

ANGLOGOLD ASHANTI LTD

Form 6-K

April 11, 2013

**UNITED STATES**

**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 April 11, 2013

Commission File Number 1-14846

AngloGold Ashanti Limited

(Name of registrant)

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: **ANGLOGOLD ASHANTI INTEGRATED REPORT FOR THE YEAR ENDED  
DECEMBER 31, 2012**

**2012**

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ANNUAL  
INTEGRATED  
REPORT

Safety is our first value.

We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work.

We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resources and systems to deliver on our most important commitment ... to care.

We treat each other with dignity and respect.

We believe that individuals who are treated with respect and who are entrusted to take responsibility respond by giving their best. We seek to preserve people's dignity, their sense of self-worth in all our interactions, respecting them for who they are and valuing the unique contribution that they can make to our business success. We are honest with ourselves and others, and we deal ethically with all of our business and social partners.

We value diversity.

We aim to be a global leader with the right people for the right jobs. We promote inclusion and team work, deriving benefit from the rich diversity of cultures, ideas, experiences and skills that each employee brings to the business.

We are accountable for our actions and undertake to deliver on our commitments.

We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.

The communities and societies in which we operate will be better off for AngloGold Ashanti having been there.

We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

We respect the environment.

We are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

#### MISSION

To create value for our shareholders, our employees and our business and social partners through safely and responsibly exploring, mining and marketing our products. Our primary focus is gold and we will pursue value creating opportunities in other minerals where we can leverage our existing assets, skills and experience to enhance the delivery of value.

#### VALUES

OUR  
VISION  
TO BE THE LEADING MINING COMPANY

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Tito Mboweni

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Forward-looking statements

Certain statements contained in this document, other than statements of historical fact, including, without limitation, those concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs and other operating results, return on equity, productivity improvements, growth prospects and outlook of AngloGold

Ashanti's operations, individually or in the aggregate, including the achievement of project milestones, commencement and completion of commercial operations of certain of AngloGold

Ashanti's exploration and production projects and the completion of acquisitions and dispositions, AngloGold Ashanti's liquidity and capital resources and capital expenditures and

the outcome and consequence of any potential or pending litigation or regulatory proceedings or environmental issues, are forward-looking statements regarding AngloGold Ashanti's

operations, economic performance and financial condition. These forward-looking statements or forecasts involve known and unknown risks, uncertainties and other factors that may

cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these

forward-looking statements. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements and forecasts are reasonable, no assurance can be

given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other

factors, changes in economic, social and political and market conditions, the success of business and operating initiatives, changes in the regulatory environment and other government

actions, including environmental approvals, fluctuations in gold prices and exchange rates, the outcome of pending or future litigation proceedings, and business and operational risk

management. For a discussion of such risk factors, refer to the document entitled "Risk Factors related to AngloGold Ashanti's suite of 2012 reports" on the AngloGold Ashanti online

corporate report website at [www.aga-reports.com](http://www.aga-reports.com). These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's actual results to differ materially

from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Consequently, readers are

cautioned not to place undue reliance on forward-looking statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking

statements to reflect events or circumstances after the date of this Integrated Report or to reflect the occurrence of unanticipated events, except to the extent required by applicable

law. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein. This communication may contain certain “Non-GAAP” financial measures. AngloGold Ashanti utilises certain Non-GAAP performance measures and ratios in managing its business. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any other measures of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies may use. AngloGold Ashanti posts information that is important to investors on the main page of its website at [www.anglogoldashanti.com](http://www.anglogoldashanti.com) and under the “Investors” tab on the main page. This information is updated regularly. Investors should visit this website to obtain important information about AngloGold Ashanti.

**02**

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**87**

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**06**

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**16**

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**22**

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**33**

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**112**

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**101**

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See the guide to using our reports on the inside back cover and flap.

Guide to using our reports

CONTENTS

Detailed individual profiles for each operation and project will be made available on the corporate website at [www.aga-reports.com](http://www.aga-reports.com) during the second quarter of 2013.

**2012 ANNUAL INTEGRATED REPORT**

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**INTRODUCTION**

**THIS SECTION INDICATES THE SCOPE AND  
BOUNDARY OF OUR REPORT AND HIGHLIGHTS  
THE KEY FEATURES OF THE YEAR.**

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## INTRODUCTION

### SCOPE OF REPORT

This is the Annual Integrated Report for AngloGold Ashanti Limited (AngloGold Ashanti) for the period 1 January 2012 to 31 December 2012 (our 2012 financial year).

