings and other reserves**Retained****earnings****Non-****distributable****reserves****Foreign****currency****translation****reserve**

**Actuarial
(losses)
gains
Other
comprehen-
sive
income
Total**

SA Rand million

Balance at December 2006

(214) 138

436 (45)

(1,503)

(1,188)

Profit attributable to equity shareholders

933

933

Dividends (668)

(668)

Net loss on cash flow hedges removed from
equity and reported in gold sales

536

536

Net loss on cash flow hedges

(67) (67)

Deferred taxation on cash flow hedges

(74) (74)

Share-based payment for share awards and BEE
transaction

117

117

Translation

385

(8) 377

Balance at June 2007

51 138

821 (45) (999)

(34)

Balance at December 2007 (5,524)

138

338

(108)

(1,011)

(6,167)

Deferred taxation rate change

(3)

(3)

Loss attributable to equity shareholders

(4,630)

(4,630)

Dividends (148)

(148)
Transfers to foreign currency translation reserve
(12)
12
—
Disposal of subsidiary
(6) (6)
Net loss on cash flow hedges removed from equity
and reported in gold sales
1,005
1,005
Net loss on cash flow hedges
(758) (758)
Hedge ineffectiveness
(2) (2)
Deferred taxation on cash flow hedges and hedge
effectiveness
(64)
(64)
Loss on available-for-sale financial assets
(67) (67)
Deferred taxation on available-for-sale financial
assets
16
16
Share-based payment for share awards and BEE
transaction
186
186
Translation
4,175
2
(112)
4,065
Balance at June 2008
(10,314)
138
4,525
(109)
(813)
(6,573)

Rounding of figures may result in computational discrepancies.

12. Retained earnings and other reserves cont.

**Retained
earnings**

**Non-
distributable
reserves**

**Foreign
currency
translation
reserve**

**Actuarial
(losses)**

gains

**Other
omprehen-
sive
income**

Total

US Dollar million

Balance at December 2006

(209)

20

241

(6)

(215) (169)

Profit attributable to equity shareholders

131

131

Dividends

(90)

(90)

Net loss on cash flow hedges removed from
equity and reported in gold sales

77

77

Net loss on cash flow hedges

(10) (10)

Deferred taxation on cash flow hedges

(11) (11)

Share-based payment for share awards and BEE
transaction

17

17

Translation

50

50

Balance at June 2007

(168)

20

291

(6)

(142)	
(5)	
Balance at December 2007	
(1,020)	
20	
258	
(16)	
(148)	(906)
Deferred taxation rate change	
—	
Loss attributable to equity shareholders	
(310)	
(310)	
Dividends	
(18)	
(18)	
Transfers to foreign currency translation reserve	
(2)	
2	
—	
Disposal of subsidiary	
(1)	
(1)	
Net loss on cash flow hedges removed from equity and reported in gold sales	
132	
132	
Net loss on cash flow hedges	
(99)	(99)
Hedge ineffectiveness	
—	
—	
Deferred taxation on cash flow hedges and hedge effectiveness	
(8)	
(8)	
Loss on available-for-sale financial assets	
(9)	
(9)	
Deferred taxation on available-for-sale financial assets	
2	
2	
Share-based payment for share awards and BEE transaction	
24	
24	
Translation	
(2)	
351	

2

3

354

Balance at June 2008

(1,350)

18

611

(14)

(104) (839)

**13. Minority
interests**

As at

As at

Jun

2008

Mar

2008

Dec

2007

Jun

2007

Jun

2008

Mar

2008

Dec

2007

Jun

2007

Unaudited Unaudited Audited Unaudited Unaudited Unaudited Audited Unaudited

SA Rand million

US Dollar million

Balance at beginning of period

429

429

436

436

63

63

62

62

Profit for the period

211

90

222

124

27

11

32

17

Dividends paid

(53)
 (4) (131) (88) **(7)**
 (1) (19) (12)

Acquisition of minority interest

(1)
 —
 —
 (91)
 —
 —
 —
 (13)
 —

Net loss on cash flow hedges removed from
 equity and reported in gold sales

12
 6
 14
 4
2
 1
 2
 1

Net loss on cash flow hedges

(5)
 (5) (12) —
(1)
 (1) (2) —

Translation

43
 60
 (9)
 (1)
(3)
 (2) 1 —

Balance at end of period

637
 576
 429
 475
81
 71
 63
 68

*(1) With effect 1 September 2007, AngloGold Ashanti acquired the remaining 15% minorities of Iduapriem.
 Rounding of figures may result in computational discrepancies*

.

