ANGLOGOLD ASHANTI LTD
Form 6-K
April 11, 2018

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 March 29, 2018
Commission File Number 1-14846
AngloGold Ashanti Limited
(Name of registrant)
76 Rahima Moosa 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 **ANGLOGOLD ASHANTI LIMITED – INTEGRATED REPORT FOR THE YEAR ENDED DECEMBER 31, 2017**

HOW TO USE THIS REPORT

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Picture:
Mponeng, South Africa

OVERVIEW
SECTION 1

We provide an overarching view of our reports, including the Chairman's message to stakeholders, our corporate profile and the year's highlights, as well as the CEO's account of our delivery on the previous year's commitments, and the outlook for the year ahead.

Picture:
Siguiri, Guinea

About this report

This integrated report, covering the year from 1 January to 31 December 2017, offers a concise review of our performance and progress in delivering on our strategic objectives, while taking into account our external operating environment (the ensuing opportunities and material risks identified), as well as actions taken in mitigation. We also report on our regional operational performance and provide a view on our growth options for the future and long-term sustainability of the business.

Underpinning all that we do are our corporate values, our code of ethics and our governance framework. These are especially significant given the recent adoption of the King IV Report on Corporate Governance for South Africa, 2016 (King IV), to which an integrated approach to the strategy and operations of a business, are integral. Integrated reporting is a natural outcome of this approach. King IV has been applied throughout this report.

Our integrated report takes into account the socio-economic context in which we operate, the factors giving rise to the material risks and opportunities that may affect our ability to create value – including the gold industry landscape – and the various interdependent stakeholders whose needs, interests and expectations have an impact on us.

Our reporting also acknowledges our role as a corporate citizen within this context, and the consequent rights, responsibilities and obligations conferred upon us as a result.

The material risks and issues reported are those considered most likely to affect the sustainability of our business in the short, medium and long term. In identifying these, as well as any opportunities, we have taken into account our operating context and stakeholder feedback during the year. Our material issues are discussed in full in the
<SDR>
.

The information presented in this report, aimed primarily at current and potential investors and financiers, we believe should enable them and other interested stakeholders to assess the viability of our business and our ability to create value.

In addition to King IV, this report is aligned with the International Integrated Reporting Council's framework, the South African Companies Act 71 of 2008 (as amended) and the JSE Listings Requirements.

Scope and boundary

This integrated report covers the entire company and its main business units and functions, including joint ventures and investments, over which we exercise control or have significant influence. Performance is reported regionally, in line with our corporate structure, and we report fully on all operations managed by AngloGold Ashanti. Those operations in which we have an ownership interest but do not manage – Kibali and Morila – are partially reported in terms of their safety, environmental and socio-economic performance. There were no significant changes to the scope, boundary or measurement methods used in this report. Restatements (if any) of comparatives, are indicated.

As this is a group-level report, operating targets and performance are discussed regionally rather than by operation, although certain detail on operational information is given if appropriate. Additional information, including maps of our greenfields and brownfields exploration activities, is available on our website, www.anglogoldashanti.com. Information relating to joint ventures and other interests is provided for context and elsewhere if deemed material. Production, costs and capital expenditure data is attributable, unless otherwise indicated. Employee data and average workforce data are reported for AngloGold Ashanti with joint ventures reported on an attributable basis. Employee data includes both permanent employees and contractors.

While this report covers the 2017 financial year, any significant, material event that occurs between the end of the year and the date on which this report is approved is included.

ABOUT OUR REPORTS

USEFUL LINKS

Visit our reports website:
www.aga-reports.com
Visit our corporate website:
www.anglogoldashanti.com

Download the full suite of reports
Picture:
Moab Khotsong, South Africa

OUR 2017
SUITE OF REPORTS
Click on any of the links below to download the relevant PDF
<IR>
Integrated Report
<SDR>
Sustainable Development Report
<AFS>
Annual Financial
Statements
<NOM>
Notice of Annual General
Meeting and Summarised
Financial Information
(Notice of Meeting)
<R&R>
Mineral Resource and
Ore Reserve Report
<WWW>
www.aga-reports.com
ABOUT OUR REPORTS CONTINUED
Integrated Report
<IR>
is the primary
document in our suite of reports and
provides a concise overview and
explanation of our performance in terms
of our strategic objectives, how we create
value and the outlook for the company.
Both financial and non-financial
performance are reviewed.
Notice of Annual General Meeting and
Summarised Financial Information
(Notice of Meeting)
<NOM>
is produced
and posted to shareholders in line with
the JSE Listings Requirements and
the requirements of the South African
Companies Act, 71 of 2008,
as amended (Companies Act).
Sustainable Development Report
<SDR>
,
compiled in line with the Global Reporting
Initiatives' (GRI's) latest G4 guidelines, is
published together with the accompanying
GRI scorecard and supplementary data.
Mineral Resource and Ore Reserve
Report
<R&R>

, presented in line with the
SAMREC and JORC codes, provides
detailed information on all our operations
and projects.
Annual Financial Statements
<AFS>
are prepared in accordance with the
International Financial Reporting
Standards (IFRS).
Operation profiles are compiled
for each of our mining operations
and provide a summary overview of
operating performance.
A dedicated annual reporting website,
www.aga-reports.com, hosts PDFs of the
full suite of these reports to facilitate ease
of access by, and communication with,
our stakeholders.
AngloGold Ashanti Limited's 2017 suite of reports is made up
as follows:
M
MINE
RAL
RESOURCE
AND
ORE
RESERVE
AND
O
ORE
RESERVE
REPO
REPO
RT 2017
NOTICE OF
ANNU
UA
AL GENER
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MEET
MEET
ING
2017
ANNUAL
ANNUAL
FINANCIAL
STATEMENTS 2017
I N T E G R AT E D R E P O RT
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4
Overview

ABOUT OUR REPORTS CONTINUED

Directors' statement of responsibility

The board of AngloGold Ashanti Limited (AngloGold Ashanti) and the Company's executive management consider the matters discussed in this report to be those that most influence our ability to successfully achieve our strategic objectives, create value and manage the risks we face, and believe that this report fairly records our performance in the past year.

The board, assisted by the Audit and Risk Committee and the Social, Ethics and Sustainability Committee, is ultimately responsible for overseeing and confirming the integrity and completeness of this <IR> and the entire suite of 2017 reports. The board, having reviewed and applied its collective mind to the preparation, information and presentation of this report, declared that this <IR> addresses all material issues and presents a fair and balanced view of our integrated performance for the year ended 31 December 2017.

On the recommendation of the Audit and Risk Committee, the board approved this <IR> on 19 March 2018.

Sipho M Pityana
Rhidwaan Gasant
Chairman
Chairman: Audit and Risk Committee
Srinivasan Venkatakrishnan
Christine Ramon
Chief Executive Officer
Chief Financial Officer

Approvals and assurance

Several internal processes, including, among others, management assurance and internal audit reviews of the information and data published in our reports, are conducted regularly. In addition, our operations are subjected to risk-based, integrated, combined assurance reviews focusing on commercial, safety and sustainability aspects of the business. The outcomes of these reviews and external assurances, as well as of any independent technical reviews, provide reasonable assurance to allow the board, on the recommendation of the Audit and Risk Committee, to determine the effectiveness of the group's internal control systems and procedures.

Picture:
Quebradona, Colombia

CORPORATE PROFILE

AngloGold Ashanti,an international gold mining company with a globally diverse, high-quality portfolio of operations and projects, is headquartered in Johannesburg, South Africa. Measured by production, AngloGold Ashanti is the third-largest gold mining company in the world.

Our business

Our business activities span the full spectrum of the mining value chain. Such activities include mitigating our impact on the communities and environments in which we operate. To maintain and strengthen our social capital, we aim to create sustainable value for shareholders, employees, and social and business partners through safe and responsible mining and discipline in the allocation of capital.