For ease of use, a detailed guide to using our reports may be found on the flap of the inside back cover of this report. An interactive online guide is to be found at [www.aga-reports.com](http://www.aga-reports.com).

### COMPILATION OF THIS REPORT

This Annual Integrated Report has been produced in line with the recommendations of the South African King Code on Corporate Governance, 2009 (King III) and the Listings Requirements of the Johannesburg Stock Exchange (JSE), the home of our primary listing.

We have taken cognisance of both local and international recommendations on integrated reporting in developing our report content and the style of reporting. In particular, we have followed the guiding principles and content elements advocated by the International Integrated Reporting Committee and published in its pilot guidelines “TOWARDS INTEGRATED REPORTING: Communicating Value in the 21st Century”, and have adapted these to meet our specific operating and business circumstances.

This report seeks to provide a holistic view of our business – now and in the future – covering operational, financial and non-financial information. We have identified and engaged with a diverse range of stakeholders – see page 23. While we have endeavoured to report in a way that is understandable and relevant to a broad range of stakeholders, we have – for the purposes of our reporting – identified our priority stakeholder groups. See diagram below.

We have also taken cognisance of those issues that we believe are most material to the group’s future sustainability, identified through our combined assurance process and the views expressed by stakeholders. This is discussed in greater detail on page 114, and has informed the content of this report.

As this is a group-level report, operational targets and performance are discussed at a regional rather than operational level, although some operational detail is provided where this is appropriate. For detailed operational performance, readers are referred to our 2012 Operational and Project Profiles, which will be made available on our website [www.aga-reports.com](http://www.aga-reports.com).

The report addresses the most significant aspects of our business and forms part of a comprehensive suite of annual reports to stakeholders for 2012.

Key  
stakeholders

Governments  
Shareholders  
and financiers

Communities

Employees

Our priority  
stakeholder groups

A series of podcast interviews with key  
members of management is available  
at [www.aga-reports.com/12/podcasts](http://www.aga-reports.com/12/podcasts).

Under discussion are significant aspects  
of AngloGold Ashanti's performance in  
2012 and prospects for the year ahead.

## 2012 ANNUAL INTEGRATED REPORT

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While we endeavour to move towards a fully integrated online platform for reporting, we note that many stakeholders will not have access to our website, and that some stakeholders prefer printed copies of our reports. This report is accessible both online and as a printed report, available on request from the company secretary at [companysecretary@anglogoldashanti.com](mailto:companysecretary@anglogoldashanti.com), PO Box 62117, Marshalltown, Johannesburg, 2107. To further facilitate communication, where relevant, several of these reports have been translated into French, Spanish and Portuguese.

Our reports cover all operations and entities in which the group has a controlling interest and which are under our management, or where the company has interests or joint ventures in the management structure. Information relating to joint ventures and other interests is provided for context.

### ASSURANCE AND APPROVALS

AngloGold Ashanti's suite of 2012 annual reports have been reviewed and assured as follows:

- Following its recommendation by the Audit and Corporate Governance Committee, this Annual Integrated Report 2012 was approved by the board of directors on 19 March 2013.

- The Annual Financial Statements 2012 for the year ended 31 December 2012 were approved by the Board of Directors on 19 March 2013. In accordance with Section 29(1)(e)(ii) of the Companies Act, No 71 of 2008, the Annual Financial Statements for AngloGold Ashanti Limited for the year ended 31 December 2012 were audited by Ernst & Young Inc., the company's independent external auditors, whose unqualified audit report may be found on page 67 of the Annual Financial Statements. These financial statements were prepared by the corporate reporting staff of AngloGold Ashanti Limited, headed by John Edwin Staples, the group's Chief Accounting Officer. This process was supervised by Srinivasan Venkatakrishnan, the group's Chief Financial Officer and Mark Cutifani, the group's Chief Executive Officer.

- The Sustainability Report 2012 and Online Sustainability Report 2012 were approved by the board of directors on 19 March 2013. AngloGold Ashanti has declared an A+ application in line with the Global Reporting Initiative's (GRI's) G3.0 guidelines and the Mining and Metals Sector Supplement. Ernst & Young Inc. have assured certain sustainability information in these reports, the assurance statement for which may be found at [www.aga-reports.com/12/assurance](http://www.aga-reports.com/12/assurance).

- The Mineral Resource and Ore Reserve Report 2012 was

approved by the board of directors on 19 March 2013. The chairman of the Mineral Resource and Ore Reserve Steering Committee assumes responsibility for this report.