14. Derivatives

Hedge book delta reduced by 2.71Moz during the quarter, ahead of schedule.

15. Trade, other payables and deferred income

The amount of \$1,616m (R12,658m) as at 30 June 2008 includes an accrual for the accelerated cancellation of non-hedge derivative contracts amounting to \$1,009m (R7,900m). These accruals were cash settled during the month of July 2008.

16. Exchange rates**Jun****2008****Mar****2008****Jun****2007****Dec****2007**

Unaudited

Unaudited

Unaudited Unaudited

Rand/US dollar average for the year to date

7.64

7.52 7.14 7.03

Rand/US dollar average for the quarter

7.76

7.52 7.07 6.76

Rand/US dollar closing

7.83

8.09 7.02 6.81

Rand/Australian dollar average for the year to date

7.08

6.84 5.78 5.89

Rand/Australian dollar average for the quarter

7.32

6.84 5.88 6.00

Rand/Australian dollar closing

7.54

7.40 5.96 5.98

BRL/US dollar average for the year to date

1.70

1.74 2.04 1.95

BRL/US dollar average for the quarter

1.65

1.74 1.97 1.78

BRL/US dollar closing

1.59

1.74 1.92 1.78

17. Capital commitments**Jun****2008****Mar****2008****Jun**

2007
Dec
2007
Jun
2008
Mr
2008
Jun
2007
Dec
2007

Unaudited Unaudited Unaudited
Audited Unaudited
Unaudited Unaudited
Audited

SA Rand million

US Dollar million

Orders placed and outstanding on capital contracts
at the prevailing rate of exchange

7,510

3,697 4,216 2,968 **948**

457

601

436

Liquidity and capital resources:

To service the above capital commitments and other operational requirements, the group is dependent on existing cash resources, cash generated from operations and borrowing facilities.

Cash generated from operations is subject to operational, market and other risks. Distributions from operations may be subject to foreign investment and exchange control laws and regulations and the quantity of foreign exchange available in offshore countries. In addition distributions from joint ventures are subject to the relevant board approval.

The credit facilities and other financing arrangements contain financial covenants and other similar undertakings. To the extent that external

borrowings are required, the groups covenant performance indicates that existing financing facilities will be available to meet the above

commitments. To the extent that any of the financing facilities mature in the near future, the group believes that these facilities can be refinanced on

similar terms to those currently in place.

18. Contingent liabilities

AngloGold Ashanti's material contingent liabilities at 30 June 2008 are detailed below:

Groundwater pollution – South Africa – AngloGold Ashanti has identified a number of groundwater pollution sites at its current operations in South Africa, and has investigated a number of different technologies and methodologies that could possibly be used to remediate the pollution plumes. The viability of the suggested remediation techniques in the local geological formation in South Africa is however unknown. No sites have been remediated and present research and development work is focused on several pilot projects to find a solution that will in fact yield satisfactory results in

South African conditions. Subject to the technology being developed as a remediation technique, no reliable estimate can be made for the obligation.

Deep groundwater pollution – South Africa – AngloGold Ashanti has identified a flooding and future pollution risk posed by deep groundwater, due to the interconnected nature of operations in the West Wits and Vaal River operations. AGA is involved in Task Teams and other structures to find long term sustainable solutions for this risk, together with industry partners and government. There is too little foundation for the accurate estimate of a liability and

thus no reliable estimate can be made for the obligation.

Provision of surety – South Africa – AngloGold Ashanti has provided sureties in favour of a lender on a gold loan facility with its affiliate Oro Africa (Pty) Ltd and one of its subsidiaries to a maximum value of R100m (\$13m). The suretyship agreements have a termination notice period of 90 days.

Sales tax on gold deliveries – Brazil – Mineração Serra Grande S.A. (MSG), the operator of the Crixas mine in Brazil, has received two tax assessments from the State of Goiás related to payments of sales taxes on gold deliveries for export, one for the period between February 2004 and June 2005 and the other for the period between July 2005 and May 2006. The tax authorities maintain that whenever a taxpayer exports gold mined in the state of Goiás, through a branch located in a different Brazilian State, it must obtain an authorisation from the Goiás State Treasury by means of

a Special Regime Agreement (Termo de Acordo re Regime Especial – TARE). The Serra Grande operation is co-owned with Kinross Gold Corporation. AngloGold Ashanti Brasil Mineração Ltda. manages the operation and its attributable share of the first assessment is approximately \$47m. Although MSG requested the TARE in early 2004, the TARE, which authorised the remittance of gold to the company's branch in Minas Gerais specifically for export purposes, was only granted and executed in May 2006.