Over the past five years, AngloGold Ashanti has transformed itself by increasing efficiencies and competitiveness, focusing on safety and sustainability performance, improving margins, containing operating and overhead costs, and generating positive cash flows.

Given the current market environment and the scrutiny of financial capital allocation, we ensure responsible capital distribution, in line with business requirements. We do this while optimising internal expertise to aggressively identify and implement operational efficiencies, reducing overhead costs, improving capital discipline and pursuing other business improvement initiatives without compromising safety. We continue our focus on debt reduction to further strengthen our balance sheet and on improving the quality of our portfolio. This we aim to do by unlocking value from existing operations, and developing brownfields opportunities, the redevelopment of the Obuasi mine, and other long-term growth projects, including Colombia.

Our organisational and management structure aligns with global best practice in corporate governance. By using our human capital efficiently, group support functions cover planning and technical, strategy, sustainability, finance, human resources, legal and stakeholder relations. The planning and technical functions focus on identifying and managing opportunities, maintaining long-term optionality, and ensuring the optimal use of our intellectual capital through a range of activities that include brownfields and greenfields

exploration as well as innovative research
focused on mining excellence.

Corporate status 2017

- South Africa region restructured to ensure sustainability of the business, as a consequence of which, TauTona and Savuka were placed into orderly closure, while Moab Khotsong and Kopanang have been sold, together with our interests in the Nuclear Fuel Corporation (Nufcor) and the Margaret Water Company. These transactions were successfully concluded on 28 February 2018
- The feasibility study at the Obuasi Gold Mine was completed. Agreements have been reached with the government of Ghana for the redevelopment of Obuasi, subject to ratification by Ghana's parliament
- At Yatela, closure remains on track with completion scheduled for 2021
- All other assets remained fully operational
- Disclosure refers to continuing operations

Picture:
Siguiri, Guinea

Safety is our
first value.

We treat each
other with dignity
and respect.

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

We want the
communities and
societies in which we
operate to be better
off for AngloGold
Ashanti having
been there.

We value
diversity.

We respect the
environment.

OUR
VALUES

AMERICAS
1 Argentina
Cerro Vanguardia (92.5%)
2 Brazil
Serra Grande
AGA Mineração
3 Colombia
Gramalote (51%)
La Colosa
Quebradona (93.5%)
SOUTH AFRICA
9 South Africa
Vaal River
Kopanang
Moab Khotsong
West Wits
Mponeng
TauTona
(3)
Surface Operations
(4)
9
8
2
3
1
10
7
6
5
4
Argentina
Colombia
DRC
Tanzania
Australia
Ghana
Guinea
Mali
South Africa
Brazil
AUSTRALASIA
10 Australia
Sunrise Dam
Tropicana (70%)
LEGEND
Operations Greenfields projects
CONTINENTAL AFRICA
4 Guinea
Siguiri (85%)
5 Mali

Morila (40%)
(1)
Sadiola (41%)
6 Ghana
Iduapriem
Obuasi
(2)
7 DRC
Kibali (45%)
(1)
8 Tanzania
Geita
LOCATION OF ANGLOGOLD ASHANTI'S
OPERATIONS
AND PROJECTS
CORPORATE PROFILE CONTINUED
OUR PORTFOLIO OF ASSETS
As at 31 December 2017, our portfolio of 17 operations and three projects in ten countries included long-life, relatively low-cost operating assets with differing orebody types, located in key gold-producing regions. These operating assets were supported by greenfields projects and a focused exploration programme.
Our operations and projects are grouped as follows:
South Africa
Vaal River, West Wits and Surface Operations
International Operations
Continental Africa
Democratic Republic of the Congo (DRC), Ghana, Guinea, Mali and Tanzania
Americas
Argentina, Brazil and Colombia
Australasia
Australia
Percentages indicate the ownership interest held by AngloGold Ashanti. All operations are 100%-owned unless otherwise indicated.
(1)
Morila and Kibali are managed and operated by Randgold Resources Limited
(2)
Obuasi remained on care and maintenance in 2017. The feasibility study was completed and redevelopment of the mine is imminent
(3)
TauTona had its final blast on 15 September 2017, and has now been placed into orderly closure
(4)
Surface Operations includes First Uranium SA, which owns Mine Waste Solutions (MWS). MWS is managed and operated as a separate cash-generating unit
Picture:

Mponeng, South Africa

CORPORATE PROFILE CONTINUED

Geographic distribution of shareholders

(as at 31 December 2017)

•

United States

•

South Africa

•

United Kingdom

•

Rest of Europe

•

Asia

• Ghana

•

Rest of world

%

40

7

3 1 4

29

16

Exploration

Our exploration programme aims to establish an organic growth pipeline to enable us to generate significant value over time.

We undertake greenfields and brownfields exploration in both established and new gold-producing regions through managed and non-managed joint ventures, strategic alliances and wholly-owned ground holdings. Our world-class greenfields discoveries include La Colosa, Gramalote and Quebradona (Nuevo Chaquiro) in Colombia.

Our product

Once mined, gold ore is processed into doré (unrefined gold bars) on site and dispatched to precious metals refineries for refining to a purity of at least 99.5%, in accordance with the London Bullion Market Association's standards of 'good delivery'. The refined gold bars are then sold directly to bullion banks.

While gold is our principal product, several by-products also make up a small proportion of our manufactured capital output. By-products are silver in Argentina, uranium in South Africa and sulphuric acid in Brazil. In compliance with all applicable legislation, great care is taken to ensure the safe production, transportation and storage of uranium and sulphuric acid, which are hazardous materials. AngloGold Ashanti

complies with the International Atomic Energy Agency's (IAEA) safeguards regarding all its uranium sales contracts and shipments. For more information on uranium and its handling process, see the South Africa regional review.
As of 1 March 2018, following the sale of the Vaal River operations, which included the uranium producing unit, AngloGold Ashanti will no longer produce uranium.

Shareholders

AngloGold Ashanti is an independent gold producer, with a diverse spread of shareholders that includes some of the world's largest financial institutions – see
Shareholder Information
.
The government of Ghana also holds a 1.55% stake in the company with the respective national governments holding direct interests in our operating subsidiary in Guinea and joint ventures in the DRC and Mali. In Argentina, Fomicruz, a state company in the province of Santa Cruz, has an interest in Cerro Vanguardia.
The primary listing of the company's ordinary shares is on the JSE in South Africa. Its shares (or depository receipts) are also listed on the New York, Australian and Ghana stock exchanges. More detailed information on our listings on various stock exchanges is provided in Shareholder Information on page 196.
At 31 December 2017, AngloGold Ashanti had 410,054,615 ordinary shares in issue and a market capitalisation of $4.18bn (2016: $4.29bn). Post year-end, at 19 March 2018, the date on which this report was approved by the board, the company's market capitalisation was $3.71bn.
Picture:
Serra Grande, Brazil

It was a year in which the executive team, once again oversaw the making good on its commitments and continued execution of the company's strategy to deliver sustainable improvements to cash flow and returns. This consistency in delivery is a hallmark of a strong leadership team and a deep bench of management and functional talent. This has allowed AngloGold Ashanti to meet each of its operating and cost guidance metrics for the past five years, whilst extending its trajectory of long-term improvements in sustainability metrics, namely environmental stewardship, safety and the all-important engagement with our stakeholders. The improvements were

AngloGold Ashanti Stakeholders,

It is my pleasure t oreflect on 2017, another eventful year in our emerging-market gold-mining universe and beyond.

made despite an increasingly volatile operating and market environment.

Global context

It was a year in which the world grew used to a steady flow of breaking news from the White House in the US as President Donald J. Trump settled into his new role. Across the Pacific, North Korea proved up to the task of matching the drumbeat of aggressive political rhetoric emanating from Washington DC, while in Europe, Brexit talks lurched from one impasse to another, with little more certainty now than a year ago on how the UK will leave the EU. In Italy, Germany and Hungary, right-wing populists made significant gains at the ballot box, an ominous portent for political discourse in the 'developed world'.