#### PROGRESSION TOWARDS INTEGRATED REPORTING AND COMBINED ASSURANCE

AngloGold Ashanti is committed to the progressive implementation of integrated reporting at all levels of our business. This reporting should, and does, reflect a holistic account of our business – both financial and non-financial objectives and our performance against them, and our vision for the future. Under the guidance of the Audit and Corporate Governance Committee, a combined assurance model has been adopted with the aim of providing a co-ordinated approach to all assurance activities. We believe that this will enable the board and management to assess whether the significant risks facing the group are completely and adequately mitigated. The combined assurance model facilitates a group wide integration and leveraging of the various control, governance and assurance processes and its introduction has brought a new dimension to assurance within the group through the value being derived from integrated assurance teams.

During 2012, all significant operations within AngloGold Ashanti were subjected to risk based, integrated, technical or commercial combined assurance reviews. The outcome of these reviews provided reasonable assurance to allow the board, on recommendation from the Audit and Corporate Governance Committee, to conclude on the effectiveness of the group's system of internal controls.

See the Statement on combined assurance on page 114.

#### FOR NOTING

The following key parameters should also be noted in respect of our reports:

- Production is expressed on an attributable basis unless otherwise indicated.
- The average number of employees is reported for AngloGold Ashanti subsidiaries and joint ventures. Employee numbers for joint ventures represents the group's attributable share.
- There were no restatements during the year for the group annual financial statements.
- Unless otherwise stated, \$ or dollar refers to US dollars throughout this suite of reports.
- Locations on maps are for indication purposes only.
- Group and company are used interchangeably except in the summarised financial information.

- Statement of financial position and balance sheet are used interchangeably.

For terminology used refer to the Glossary of Terms and Non-GAAP Disclosure at [www.aga-reports.com](http://www.aga-reports.com).

SCOPE OF REPORT **continued**

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INTRODUCTION

KEY FEATURES OF THE YEAR

For the group

AIFR

(1)

(per million hours worked)

08

09

10

11

12

0

5

10

15

20

9.76

7.72

11.50

12.88

16.66

Gold production

(000oz)

08

09

10

11

12

0

1,000

2,000

3,000

4,000

5,000

4,331

3,944\*

4,515

4,599

4,982

Productivity

(oz/TEC)

08

09

10

11

12

0

2

4

6  
8  
10  
12  
9.32  
8.07  
9.15  
9.40  
9.94  
Total cash costs  
(\$/oz)  
08  
09  
10  
11  
12  
0  
200  
400  
600  
800  
1,000  
728  
862\*  
638  
514  
444  
(1)  
*All injury frequency rate*  
Return on equity  
(2)  
(%)  
08  
09  
10  
11  
12  
0  
5  
10  
15  
20  
25  
30  
18\*  
25  
20  
26  
1  
Number of reportable environmental incidents  
08

09  
10  
11  
12  
0  
10  
20  
30  
40  
50  
60  
27  
16  
27  
51  
55

Community investment

(\$m)

08  
09  
10  
11  
12  
0  
5  
10  
15  
20  
25  
24.91  
20.61  
16.08  
10.88  
8.44  
(2)

*Excludes hedge buy-back costs in years 2008 – 2010*

*\* Gold production, total cash costs and return on equity were adversely impacted in 2012, primarily due to the unprotected strike in South Africa.*



**2012 ANNUAL INTEGRATED REPORT**

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ORGANISATIONAL  
OVERVIEW AND  
BUSINESS  
MODEL

THIS SECTION ADDRESSES WHAT WE  
DO, AND HOW WE CREATE AND SUSTAIN  
VALUE FOR OUR STAKEHOLDERS.

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## ORGANISATIONAL OVERVIEW AND BUSINESS MODEL OUR TARGETS

In 2010, the AngloGold Ashanti board agreed a set of five-year targets for the period 2011 to 2015. Our targets will drive the creation of real and long-term beneficial relationships with social and business partners within the company and the communities in which we operate. These targets relate to key areas of performance and define our vision of leadership in our sector. One target, that relating to social performance, was re-considered as we sought to identify and report on meaningful and quantifiable measures of impact. Consequently, we have not reported on these targets here. We expect to advise on these in the year ahead.

These five-year targets – listed below – are aligned with our strategy which is discussed on page 17. AngloGold Ashanti may not be able to reach these targets. Refer to the “Forward-looking statements” on page 1 of this report, to the section entitled “Understanding and mitigating our risks” on page 24 of this report, and to the document entitled “Risk factors related to AngloGold Ashanti’s suite of 2012 reports” which is available on AngloGold Ashanti’s online corporate report website [www.aga-reports.com](http://www.aga-reports.com).