In November 2006 the administrative council's second chamber ruled in favour of MSG and fully cancelled the tax liability related to the first period. The State of Goiás has appealed to the full board of the State of Goiás tax administrative council. The second assessment was issued by the State of Goiás in October 2006 on the same grounds as the first one, and the attributable share of the assessment is approximately \$29m. The company believes both assessments are in violation of Federal legislation on sales taxes.

VAT Disputes – Brazil – MSG received a tax assessment in October 2003 from the State of Minas Gerais related to sales taxes on gold allegedly returned from the branch in Minas Gerais to the company head office in the State of Goiás. The tax administrators rejected the company's appeal against the assessment. The company is now discussing the case at the judicial sphere. The company's attributable share of the assessment is approximately \$9m.

Tax Disputes – Brazil – Morro Velho and AngloGold Ashanti Brasil Mineração are involved in disputes with tax authorities. These disputes involve seven federal tax assessments including income tax, social contributions and annual property tax based on ownership of properties outside of urban perimeters (ITR). The amount involved is approximately \$12m.

19. Concentration of risk

There is a concentration of risk in respect of reimbursable value added tax and fuel duties from the Malian government:

- Reimbursable value added tax due from the Malian government amounts to an attributable \$52m at 30 June 2008 (31 March 2008: attributable \$47m). The last audited value added tax return was for the period ended 31 March 2007 and at the balance sheet date an attributable \$23m was still outstanding and \$29m is still subject to audit. The accounting processes for the unaudited amount are in accordance with the processes advised by the Malian government in terms of the previous audits.

- Reimbursable fuel duties from the Malian government amounts to an attributable \$7m at 30 June 2008 (31 March 2008: attributable \$6m). Fuel duty refund claims are required to be submitted before 31 January of the following year and are subject to authorisation by firstly the Department of Mining and secondly the Custom and Excise authorities. An attributable \$5m is still subject to authorisation by the authorities. The accounting processes for the unauthorised amount are in accordance with the processes advised by the Malian government in terms of the previous authorisations. As from February 2006 all fuel duties have been exonerated.

The government of Mali is a shareholder in all the Malian entities. Management is in negotiations with the Government

of Mali to agree a protocol for the repayment of the outstanding amounts. The amounts outstanding have been discounted to their present value at a rate of 6.5%.

There is a concentration of risk in respect of reimbursable value added tax and fuel duties from the Tanzanian government:

- Reimbursable value added tax due from the Tanzanian government amounts to \$15m at 30 June 2008 (31 March 2008: \$17m). The last audited value added tax return was for the period ended 30 April 2008 and at the balance sheet date \$15m was still outstanding which has been subjected to audit. The accounting processes for the unaudited amount are in accordance with the processes advised by the Tanzanian government in terms of the previous audits. The outstanding amounts have been discounted to their present value at a rate of 7.8%.
- Reimbursable fuel duties from the Tanzanian government amounts to \$41m at 30 June 2008 (31 March 2008: \$36m). Fuel duty claims are required to be submitted after consumption of the related fuel and are subject to authorisation by the Customs and Excise authorities. Claims for refund of fuel duties amounting to \$26m have been lodged with the Customs and Excise authorities, which are still outstanding, whilst claims for refund of \$15m have not yet been submitted. The accounting processes for the unauthorised amount are in accordance with the processes advised by the Tanzanian government in terms of the previous authorisations. The outstanding amounts have been discounted to their present value at a rate of 7.8%.

20. Attributable interest

Although AngloGold Ashanti holds a 66.7% interest in Cripple Creek & Victor Gold Mining Company Limited, it is currently entitled to receive 100% of the cash flows from the operation until the loan, extended to the joint venture by AngloGold Ashanti USA Inc., is repaid.

21. Borrowings

AngloGold Ashanti's borrowings are interest bearing.

22. Announcements

On 6 May 2008, AngloGold Ashanti announced the retirement of Mrs E Le R Bradley from the board effective 6 May 2008.

On 6 May 2008, AngloGold Ashanti announced the completion of the initial JORC-compliant resource estimate for the La Colosa deposit, the second significant greenfields discovery (Gramalote being the first) in Colombia, which was discovered by AngloGold Ashanti's Colombian greenfields exploration team during 2006. The Project which is 100% owned by AngloGold Ashanti and is located 150km west of Colombia's capital city, Bogota, in the department of Tolima and is expected to yield some 12.9Moz of inferred Mineral Resource at a gold price of \$1,000/oz.