Emerging markets were only marginally less volatile. In the Middle East, a clutch of Arab states, led by Saudi Arabia, severed diplomatic ties with Qatar as part of broader, regional hostilities against its one-time ally Iran. This Cold War theme continued elsewhere in the region as the multi-player war in Syria, which has now drawn in Russia and the US, raged on.

Brazil continued to reform its political arena by going after corrupt elites, helping speed its emergence from a brutal recession. In Argentina, President Mauricio Macri pressed ahead with unpopular, but necessary reforms.

In South Africa, in the days before Christmas, Cyril Ramaphosa wrested control of the governing African National Congress (ANC) from Jacob Zuma and his loyalists. Only weeks into the new year, Zuma was forced by the ANC to resign as president of the country, ushering in a new era of hope and economic recovery, after a decade of wanton corruption and mismanagement which took the country to the brink of financial ruin. This was a victory for the country's independent media and civil society, which had exposed so-called State Capture and called for his resignation. Importantly, it was also a vindication of the strength and robust structure of its constitutional democracy.

Meanwhile, most major asset classes – equities, bonds, commodities, property, among others – continued to rise to dizzying heights, fuelled by low interest rates. The consensus emerging from the World Economic Forum meeting in Davos in January of this year, was that the world is primed for a period of synchronised growth, turbo-charged by sweeping tax cuts in the US and long-awaited market reforms in France.

The US Federal Reserve continued its efforts to normalise monetary policy, raising interest rates in three 25 basis point increments to 1.50%. This did little to dampen market enthusiasm, as many traditional ways of pricing risk appear to have been abandoned

CHAIRMAN'S LETTER

Sipho Pityana

Chairman

Consistency
in delivery

CHAIRMAN'S LETTER CONTINUED

– or at least forgotten – by investors engaged in an insatiable search for yield. For evidence, look no further than Argentina, a country with a history of defaults over the past century, which managed to issue a 100-year bond.

In June, a month after a soldiers' mutiny in the Ivory Coast, and only six years after the West African country's previous default, the country completed a spectacularly successful debt issue that was almost ten times oversubscribed. It finally issued $1.25 billion of 16-year bonds with a 6.25 percent rate and 625 million euros of eight-year notes yielding 5.125 percent. These are historically low borrowing costs that demonstrate the market appetite for yield above all else.

Volatile times

All of this is to say that we live in volatile times, with unprecedented economic and market conditions that are likely to create additional political and market volatility when these trends start to revert to the long-term mean.

As countries and economies buffeted by these forces try to adjust, we should be prepared for unforeseen repercussions.

As they most often do, threats to the bullish outlook on world markets have already started to emerge. The US has announced punitive tariffs on steel and aluminium imports, the first salvo in a trade war that will have repercussions far and wide. Inflation has started to raise its head as price increases start to nose upward toward the US target range, after flatlining for years.

Staying the course on strategy

Gold is responding well to these external factors, shrugging off the panic of rising interest rates that have kept a lid on prices for the past four or five years. It seems – for now at least – that among gold investors the need for protection from rising inflation is beating out the fear of higher US rates, with the gold price on average flat through 2017, finishing the year strongly. It has continued that trend through the first quarter of 2018.

Notwithstanding this helpful tailwind from the gold price, the board is clear that it will not relax the imperative for vigilance with respect to the executives' prudent management of the business, which has been exemplary since the severe downturn in the gold market in 2013. You will read in the CEO letter, and elsewhere in this report, that the management of the company is more focused than ever on ensuring continued pursuit of our strategic objectives. This means intensifying scrutiny of costs, exploring ways to make our operations more productive and efficient, strengthening our balance sheet where possible, and making further improvements to our portfolio.

As the board, we are in full support of the executive's view that the best way to manage market risk in the long-term is to be ruthless in our allocation of capital – ceaselessly searching out ways to improve our portfolio and extend the life of our existing assets, at reasonable cost, through the development of project options that generate returns above our hurdle rates. Following this strategic path to long-term self-sufficiency has not always been easy. We have not issued new equity to the market for the past eight years, relying instead on 'self-help' to effect structural improvements to our portfolio and to strengthen our balance sheet through the reduction of our net debt by almost a third. Only by effectively utilising our capital and producing superior project returns can we hope to remain a sustainable gold producer than can offer acceptable returns to investors and strong leverage to the gold price.

We are proud to have achieved this through a combination of cash generation, cost savings and asset sales. Operating cash generation from the business remains strong and long-term optionality continues to improve.

We made the difficult call during 2017 to restructure our South African portfolio, selling the unprofitable Kopanang mine, and our prized – but relatively short-life – Moab Khotsong asset, and put the unprofitable TauTona mine into orderly closure. This was a difficult decision for the company given the job losses we faced at the start of the restructuring process, which were subsequently saved through the asset sales.

This will reduce our South African business to less than 15% of production, but allowed us to shed loss-making ounces, whilst creating additional flexibility in our balance sheet. We have also decided to move ahead to redevelop our Obuasi Gold Mine in Ghana, with a plan that we believe is robust, practical and appropriately conservative in arriving at the attractive returns that we anticipate from the project.

Local risk

On a more region-specific basis, we continue to see the normal ebb and flow of jurisdictional risk across our portfolio. Australia's gold industry showed solidarity in helping rebuff repeated attempts by the state government in Western Australia to hike royalties and levy a super-profits tax, ultimately triumphing with the argument that punitive taxes and constantly changing legislation are severely detrimental to the long-term sustainability of capital-hungry mine investment.

We have seen encouraging improvements in Ghana, where a new administration elected on an anti-corruption ticket in late 2016, has created an environment more conducive to inward investment. Our decision to press ahead on the Obuasi redevelopment is on one hand based on a sound technical study, and on the other, the strong support from the government and local authorities in providing a welcoming environment for job-creating investment with several positive effects for that economy – a true win-win situation.

CHAIRMAN'S LETTER CONTINUED

South Africa, too, has made decisive moves in the right direction to attract investment by promising to root out public mismanagement and corruption, and to reduce the legal and regulatory uncertainty that in recent years has caused massive damage to its economy.

In Tanzania, President John P. Magafuli has, since his election in 2016, made some important steps toward introducing greater accountability in the public service, rooting out mismanagement and corruption, and prioritising the progress of the country to middle-income status by 2025. As one of the largest taxpayers in the country, we are in strong support of this overarching objective, given the obvious benefits that growth and added stability bring to all investors active in the country. The release in July of a suite of new laws governing the extractive sector has however created some uncertainty for investors, who in turn have penalised the valuation of assets in the country. The implied value in the market of our Geita mine has suffered as a result. We have reached out to the government of Tanzania with the hope of initiating a discussion that will help clarify the co-existence of the new laws and regulations with our pre-existing Mine Development Agreement, which guaranteed us certain fiscal stability when we first committed billions of dollars of capital investment to Tanzania.

It is important that such dialogue happens and, we trust it will afford us the means to provide certainty to our shareholders, funders and employees; and to ensure the ongoing investment in the future of that business, an outcome that will benefit all stakeholders.

Likewise, in the neighbouring Democratic Republic of the Congo, the new Mining Code has also created uncertainty with respect to how the new law will be harmonised with the guarantee of stability which was contained in the previous Mining Code. We are, with our joint venture partner and operator, and our industry peers seeking an engagement with the government, ahead of the publication of the Regulations that will govern the implementation of the new law.

The biggest requirements for the large, long-term capital commitments that mining needs, is good governance, regulatory certainty and the timeous refund of corporate and indirect tax refunds, which are important to ongoing reinvestment. Equally, though, we are mindful that there must be a quid pro quo, with lasting benefit provided to the countries which allow us to extract their mineral wealth. We are working hard to ensure improved linkages from our operations to the broader economy through specific focus on localisation of skills and a commitment for an increasing proportion of our total expenditure towards procurement from local businesses.