### FIVE-YEAR TARGETS AND PERFORMANCE SCORECARD

Five-year targets (2011 to 2015)

Focus area

Five-year delivery target

Key performance indicator

Safety

All injury frequency rate (AIFR) of less than 9 per million hours worked

AIFR

Production

volumes

Between 5.4Moz and 5.6Moz gold produced by 2015

Total gold production (Moz)

Productivity

20% improvement in productivity (base year 2010)

Productivity per total employee

costed (oz/TEC)

Total cash costs

20% decrease in real unit costs (excluding mining inflation, royalty and fuel price impact) (base year 2010)

Total cash costs (\$/oz)

Financial

performance

Delivery of returns to shareholders of 15% through the cycle

Shareholder returns

Environmental  
performance

30% reduction in reportable incidents (base year 2010)

Number of reportable  
environmental incidents

**2012 ANNUAL INTEGRATED REPORT**

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**OUR PERFORMANCE SCORECARD**

As we have completed the second year into our target period, we report back to stakeholders on our performance in the following scorecard.

Target

Progress

KPI Performance in 2012

Safety:

To achieve an AIFR of less than 9 per million hours worked, we must reduce our AIFR by 34% by 2015.

Base: Actual three-year rolling average 2008 to 2010 of 13.68 per million hours worked

Actual 2012: 7.72 per million hours worked

Production volumes:

To produce between 5.4Moz and 5.6Moz of gold by 2015, we must increase production by at least 20% by 2015.

Base: 4.51Moz in 2010

Actual 2012: 3.94Moz

Productivity:

To achieve a 20% improvement in productivity (oz/TEC), we must increase productivity to 10.98oz/TEC by 2015.

Base: 9.15oz/TEC in 2010

Actual 2012: 8.07oz/TEC

AIFR

(per million hours worked)

12

11

0

2

4

6

8

10

9.00

9.76

7.72

2015 target

14%

**above target;**

44%

**improvement**

**on base**

Production

(Moz)

12

11

0

1

2

3

4

5

6

5.40

4.33

3.94

2015 target

27%

**below target**

Productivity

(oz/TEC)

12

11

0

2

4

6

8

10

12

10.98

9.32

8.07

2015 target

27%

**below target**

Production in 2012 was adversely impacted by the unprotected strike in South Africa, as well as an increased number of safety-related stoppages. Expected future growth in production to come from Tropicana, Kibali and CC&V. The 2015 production target will be affected by asset sales as well as a decision taken in early 2013 to focus on higher margin areas in South Africa.

The lower productivity in 2012 is primarily as a result of decreased South African production volumes and lower grades from underground operations.

FIVE-YEAR TARGETS AND

PERFORMANCE SCORECARD **continued**

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## ORGANISATIONAL OVERVIEW AND BUSINESS MODEL

Target

Progress

KPI Performance in 2012

Total cash costs:

To achieve a 20% improvement in real unit costs by 2015, we must reduce real unit costs to \$510/oz by 2015.

Base: \$638/oz

Actual 2012: \$862/oz\*  
(\$693/oz excluding mining inflation, royalty impact)

Financial performance:

To achieve a return on equity of 15% through the cycle to 2015.

Base: 20%

Actual 2012: 18%

Environmental performance:

To achieve a 30% reduction in reportable incidents, we must reduce the number of reportable environmental incidents to less than 19 a year by 2015.

Base:

27 environmental incidents reported in 2010

Actual 2012:

16 environmental incidents reported in 2012

Five-year target was met in two years.

Social performance:

Our social performance targets are under development. We expect to report on these in 2013. See our Sustainability Report for

a detailed account of our performance, [www.aga-reports.com](http://www.aga-reports.com)

Total cash costs

(\$/oz)

12

11

0

200

400

600

800

1,000

510

(2)

645

(2)

728

(1)

693

(2)

862

(1)

2015 target

**target**

**missed by**

36%

Return on equity

(%)

12

11

0

5

10

15

20

25

18

15

25

2015 target

20%

**above target**

Environmental incidents

12

11

0

5

10

15

20

25

30

19

27

16

2015 target

16%

**above target;**

41%

**improvement**

**on base**

Cash cost performance in 2012 was adversely impacted

by lower gold production among other factors. We expect efficient cost control measures and lower cost ounces from growth projects to improve the level of cost performance (in real terms) going forward.