On 15 May 2008, AngloGold Ashanti announced that it had terminated the process related to its proposed sale of its interests in Morila Limited, due to the fact that no proposals were received which met the company's value criteria for such a sale. AngloGold Ashanti will remain a joint venture partner in Morila Limited, together with Randgold Resources Limited and consequently, through Morila Limited, a joint venture partner together with the Government of Mali in Morila SA. Randgold Resources will continue as the operator of Morila Gold Mine.

On 16 May 2008, AngloGold Ashanti announced that it had completed the transaction to acquire a 15.9% direct interest in B2Gold and increase B2Gold's interest in certain Colombian properties, as announced on 14 February 2008

On 29 May 2008, AngloGold Ashanti announced its amendment to the merger agreement to acquire 100% of Golden Cycle Gold Corporation (GCGC) to adjust the consideration that GCGC shareholders receive from 0.29 AngloGold Ashanti ADRs to 0.3123 AngloGold Ashanti ADRs to account for the effects of the AngloGold Ashanti rights offer announced on 23 May 2008. GCGC shareholders approved the merger on 30 June 2008 at a general meeting and the merger became effective on 1 July 2008 at which time, AngloGold Ashanti acquired the remaining 33% shareholding in CC&V. A total of 3,181,198 AngloGold Ashanti ADRs were issued pursuant to this transaction.

On 26 June 2008, AngloGold Ashanti announced that the Johannesburg High Court ruled that the exception lodged by AngloGold Ashanti in respect of Mr Thembekile Mankayi's claim for damages against the company had been upheld. Mr Mankayi had lodged a R2.7m claim in respect of occupational lung disease allegedly sustained during his employment at AngloGold Ashanti's then Vaal Reefs mine in the 1990s. The finding confirms that employees who qualify for benefits in respect of the Occupational Diseases in Mines and Works Act (ODMWA) may not, in addition, lodge civil claims against their employers in respect of their relevant conditions.

On 30 June 2008, AngloGold Ashanti announced further changes to its Executive Management as part of its previously announced transformation.

Shareholders at a general meeting held on 22 May 2008 approved the issue of new ordinary shares to AngloGold Ashanti ordinary and E ordinary shareholders by way of a rights offer at a ratio of 24.6403 rights offer shares for every 100 AngloGold Ashanti shares held on the record date of 6 July 2008. The Final terms of the rights offer were announced on 23 May 2008 resulting in a total of 69,470,442 new rights offer shares being offered to shareholders at a subscription price of R194.00 per share. On 7 July 2008, AngloGold Ashanti announced that the rights offer closed on 4 July 2008 and that 68,105,143 shares had been subscribed for (98% of rights offered) which shares were issued on 7 July 2008. Applications to acquire additional shares amounting to 400,468,713 shares (or 576.5%) had been received and the remaining 1,365,299 shares were issued on 11 July 2008. A total of R13.477bn was raised.

On 29 July 2008, AngloGold Ashanti announced the resignation of Simon Thompson from the board, effective 28 July 2008.

23. Dividend

The directors have today declared Interim Dividend No. 104 (Interim Dividend No. 102: 90) of 50 South African cents per ordinary share for the six months ended 30 June 2008. In compliance with the requirements of Strate, given the company's primary listing on the JSE Limited, the salient dates for payment of the dividend are as follows:

To holders of ordinary shares and to holders of CHESS Depositary Interests (CDIs)

Each CDI represents one-fifth of an ordinary share

2008

Currency conversion date for UK pounds, Australian dollars and Ghanaian cedis

Thursday, 14 August

Last date to trade ordinary shares cum dividend

Friday, 15 August

Last date to register transfers of certificated securities cum dividend

Friday, 15 August

Ordinary shares trade ex dividend

Monday, 18 August

Record date

Friday, 22 August

Payment date

Friday, 29 August

On the payment date, dividends due to holders of certificated securities on the South African share register will either be electronically transferred to shareholders' bank accounts or, in the absence of suitable mandates, dividend cheques will be posted to such shareholders.

Dividends in respect of dematerialised shareholdings will be credited to shareholders' accounts with the relevant CSDP or broker.

To comply with the further requirements of Strate, between Monday, 18 August 2008 and Friday, 22 August 2008, both days inclusive, no transfers between the South African, United Kingdom, Australian and Ghana share registers will be permitted and no ordinary shares pertaining to the South African share register may be dematerialised or rematerialised.