Our Remuneration Report provides a wealth of detail on the strides made in these areas, particularly in our Continental Africa business which, notwithstanding its growth in recent years, has more than halved its complement of expatriate staff. We have also placed added emphasis on economic development initiatives that will help incubate the very businesses that over the long term can supply our needs and those of the broader business community in our host countries.

Dividend

In line with the approved dividend policy, the board has applied its discretion in adjusting the 2017 free cash flow, pre-growth capital expenditure metric for the $49m abnormal South African retrenchment costs paid and had approved a dividend of ZAR 70 cents per share (approximately 6 US cents) per share.

Looking forward

As we look ahead to 2018, we will work to ensure continued follow-through on our strategic objectives and our ongoing work to release latent value in this company. That requires, among others, continued diligence in extracting – in a safe, sustainable way – as much benefit from the natural resources we mine as possible, while demonstrating the equitable sharing of these benefits with all stakeholders. As ever, we also keep a close eye on a range of strategic initiatives that can complement those ongoing, fundamental improvements.

Board and management

In 2017, the board bid a fond farewell to Professor Wiseman Nkuhlu, who has made an invaluable contribution and provided wise counsel to the company over the years. I thank him on behalf of the board and the company for his support throughout the years. In April, we then welcomed Sindiswa Zilwa, as a non-executive director. Sindi is well regarded in the areas of accounting, auditing and business management, with extensive board and audit committee experience in the public and private sectors, traits that will benefit us.

In closing, I'd like to thank our CEO, Venkat, his executive management team, and everyone throughout the organisation, for their close adherence to AngloGold Ashanti's Values, which remain non-negotiable.

This absolute commitment to the ethical prosecution of our overall strategy and business plans, makes the job of chairing the board of this company, one that I relish. I also thank my board colleagues for their diligence and commitment in overseeing the business.

Sipho M Pityana
Chairman
19 March 2018

HIGHLIGHTS OF THE YEAR
Fatalities
6
11
7
7
8
2013
2014
2015
2016
2017
Safety is a journey, rather than a destination, as we continue on the path to eliminating all injuries from our mines while intensifying and continually improving safety practices.
New safety benchmarks were set in 2017 – three consecutive, fatality-free were achieved quarters for the first time; posting 349 days passed in South Africa without a fatality. International Operations set a record of 495 days without a fatality on 28 January 2018. Mponeng – the world's deepest mine – passed 2 million shifts without a fatality; and TauTona marked more than a year without a fatality.
The South Africa region received the MineSAFE award recognising AngloGold Ashanti for the most improved safety performance year-on-year. Regrettably, this performance was followed by a series of seismic-related incidents in the second half of the year when we lost seven of our colleagues.
For the second consecutive year, Geita was declared the overall winner in the mining sector by the Tanzanian Occupational Safety and Health Authority (OHSA). Iduapriem was recognised as one of Ghana's safest mines at an awards ceremony in Accra in November.
In improving our capability to respond to safety risks, our focus remains on embedding and integrating safety into our business processes.
All-injury frequency rate
(per million hours worked)
7.36*
7.18
7.49
7.71
7.48

2013
2014
2015
2016
2017
** 7.15 if adjusted for the impact of the earthquake,*
that occured in August 2014
Safety is our
first value!
Picture:
Sunrise Dam, Australia
I N T E G R AT E D R E P O RT
2 0 1 7
12
Safety
Production
Employees
Free cash flow
Costs
Capital expenditure
Environment
Community
Overview
Business context
Strategy
Performance review
Accountability
Shareholder information

CEO'S REVIEW

Srinivasan Venkatakrishnan:
Chief Executive Officer

This is a pursuit that is as rewarding as it is challenging, particularly in a market as volatile as the one in which we operate. The successes that we have enjoyed would not have been possible without the excellent team we have assembled here at AngloGold Ashanti.

Consistency, reliability, capital discipline and delivery

For those who are not familiar with our company, it's worth taking a quick step back to tell you a little about ourselves. We are the world's largest and most diverse emerging-market gold producer, with operations in nine countries, spanning South America, South Africa, Continental Africa and Australia. We have a strong project pipeline in the short, medium and long term, which is kept stocked by a world-class exploration programme around our mine sites and Colombia, the tenth country in which we have a presence. We are focused on returns – with investment expected to deliver returns at least in the mid- to high-teens through the cycle. Strict capital discipline is our mantra, and we have not diluted our shareholders by issuing new equity since 2010, when we extinguished a large, legacy hedge position.

We have worked hard to make consistency and reliable delivery on our commitments, the hallmark of AngloGold Ashanti over the past five years. To that end, production, costs and capital have either been met, or improved on our market guidance every year. This record demonstrates our ability to effectively manage the headwinds and volatility that come with a single-commodity, emerging market portfolio. I believe that this predictability is the absolute minimum requirement to achieve the rerating of our equity, and we will continue to ensure that we set challenging targets and then provide the right environment for our operators to meet them.

We continue to place a premium on capital discipline. Notwithstanding a muted gold price over the past five years, we have worked on our efficiencies and margins to generate healthy cash flows from the business, which we've supplemented with some asset sales as we've actively managed our balance sheet and our portfolio. This combination has allowed us not only to pay taxes and royalties of $1.5bn over the past five years alone, but to reinvest inward to improve the portfolio, notably through $4.8bn in ongoing sustaining capital as well as self-financing the $1.8bn development of two new, tier one assets in Tropicana and Kibali.

In looking at the funding of the business, we've favoured self-financing our obligations. Our legacy debt position, which we've brought down by more than a third over the past five years, has consumed about $1 billion in interest payments and other costs, while total dividends have accounted for about a fifth of that. Importantly, we've done all of that without going to shareholders to give us an equity top up at any time in the past eight years, putting us in an increasingly exclusive club.

Going forward – and obviously depending on the gold price – we see the potential to further improve returns to shareholders as our operating cash flows improve, while still maintaining the integrity of the balance sheet.

Strategy – steady as she goes

Our strategy has remained steady over the past five years, with our focus on safety, active portfolio management and tightly managing cost and capital to keep our

It is my pleasure to reflect on another year of delivery on our commitments, as we continue to pursue our strategy of building a sustainable, self-financing gold producer that can create value for stakeholders over the long term.

Consistency,
reliability,
discipline
and delivery

balance sheet robust enough to handle any market environment. We have continued to invest in the long-term health and sustainability of this business, through sustaining capital expenditure, exploration, life-extension and margin improvement projects and some modest production growth.

All of these business pillars support our central objective of improving cash flow and returns, on a sustainable basis.

Safety remains our first priority. It was one of the true highlights that, in the first half of the year, we managed to record 349 days without an operating fatality at any of our mines. That includes the ultra-deep operations here in South Africa.

We have shown what is possible, with Mponeng – the world's deepest mine – passing 2 million shifts without a fatality. TauTona marked more than a year without a workplace death, which I'm happy to say is a feat that a number of our operations can now claim. In fact, our entire International Operations passed 495 days with no fatalities – a truly remarkable achievement. We also ended the year with another improvement in our all injury frequency rate.

Similarly, I cannot articulate the disappointment that we didn't extend that further, after a series of seismic events ended that run in the second half of the year in South Africa. In the end, we lost seven of our colleagues to workplace accidents during 2017. My sincere and heartfelt condolences go out to the families and loved ones of those who passed on.

While we can celebrate the progress in many areas, our safety performance fell short of our own goals and we continue to search for ways to improve. Safety is a journey, rather than a destination. It's a point we never forget, as we continue on the path to eliminating injuries from our mines.

