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 X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
Yes No X
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
Yes No X
Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No X

Enclosure: Press release **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 Khotsong** 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 Serrotinho 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 Thritiya, 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 planed 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**

US Dollar million	**Notes**	**As at June 2008** Unaudited	**As at March 2008** Unaudited	**As at December 2007** Audited	**As at June 2007** 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**

SA Rand million	**Quarter ended June 2008**	**Quarter ended March 2008**	**Quarter ended June 2007**	**Six months ended June 2008**	**Six months ended June 2007**
	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)
Acqusition 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)
Acqusition 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