To holders of American Depositary Shares

Each American Depositary Share (ADS) represents one ordinary share

2008

Ex dividend on New York Stock Exchange

Wednesday, 20 August

Record date

Friday, 22 August

Approximate date for currency conversion

Friday, 29 August

Approximate payment date of dividend

Monday, 8 September

Assuming an exchange rate of R7.3605/\$1, the dividend payable on an ADS is equivalent to 6.7 US cents. This compares with the final dividend of 6.6 US cents per ADS paid on 17 March 2008.

However, the actual rate of payment will depend on the exchange rate on the date for currency conversion.

To holders of Ghanaian Depositary Shares (GhDSs)

100 GhDSs represent one ordinary share

2008

Last date to trade and to register GhDSs cum dividend

Friday, 15 August

GhDSs trade ex dividend

Monday, 18 August

Record date

Friday, 22 August

Approximate payment date of dividend

Monday, 1 September

Assuming an exchange rate of R1/¢0.1561, the dividend payable per GhDS is equivalent to 0.78 cedis.

This compares with the final dividend of 0.065 cedis per Ghanaian Depositary Share (GhDS) paid on 10 March 2008. However, the actual rate of payment will depend on the exchange rate on the date for currency conversion. In Ghana, the authorities have determined that dividends payable to residents on the Ghana share register be subject to a final withholding tax at a rate of 10%, similar to the rate applicable to dividend payments made by resident companies which is currently at 10%.

In addition, directors have today declared Interim Dividend No. E4 (Interim Dividend No E2: 45) of 25 South African cents per E ordinary share, payable to employees participating in the Bokamoso ESOP and Izingwe Holdings (Proprietary) Limited. These dividends are payable on 29 August 2008.

By order of the Board

R P EDEY

M CUTIFANI

Chairman

Chief Executive Officer

30 July 2008

Segmental reporting

for the quarter and six months ended 30 June 2008

Quarter

Quarter

Quarter

Six months

Six months

Quarter

Quarter

Quarter

Six months

Six months

ended

ended

ended

ended

ended

ended

ended

ended

ended

ended

Jun

Mar

Jun

Jun

Jun

Jun

Mar

Jun

Jun

Jun

2008

2008

2007

2008

2007

2008

2008

2007

2008

2007

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Gold income

South Africa

3,124

2,450

2,281

5,574

4,746

402

324

323

726

663

Argentina

29

316

252

345

518

4

41

36

45

72

Australia

92

727

483

819

1,036

14

96

68

110

145

Brazil

270

757

468

1,027

960

36

101

66

137

134

Ghana

1,241

835

567

2,077

1,117

159

110

80

269

156

Guinea

768

673

304

1,441

684

99

89

43

188

95

Mali

(241)

588

429

347

946

(29)

78

61

49

132

Namibia

17

84

88

101

182

2

11

12

14

25

Tanzania

1,426

445

163

1,872

349

181

59

23

240

49

USA

782

369

187

1,151

348

100

48

26

148

49

7,508

7,245

5,222

14,753

10,886

968

958

739

1,926

1,522

**Gross (loss) profit adjusted for
the gain (loss) on unrealised non-
hedge derivatives and other
commodity contracts**

South Africa

(3,045)

1,013

741

(2,032)

1,541

(381)

130

105

(251)

215

Argentina

(210)

62

97

(148)

202

(27)

8

14

(19)

28

Australia

(659)

168

212

(491)

444
(83)
23
30
(60)
62
Brazil
(482)
299
225
(182)
479
(60)
40
32
(20)
67
Ghana
(832)
90
87
(741)
149
(105)
12
12
(93)
21
Guinea
(203)
205
7
2
56
(25)
27
1
2
8
Mali
(696)
195
147
(500)
330
(87)
26
21
(62)
46
Namibia

(66)
22
26
(44)
55
(8)
3
4
(5)
8
Tanzania
(526)
(98)
81
(624)
68
(66)
(13)
11
(79)
9
USA
(300)
167
111
(133)
218
(37)
22
16
(15)
31
Other
110
(28)
(46)
79
(22)
14
(4)
(7)
10
(3)
(6,909)
2,095
1,688
(4,814)
3,520
(866)
274
239

(592)

492

**Adjusted gross profit (loss)
normalised for accelerated
settlement of non-hedge
derivatives**

South Africa

838

1,013

741

1,851

1,541

108

130

105

238

215

Argentina

(54)

62

97

8

202

(7)

8

14

1

28

Australia

78

168

212

246

444

10

23

30

33

62

Brazil

299

299

225

598

479

39

40

32

79

67

Ghana

(6)

90

87

84

149

(1)

12

12

11

21

Guinea

176

205

7

381

56

23

27

1

50

8

Mali

174

195

147

370

330

22

26

21

48