Our teams have also been exceptionally busy integrating our values into the execution of our strategy, with an enormous amount of work done on the environmental and social elements of our business that are crucial to our ability to maintain our social licences to operate. This work includes the community engagement that is so important in ensuring we understand the needs of our employees,

our host governments and communities. It
also includes the design of investments in
areas that not only mitigate the impacts of
mining, but also make a lasting improvement
in the lives of the people in the towns, regions
and countries in which we operate. There are
initiatives underway in public health, economic
development, education, and water and
sanitation, to name a few. The detail of this
work, and also our overarching strategy in this
regard, is contained in a separate
<SDR>
,
which I encourage you to read.
CEO'S REVIEW CONTINUED
Production
(Moz)
4,6
4,4
4,2
4,0
3,8
3,6
3,4
Actual result
2013
2014
2015
2016
2017
Original financial year guidance range
All-in sustaining cost
($/oz)
1,150
1,100
1,050
1,000
950
900
850
Original financial year guidance range
Actual result
2013
2014
2015
2016
2017
Capital expenditure
($m)
2,200
1,800

1,400
1,000
600
2013
2014
2015
2016
2017
Actual result
Original financial year guidance range
Five years meeting or beating output guidance while restructuring the portfolio
Five years meeting or beating guidance on costs and capital despite inflation
and volatile local currencies
Performance against guidance

Highlights and lowlights

Looking back at 2017, there are several highlights, and some lowlights.

Legislative and regulatory uncertainty continue to be one of the most pressing concerns facing this industry. In Tanzania, the ongoing lack of clarity over how a suite of new laws and regulations will impact the mining sector – including those companies operating with clear mine development agreements. The lingering uncertainty has penalised the value of investments in the extractive sector, as equity investors have voted with their feet.

In the Democratic Republic of the Congo, the promulgation of a new mining code has caused significant destruction of value as investors weigh up the attractiveness of deploying new capital, against the risk of shifting legislative goalposts. And in South Africa, the reviewed Mining Charter – replete with its contradictory legal provisions, lack of sufficient engagement and litany of punitive prescripts – has thankfully been suspended, pending a negotiation with the new government leadership, though not before causing significant damage to investment in the country.

We will continue to engage with governments across our portfolio, to explain the need for consistency and certainty, and also to communicate the value proposition of having a reputable, modern extractive industry that can leverage real benefit to host communities and countries.

There were several highpoints during the year. We saw our investments across the portfolio helping to deliver production growth at 4%. Cash flows were also strong. We managed to more or less break even on this basis, notwithstanding the previously flagged higher capital expenditure during the year, as we put money to work internally, extending the life of our best assets and improving margins across the portfolio where possible. Our suite of high-return brownfields projects all stayed well on track and within our budget projections. We also funded the restructuring in South Africa.

A look at our Mineral Resource and Ore Reserve statement this year will show that we managed to offset almost all depletion through production, with an Ore Reserve of 49.5Moz, despite the strong production performance. Importantly, we have kept a conservative $1,100/oz price at which we calculate our Ore Reserve. Notable, too, is our maiden Ore Reserve of 1.8Moz in Colombia, which we believe will be the first of many more over time, as we start to bring this important jurisdiction to account.

CEO'S REVIEW CONTINUED

Delivering on our commitments

Significant progress has been made as we restructure the South African operations and move forward with the redevelopment of Obuasi

Further **improved safety** and sustainability performance

Advance low capital, **high return** brownfields opportunities

Continue investment to **enhance margins** and cash flow

Extend **asset lives** through focused exploration

Maintain **balance sheet flexibility**

Advance South Africa's operational **turnaround and restructuring**

Revisit **Obuasi feasibility study** ; assess

all options
Move
Colombia
projects
up value
curve; reduce
holding cost

CEO'S REVIEW CONTINUED

The strong overall operating and financial performance in 2017 – which is unpacked in detail in this report and in Christine's CFO's review, in particular – helped us declare a dividend again since resuming payments in 2016, answering some of the questions around our ability to reinvest and offer a direct return, albeit a modest one. Just to repeat what I said last year, the dividend really is a way of instilling capital discipline into the business, giving back the first slice of free cash to shareholders before reinvestment for growth. It is akin to a shareholder's royalty. We hope to improve this over time, as we pursue our strategy and focus closely on improving efficiencies, cost management and appropriate investment in the enhancement of the portfolio.

Scorecard

At the beginning of 2017, we shared an ambitious list of priorities, and we covered good ground in fulfilling those commitments. While we saw improvement in our key safety indicators, it is important that we keep continued focus on the workplace fatalities that remain a feature in our business, particularly in South Africa. And while we take encouragement from the new benchmarks we set, we are more committed now than ever in applying every tool at our disposal to eliminate injuries – and especially fatalities – from our work sites.

We saw improved adjusted EBITDA margins and the exploration success mentioned above, which helped offset most of our depletion. Colombia is edging up the value curve at a lower cost, as promised a year ago.

We made strong progress in restructuring our business in South Africa, agreeing the sale of the Moab Khotsong and Kopanang mines, and associated infrastructure, and taking the tough decision to place TauTona into orderly closure to curb unsustainable losses. The decision to part with these assets was difficult, given the job losses we faced at the start of the restructuring process, but the majority of these jobs were subsequently saved in fulfilment of the terms of the asset sales. We also saw Moab Khotsong's future being best served under different ownership, given that our own competing capital requirements would probably mean that Moab's Zaaiplaats life extension project would be less likely to be approved within an appropriate time, as part of AngloGold Ashanti's global portfolio.

The sale of Moab Khotsong to Harmony Gold Mining Company Limited for $300m was agreed in October and concluded post year-end at the end of February. The sale of Kopanang to Heaven-Sent SA Sunshine Investment Company Limited for R100m, which agreed to purchase the mine and the accompanying plant, rescued the site from closure and helped save as many as 3,000 jobs. TauTona, where shaft-sinking commenced in the late 1950s, was placed into orderly closure at the end of 2017.

All of the costs of these restructurings, including the first tranche of retrenchment costs paid to employees, were self-funded. Gross sale proceeds of R3.8bn have already been put to work in reducing our borrowings in South Africa and so further improving our financial flexibility.

But perhaps the most notable point to be made is our decision to move ahead on the redevelopment of Obuasi in Ghana. This is a fundamentally re-engineered project that we believe is one of the more attractive new developments, from a return and capital intensity perspective.

Obuasi

It bears taking a moment to explain our decision to move ahead on Obuasi, which has had a checkered operating history since we took control of it in 2004, following the business combination with Ashanti Goldfields.

I've always said that you can't change the tyre of a car while it's in motion. We learned this lesson after years of trying to operate the old, labour intensive and inefficient Obuasi, while simultaneously trying to make a fundamental change to its mode of operation.

Instead of trying to transform a labour-intensive operating asset into a modern, mechanised operation while it was on the go, we decided to take it down to limited operating mode

Picture:
Obuasi, Ghana

CEO'S REVIEW CONTINUED

in 2014, retrench the entire workforce and start from scratch. We've now done that, and with the benefit of three years, we've studied every aspect of the project – from the geology to the labour model, and from mining and environmental management to social responsibility. We now have strong government support, evidenced by a suite of agreements covering the redevelopment and ongoing operations, and we believe now is the right time to push ahead.

So, let's look at the fundamentals. Obuasi is a tier one asset with a 20-year-plus life that we expect to have in production by the end of next year. It has best-in-class capital intensity, with approximately $450m to $500m in initial project capital (excluding pre-production capital of $64m) needed to give us an annual production rate over life of 400,000oz – 450,000oz. Margins are good, too, with all-in sustaining costs estimated to average around $800/oz over the mine life.

It has high grades, an elusive quality in short supply these days. The orebody averages 8.1g/t of gold, which is impressive by any standard. It's also big, with about 5.9Moz of Ore Reserve. The Mineral Resource is 34.1Moz, giving us scalability in production or life, over the project life. Total production is expected to be 8.6Moz over 21 years, with scope for optimisation and life extension during that period.