Return on equity in 2012 is lower than 2011 due to reduced earnings arising mainly from the aforementioned operational issues in South Africa and lower earnings.

(1)

*Nominal*

(2)

*Real*



**2012 ANNUAL INTEGRATED REPORT**

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After a difficult year in the global gold mining industry and, more specifically, within AngloGold Ashanti, I recently had the privilege of meeting many of our largest institutional investors and was able to hear their concerns about the company first hand. This engagement followed my desire to discuss with our shareholders the departure of Mark Cutifani and the process that the board of directors has put in place to find an appropriate successor. The views expressed covered everything from the need to “focus on the basics” and improve our production and cost performance, to reviewing our portfolio of assets and potentially undertaking more significant corporate restructuring. This is a set of insights and observations that I have discussed with my colleagues on the board and, together with the management team, we are identifying ways to improve the company’s value proposition going forward.

Regarding safety, an operational priority for us, I offer my condolences to the families, friends and colleagues of the 18 people who died in accidents at our operations and exploration sites during 2012. I remarked last year on the regrettable lack of progress in improving our record of fatalities since the marked improvement recorded in 2008. This despite the steady improvement in our all injury frequency rate over this period. In 2012 in fact, we reported an increase in the number of fatalities compared to previous years. Our management will address this as a matter of great urgency in the year ahead. We are gratified at the continuing, significant improvement in injury rates and trust that this will help eliminate fatalities.

In my almost two years as chairman of AngloGold Ashanti, I have had the opportunity to visit most of the company’s operations. This has been an invaluable experience and has helped me to develop a deep understanding of our company and its global operating and exploration reach. One notable pattern that I have observed has been the penetration of Project ONE throughout the organisation, and the commitment of our staff to this project and to the company as a whole. This is an important positive differentiator in our case. Management’s work on business process improvement initiatives has proceeded apace and most operations have now completed implementation of these initiatives with the focus now being on the refining and tightening up of systems and processes.

These visits have also brought to life the many challenges we face, some for the company and some for the industry more broadly; resource nationalism, tough or poorly managed tax regimes and currency volatility are among the latter.

Closer to home are the imperatives of good environmental management and dealing with the legacy of historical, poor environmental practices. Many of our operations and other concessions in the developing world experience

encroachments by small-scale (and sometimes not-so-small scale) artisanal miners. Very often these activities have been the basis of subsistence economies for centuries, yet commercial mining is vital to economic development in these jurisdictions and we are entitled to have our rights secured. In respect of these and other social challenges, our sustainability efforts are critical. Our operations display uneven progress, though we are certainly headed in the right direction.

A further challenge in 2012 was the prolonged unprotected strike at our South African operations – and much of the rest of the gold and platinum sector. From late September 2012, we found ourselves unexpectedly engulfed by a wave of unprocedural militancy whose origins are complex and multifaceted.

It signalled to the industry, national and local government and the trade unions which have dominated the industry for the past 25 years a need for introspection regarding the shortcomings and the need for action, both within our company and in partnership with each other, to remedy those. At the same time, it is with some pride that, notwithstanding the unprocedural and unprotected nature of the strike, our management and employees dealt with the trying circumstances with minimal conflict and virtually no violent incidents.

Early in the financial year, we received an upgrade to our international investment credit rating by Moody's Investor Service, in recognition of operating improvements and our overall prudent gearing levels and liquidity. Six months later, in the wake of the downgrade of South Africa's sovereign debt rating by three of the foremost global ratings agencies we were faced, along with several other major South African

LETTER FROM OUR CHAIRMAN,  
TITO MBOWENI

The year 2012 proved to be an extremely challenging one for AngloGold Ashanti and much of the rest of the extractive sector, both in our country of domicile, South Africa and around the world.

*Tito Mboweni*  
*Chairman*

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## ORGANISATIONAL OVERVIEW AND BUSINESS MODEL

corporations, with being placed on a watch list for a possible downgrade by one of these agencies, Standard & Poor's.

It was only thanks to the company's resilience and the decisive proactive steps taken that we were able to defend our investment grade rating. During 2012, we also undertook long-term debt raisings to further improve our debt maturity profile and enhance our liquidity headroom.