The project capital will be phased, with 25% of it spent this year, 55% next year and the remainder in 2020. Of course, the early production – first gold is expected at the end of 2019 – will help lower the cash call on the company over that time. And finally, the returns are good. We expect payback in less than 6.5 years, and to be cash positive from year four. At gold prices ranging from $1,100 to $1,240/oz, the internal rate of return ranges from 16% to 23%.

1

Pipeline

A pipeline of real options is critical if you don't want to run out of road in two or three years, and be forced to turn to expensive mergers or acquisitions to stay in the game. While Obuasi is the largest and most visible part of our current pipeline, we are fortunate to have a wealth of other options that we continue to

replenish and develop, as the case may be.
In the short term, the Siguiri hard rock project, Mponeng Phase 1 and the Kibali ramp-up are delivering both production and margin growth, together with mine life extension.
In the medium term, Obuasi sits alongside the Tropicana Long Island open-pit expansion, which will deliver the next phase of improvements for our cornerstone Australian operation.
A little further out, the Gramalote project and the high grade copper/gold project at Quebradona, will deliver value from Colombia, while the Sadiola Sulphides project in Mali and Phase 2 of Mponeng in South Africa remain

USEFUL LINKS

1

See also Regional reviews for more details

2018

DELIVERABLES

New quality ounces
Lower costs profile
Extended LOM

Siguiri hard rock project

- Extends LOM, enhances net asset value

2018-2020E Average:
c.355k oz @ AISC $910/oz

Mponeng Phase 1

- Access higher grades

2018-2020E Average:
c.268k oz @ AISC $1,105/oz

Kibali underground development

- Extends LOM, improves cost

2018-2020E Average:
c.340k oz* @ AISC $700/oz

2019

DELIVERABLES

New production
Enhanced margins
Ore Reserve additions

Obuasi start redevelopment

- 20+ year LOM, attractive returns

2020-2022E Average:
c.350koz @ AISC $800/oz

Tropicana – Long Island

- Enhance margins, extend LOM

2018-2020E Average:

c.330k oz @ AISC $950/oz
Gramalote development
•
Attractive returns in a new area
•
Feasibility study underway
OPTIONS BEYOND
2020
Expansion opportunities
Potential for new development
Value-creating exploration
Sadiola sulphides project
•
High return, LOM extension
•
Certain government agreements required
Quebradona development
•
Prefeasibility study by early 2019
•
Maiden Ore Reserve declaration
Mponeng Phase ll
•
Mine life extension
** Attributable*

options for us in the longer term. The projects are all detailed in the Regional review section elsewhere in this report.

Outlook: 2018 commitments

The CFO's review will also take a detailed look at our guidance, but allow me to provide a high-level overview. We expect modest improvements in production (from our new base) and also in all-in sustaining costs, driven by improving efficiencies and lower sustaining capital expenditure as some of our brownfields investments near completion and begin to deliver. Our International Operations team is hard at work on an intervention to further improve efficiencies and reduce costs, notably by benchmarking each of their key operating elements at every site, to global best practice. By doing that, we will better understand the potential of each orebody and each plant, from a production and cost perspective. I urge you to watch our performance in the next year and beyond, to see how much more we can deliver from the business for the benefit of all stakeholders.

We have a clear set of priorities ahead of us. We will work to ensure the optimisation of the remaining surface and support businesses in South Africa, to ensure they match our smaller production base.

We will continue our engagement with our hosts in Tanzania, to find the requisite clarity around the legislative and regulatory environment. We will, to be clear, be looking for a pathway that ensures the long-term viability of an asset that is important not only to us, but to Tanzania as a whole.

In the DRC, we believe that the recently promulgated Mining Code will disincentivise new investment. We are working with our joint venture partner and peers in the industry, in engaging with the government to ensure issues in the current agreement and other relevant matters are appropriately catered for in the regulations that will govern the implementation of the Code.

We will, as always, continue to look for ways to unlock latent value from within our portfolio, while advancing our exciting set of projects to completion – on budget and on schedule.

And finally, we will ensure that we do justice to the spectacular high-grade orebody at Obuasi which, for decades, has been waiting to be modernised and capitalised in the way that we're now proposing – to ensure a profitable, long-life, high-margin gold mining operation.

We'll report back next year – as we always do – on progress against each of these tasks.

Conclusion

In closing, I'd like to thank the shareholders and lenders who own and finance the activities of this business, for their continued loyalty and support. We are committed to prudently managing this business in order to create long-term value. To our host governments and communities – as well as their representatives in civil society – we are mindful that you provide our licence to operate. We renew our commitment to working closely with you to realise value and to ensure that we will endure beyond the lives of our operations and to do what we can to elevate that pledge beyond simple corporate platitude into a tangible benefit that can be spread as widely as possible.

To the AngloGold Ashanti team – from our Chairman Sipho Pityana, the Board of Directors, the executive team, to each and every employee and contractor in the business – I thank you for your guidance and support and doing so much more than just simply showing up to work each day; your commitment and initiative are truly humbling and I remain grateful for your unstinting effort.

Srinivasan Venkatakrishnan
Chief Executive Officer
19 March 2018

BUSINESS
CONTEXT
SECTION 2

We explain our business in context and how we use our resource inputs to deliver desired outcomes, while managing the impacts and related material issues to achieve our intended outputs.

Picture:
Cerro Vanguardia, Argentina

BUSINESS MODEL – CREATING VALUE

We do not conduct our business in isolation. We operate within the global environment where external factors, can impact our ability to create and deliver sustained value. These factors include:

Rigorous, risk management involves identifying and managing the risks and mitigating their effects.

Exploration

Finding, identifying and evaluating, economically viable gold deposits

Mine development

Establishing the necessary infrastructure to access deposits via vertical shafts and decline ramps (in underground mining) or material stripping (in open-pit mining)

Mining

Extracting the gold-bearing ore – either from deep-level underground mines or from shallow, open-pits – and transporting it to the gold plants

Processing

Processing the ore mined to extract the gold, which is smelted to produce doré (unrefined gold bars), and any by-products that may occur

Refining

Refining the doré to a specified level of purity of at least 99.5% to produce gold bullion that is sold to international bullion banks

Rehabilitation and closure

Rehabilitating and restoring the land for alternative sustainable economic uses. This is part of the closure process that begins once all the gold-bearing ore in a deposit has been economically mined or is depleted

AngloGold Ashanti's core business, the production of gold, involves a pipeline of activities:

OPERATING CONTEXT AND RISK MANAGEMENT

To create value for our shareholders, employees and society (communities, governments) by safely, responsibly and profitably exploring
for, mining and marketing our products. Our primary focus is gold, but we will pursue value-creating opportunities in other minerals
where we can use our existing assets, skills and experience to deliver value.

OUR
MISSION

See Material concerns and our external environment
See Managing and mitigating risks

- Supply-demand dynamics in the gold market
- Global economies and capital markets, especially US interest rates
- Exchange rates
- Regulatory changes and political environment
- Availability of natural resources

BUSINESS MODEL – CREATING VALUE CONTINUED

INPUTS

… use various capital inputs, such as people, to develop and implement the technology necessary to discover gold-bearing ore bodies, to evaluate their economic viability. These people have the necessary skills and equipment to develop and operate our mines.

OUTPUTS

… produce gold and other by-products (silver, uranium and sulphuric acid) which we sell to generate income. We also generate waste which is responsibly stored and/or disposed of.

IMPACTS

… manage the impact of our business activities and maximise efficiencies in the use of inputs to reduce and mitigate the effects on the environment, communities, or on the people with whom we work.

OUTCOMES

… deliver on our strategic objectives to operate as efficiently as possible, to generate sustainable cash flow and returns, and to distribute the value created to our stakeholders.

In conducting our business, we...

In line with our strategic objectives, we optimise the use of various types of capital to enhance the outcomes achieved by our activities.

Picture:

Geita, Tanzania

THE CAPITALS EMPLOYED TO CREATE VALUE

Optimising our use of various forms of capital, enhancing outcomes and managing trade-offs

Picture:
Mponeng, South Africa

NATURAL CAPITAL
N

FINANCIAL CAPITAL
F

MANUFACTURED CAPITAL
M

HUMAN AND INTELLECTUAL CAPITAL
H

SOCIAL CAPITAL
S

BUSINESS
MODEL
CONTINUED

OUTPUTS
2017
CONTINUED

INPUTS
OUTPUTS
OUTCOMES
IMPACTS

Milled and treated 83.8Mt of gold-bearing ore, yielding total attributable production of:
… and in the process:

GOLD
SILVER
URANIUM
3.8Moz
6.2Moz
SULPHURIC ACID
0.8Mlb
203t

GENERATED
102,964t
of waste (hazardous and non-hazardous,
excludes hydrocarbons) (2016: 100,549t)

DEPOSITED
89.8Mt
of tailings (2016: 85.5Mt)

PLACED
191.6Mt
of overburden and waste rock
(2016: 162.6Mt)

(2016: 3.6Moz)
(2016: 4.9Moz)
(2016: 0.8Mlb)
(2016: 195t)

In this section, we consider external issues that have, or could have, an impact on our ability to create value in the short, medium or long term; that may prevent us from delivering on our strategic objectives; and/or which may influence our economic viability and the sustainability of our business.

Gold market

Investors added more gold to their portfolios during the year as political and macroeconomic uncertainty increased and inflation expectations started to rise. Positive momentum held for much of the year, helping to offset the potentially negative impact of expectations for further interest rate increases in the US. The gold price averaged $1,258/oz over the 12 months compared with $1,249/oz in 2016. It touched a low of $1,152/oz on 1 February 2017 and reached a high of $1,347/oz for the year. The gold price closed off the year

MATERIAL CONCERNS
AND OUR EXTERNAL ENVIRONMENT

Jan 2017
Dec 2017

Average monthly gold price

January 2017 to December 2017 ($/oz)

1,000
1,100
1,200
1,300
1,400

Source: Bloomberg

Jan-Jun 2017
Average gold price
$1,238/oz
$1,276/oz
Jul-Dec 2017
Average gold price

at $1,306/oz. Continued gold investments into portfolios, with inflows into gold-backed exchange-traded funds totalled $8.2bn or 6.72Moz, compared with 14.18Moz in 2016. Speculators increased their net long gold position by 7.36Moz year-on-year on the Comex commodity exchange, further underpinning the positive sentiment in the gold market.

Global stock markets ended the year at or near record highs. The MSCI All-Country World

Index gained 22% or $9 trillion, during 2017, a new high, as global growth accelerated and investors bet on continued improvements to corporate earnings. Additionally, US president Donald Trump's tax reform policies and the US Federal Reserve's gradual approach to normalising monetary policy further buoyed equity markets. These record valuations coincided with continued strength in most other asset classes in developed markets, including property, bonds and alternatives like collectibles and cryptocurrencies, though some of the enthusiasm over the latter has waned in the new year.

Monetary policy tightening across the globe pushed up global short-term bond yields while long-term yields remained relatively flat. The US Federal Reserve increased interest rates three times during the year, by 25bps each time, setting the target range between 1.25% and 1.50%, while the Bank of England lifted its benchmark rate during November for the first time in a decade to 0.50% (from 0.25%). The European Central Bank claimed victory over deflation and signalled that its monetary policy would become gradually less expansionary.

Bond markets remained strong as investors from developed countries offering historically low yields on government debt, sought to bolster returns by investing in asset classes with traditionally higher risk levels, including emerging market sovereign debt. As a result, emerging market currencies strengthened and borrowing rates from these countries remain at or near multi-year lows.

Even geopolitical concerns about a US-led nuclear war with North Korea, political upheaval in Europe with the Catalan separatist movement in Spain, a continued swing to the right in several EU Member states and an inconclusive German election, failed to dampen sentiment. Surprisingly, the global volatility index is trading at historically low levels, despite being impacted by all the aforementioned political events.

The US dollar price of gold rose 13% from the first to the last trading day of the year, its biggest annual gain since 2010, outperforming most major asset classes, other than stocks. Aside from the tailwinds from geopolitical uncertainty, gold received some support from a weakening US dollar and elevated equity valuations created concern over a potential market correction. Debt investors were also concerned about a record bull market that was threatened by increasing prospect of

MATERIAL CONCERNS
AND OUR EXTERNAL ENVIRONMENT
CONTINUED

a normalisation in rates. The geopolitical instability further heightened investor uncertainty and fuelled flows into gold, which remains a hedge against these risks.

Central banks were also very active in the gold market, with Russia increasing its holdings, particularly in the last two months of the year. The central banks remained an important source of demand for gold and net purchases by central banks recorded a gain of 48% for 2017, up 123t to 381t compared to 258t in 2016.

Jewellery demand

Jewellery consumption for 2017 was also up 13% compared to 2016, with all major regions recording year-on-year gains. India's jewellery consumption increased by 8% in the last quarter of the year, helped by a surge in sales during Dhanteras (the first day of Diwali) and lower prices toward year end. Jewellery fabrication also increased 5.5% in 2017 from 2016. Chinese demand slipped 2% year-on-year, with ongoing losses in the pure gold segment as consumer preferences continued to shift towards more fashionable pieces with lower gold content. It is worth adding that after posting double-digit percentage declines on average since its 2013 peak, China's jewellery offtake appeared to have finally stabilised in 2017. Total physical demand increased on an annual basis, with physical demand up 10.6% from 3,555.9t in 2016 to 3,931.6t in 2017.

Gold supply was broadly unchanged and mine production rose fractionally to 3,268.7t in 2017 (2016: 3,236.0t), while there was net dehedging of 30.4t. Recycling levels declined by 10% year-on-year to 1,160t in 2017. Scrap volumes remained flat year-on-year.

Capital markets

We entered 2017 in a subdued gold-price environment and with higher capital expenditure expected for the year as we committed to investing in brownfields projects to extend mine life and/or improve margins from key assets. The South African operations performed poorly during the first quarter of the year, but recovered over the remaining nine months. The International Operations showed strong results throughout the year, with good cost control and projects that continue on schedule and on budget.

Political uncertainty continued to spread across many mining jurisdictions, particularly with respect to fiscal and regulatory uncertainty, with countries including the Philippines, Ivory Coast, South Africa, Tanzania and the DRC affected. Investors remained wary of companies with significant exposure in these jurisdictions and gravitated toward those with production from countries perceived as more stable.

Picture:
AGA Mineração, Brazil

MATERIAL CONCERNS
AND OUR EXTERNAL ENVIRONMENT
CONTINUED

During the year, we focused on clarifying the long-term benefit from our strict capital allocation philosophy, which prioritises self-sufficiency over the long term. We also outlined the reinvestment programme, prospects for growth from key assets in coming years, details of Obuasi's redevelopment, and the benefits from the restructured South African portfolio. However, we believe that growing political and regulatory uncertainty in the DRC and Tanzania, as well as the impact of sluggish VAT remittances on cash flows, remained a significant drag on the valuation.

The group was able to deliver a strong production result, robust cash generation from operations, disciplined capital allocation, clear delivery on our strategic objectives and the payment of a second consecutive dividend, after resuming dividend payments in 2016.

In South Africa, the operating environment has improved. Two asset sales announced in 2017 were finalised at the end of February 2018, and the prospect for greater regulatory certainty improved with a change of guard in both the Presidency and the Ministry of Mineral Resources. In Ghana, the new administration elected in late 2016 continued to deliver on its anti-corruption and investor-friendly promises made during the election.