The company's efforts to create new scope for growth bore fruit during 2012. Our developments at Tropicana in Australia, Kibali in the DRC and Gramalote in Colombia are extremely exciting. Both Tropicana and Kibali are forecasting first gold pours within the next 12 months of this letter and this we believe will be an important driver in the re-rating upwards of our equity valuation. In addition to the strong immediate pipeline of our projects, we were active in pursuing value-accretive acquisitions. We acquired, for \$335m, First Uranium (Pty) Limited, the owner of Mine Waste Solutions, a recently commissioned tailings retreatment operation located close to our South African Vaal River tailings facilities. The asset is expected to contribute around 110,000oz to annual production at competitive costs as we go into 2013 and 2014. This acquisition has also rendered unnecessary a substantial capital investment that would have been required to construct a plant to process our other Vaal River tailings. We also acquired from Kinross Gold Corporation for \$220m its 50% interest in the Serra Grande mine in Brazil, giving us full ownership of the asset. This acquisition should increase AngloGold Ashanti's production by some 70,000oz a year, as well as enhancing our Mineral Resource and Ore Reserve and diversifying our global portfolio base.

For now, the return on these and our other investments, and the pay-off for operational improvements is slightly dampened by the fact that the gold price, surprisingly, continues to lack any real conviction in the face of the continuing uncertainty in the global economy. The temporary solution to the fiscal cliff still leaves the issue of the US debt ceiling unresolved which might further damage prospects for the US dollar.

On-going uncertainty in Europe around economic growth and the potential for further sovereign funding stress should also have underpinned the investment case for gold. However, the success of central bankers in mitigating some of this risk has undermined that investment case to some extent.

Nonetheless, continued loose monetary policy in the United States and Europe, with added impetus more recently from Japan, will ensure that real interest rates in these economic blocs will not rise anytime soon. This, in conjunction with continued central bank buying – from mainly non-member countries of the Organisation for Economic Co-operation and Development (OECD) – and improved Chinese off-take

in the face of stronger economic prospects from that region, should support the gold price in the medium term. With other emerging markets, especially the Indian economy improving following tighter economic policy initiatives, we expect some local currencies to strengthen, thereby pushing down the price of gold in local currency terms. This will in turn stimulate jewellery demand and consequently the gold price.

As you will be acutely aware, our share price – along with those of many of our gold mining peers – suffered a marked decline during the year. A confluence of factors has weighed on these valuations, most notably heightened socio-political risk across several mining jurisdictions, a seemingly inexorable rise in costs, some injudicious capital allocation and poor delivery on production targets. While we have scored higher in some areas than others, we are mindful that we must move with purpose to address these broad industry concerns where possible to help improve our valuation. At the heart of our efforts is a concerted drive to continually improve our operations to more consistently achieve our guidance and enhance predictability of our earnings. All the while, we will continue to make judicious, disciplined decisions on capital allocation in order to ensure we maintain our record of delivering industry-leading returns. We will continue to evaluate the impact of these efforts and make adjustments where necessary as we work to deliver real value to our shareholders.

In conclusion, regarding changes to the board, I'd like to welcome Michael Kirkwood, who joined us from 1 June 2012. His vast experience in the international financial arena has already enhanced the skills set of the board. On 20 February 2013, Tony O'Neill was appointed as a member of the board. Tony is a recognised global business and technical expert in the mining industry.

I would also like to pay tribute to the three non-executive directors who will be retiring at the annual general meeting in May 2013. Frank Arisman and Bill Nairn have served the board with distinction for many years, Frank since the founding of AngloGold Ashanti in 1998 and Bill since 2000. We all owe them a great deal for their hard work and imparted wisdom. We will also bid farewell to Ferdinand Ohena-Kena, with us since 2010. He, too, has made a singular contribution to the work of this board.

Lastly, I want to pay tribute to our Chief Executive Officer of the past five years, Mark Cutifani, whose departure was announced in January 2013. I thank him for five years of leadership.

While we will seek to find a successor as speedily as possible, we will be sufficiently patient to ensure that we select the best possible candidate. In the meanwhile, I cannot think of two safer pairs of hands than those of Srinivasan Venkatakrisnan and Tony O'Neill in which to entrust your company during this transition phase.

TT Mboweni  
Chairman  
19 March 2013

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**OUR BUSINESS**

AngloGold Ashanti, one of the world's foremost gold exploration, mining and marketing companies, holds a portfolio of operations and projects on four continents, and has a worldwide exploration programme. We work across the full spectrum of the mining value chain, and are concerned with the impact of our activities on the diverse communities and environments in which we operate.

**OPERATIONS**

1

Argentina

5

Guinea

8

South Africa

9

Tanzania

Cerro Vanguardia (92.5%)

Siguiri (85%)

Vaal River

Geita

2

Australia

6

Mali

Great Noligwa

10