Legacy issues: silicosis

Settlement negotiations between the Occupational Lung Disease (OLD) Working Group and the class action's legal representatives have reached an advanced stage. The OLD Working Group represents African Rainbow Minerals, Anglo American South Africa, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater. The class action members are represented by Richard Spoor Inc, Abrahams Kiewietz Inc and the Legal Resources Centre.

Given progress made by the OLD Working Group since 31 December 2016, AngloGold Ashanti management has estimated, within an acceptable range, AngloGold Ashanti's share of a possible settlement of the class action claims and related costs. AngloGold

Ashanti has provided for this obligation and recorded an expense of $63m for the year ended 31 December 2017. The ultimate outcome of these negotiations and the court sanction of the agreement remains uncertain and, accordingly, the provision is subject to adjustment in the future. In view of this progress, on 10 January 2018, in response to a request from all parties involved in the appeal to the Supreme Court of Appeal (SCA) in respect of the silicosis and tuberculosis class action litigation, the Registrar of the SCA postponed the hearing date of the appeal until further notice. For more detail and history on the silicosis class action see notes to the
<AFS>
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The OLD Working Group remains of the view that achieving a comprehensive settlement that is both fair to past, present and future employees and sustainable for the sector, is preferable to protracted litigation. To this end, the companies have been holding settlement talks with the lawyers acting for the workers who filed the legal proceedings and are confident that they could reach a settlement. The OLD Working Group will continue with its efforts to find common ground with all stakeholders, including government, labour and the claimants' legal representatives. The Group continues to assist the Medical Bureau for Occupational Diseases (MBOD) and Compensation Commissioner for Occupational Diseases (CCOD), which are government departments responsible for certification and compensation of mineworkers with OLD, to ensure effective administration of its responsibilities in terms of the Occupational Diseases in Mines and Works Act (ODMWA).

Regulatory environment

Regulatory changes and uncertainty

The sector is facing various legislative reforms, some of which have resulted in increased resource rents in certain of the jurisdictions in which we operate. Some of the current and/or proposed changes have come with uncertainties which impact market perceptions of the sector and the company.

Regulatory uncertainty was most pronounced in South Africa, where a reviewed Mining Charter

was tabled (and subsequently withdrawn by
the new Ramaphosa administration for a further
consultative process); in Tanzania, where a new
suite of laws and regulations were gazetted;
and in the DRC, where an amended mining
code was enacted in March 2018. In Australia,
two attempts to hike royalties and apply a
windfall tax were rebuffed by the Western
Australian state legislature.
1
For details on
these see the Regional sections.
2
Elections are planned in the next 12-18 months
in certain of AngloGold Ashanti's operating
jurisdictions, including Colombia, Mali, South
Africa and the DRC. The period before and
immediately after elections is often one of
heightened uncertainty as politicians campaign
to change key legislation and policy.
USEFUL LINKS
1
See Australasia in the Performance review
2
See Regional reviews

MATERIAL CONCERNS
AND OUR EXTERNAL ENVIRONMENT
CONTINUED

Brazil began emerging from a painful recession. Despite the country's poor economic growth and some public unrest, AngloGold Ashanti's operations continued to operate normally. The company will continue to lobby for policy beneficial to investment in the industry, through the Brazilian Mining Association.

In Colombia, the peace accord reached by the government and the Fuerzas Armadas Revolucionarias de Colombia (FARC) in late 2016, was implemented in 2017 though its progress was slowed down later in the year by a Colombian Constitutional Court ruling to end the 'fast track' mechanism for passing various of its provisions.

Social licence to operate: competing for resources and infrastructure

Mining often creates competition for resources, such as land, water and electricity. The challenge for mining companies is to strike the right balance between successfully conducting their operations while limiting, mitigating or offsetting the negative impact on the communities and societies in which they operate. AngloGold Ashanti's work towards sustainable mining, including environmental stewardship, is covered in the stakeholder engagement section, under communities, and is detailed in the
<SDR>
.

1

Water

Water remains a scarce resource and is an increasingly critical social, environmental and economic issue which demands careful attention given that the company has operations in areas that are water scarce and others which are prone to torrential rainfall during parts of the year. Efforts are underway to proactively reduce consumption by recycling water and using groundwater draining into underground operations that would otherwise be discharged. "Clean-dirty" water separation principles are applied and rainwater is diverted from operations to the greatest extent possible. In 2017, Mali, Tanzania, Ghana and Guinea experienced regional droughts, although our operations were not affected.

In addition to harvesting rainwater for our operational needs, we also draw on three sources of raw water: groundwater from borefields, or water collecting in underground operations from fissures and cracks; water purchased from utilities; and, where permitted, limited water drawn (under licence) from surface sources, such as rivers or lakes. We continually work to optimise the use of raw water in our operations, and ensure the safe discharge of excess water. We recognise water recycling as a key feature of water stewardship, and we track water recycling efficiency. The company's raw water imports have increased by 3% year-on-year, mainly due to lower rainfall in several of our operations which necessitated more water imports. For water usage statistics see the *Five-year statistics in the Regional Performance section*

2

.

In Tanzania, an additional pipeline built to supply water from Lake Victoria also provided access to water for irrigation for many communities and farmers alongside the pipeline's path. In Ghana, Iduapriem experienced abnormally low rainfall, which required increased water transfer from the Block 7 pit lake. Siguiri Mine in Guinea required increased water from the Tinkisso River due to poor rainfall.

In South Africa, management of extraneous water from neighbouring mines is a key focus area to protect AngloGold Ashanti's own operations downstream. In 2017, AngloGold Ashanti adjusted the pH of acidic water draining from the abandoned Blyvooruitzicht mine, which allowed it to be used in mining and gold processing circuits and offsetting fresh water imports to the operation.

Electricity

Most of AngloGold Ashanti's energy requirements are generated from fossil fuels, either purchased from utilities or generated by its operations. A minor percentage of the energy used is sourced from hydropower, with Brazil and the DRC most notable in this regard. AngloGold Ashanti's energy consumption is 8.9% lower since 2013, as a result of cost savings, energy efficiency initiatives and reduced number of operations. More than 95% of the company's greenhouse gas (GHG) emissions arise from energy consumption. Approximately 70% of 2017 GHG emissions arose from the South African operations due to use of emission-intensive coal-based electricity, purchased from the national utility. Energy efficiency is a key element in the South Africa region's strategy. Some of the energy reduction efforts include energy management and reporting processes, together with various efficiency projects across all operations. Additionally, in South Africa, back-up generators for disaster recovery are in place to ensure employee safety in case of an emergency and to prevent infrastructural damage during outages. Over the years, annual energy intensity has improved consistently in terms of GJ per tonne of ore treated. It is expected that in the coming year, the reduced number of operations in the region, following the sale of assets, will reflect a reduction in the overall usage of electricity.

USEFUL LINKS

1
See: www.aga-reports.com

2
As detailed in the Five-year statistics in Performance Review.

MATERIAL CONCERNS
AND OUR EXTERNAL ENVIRONMENT
CONTINUED

Australian operations achieved full conversion from oil- to gas-powered generation. A small number of diesel units remain at each site to provide peak-load capability and emergency back-up power for critical systems should there be any interruptions in gas supply. In Australia, Tropicana applied to the Clean Energy Regulator for a calculated baseline under the Federal Government's Carbon Emission Safeguard Mechanism. This legislation is aimed at limiting future growth in GHG emissions. After setting baseline emission thresholds, the Safeguard Mechanism will require that companies submit carbon credits or pay penalties for excess emissions.

In the Continental Africa region, each site now has an energy management plan and a KPI dashboard that monitors improvements while further identifying energy saving opportunities. These enable the identification of incremental energy-saving opportunities. Actions across the region include renegotiation of utility tariffs, replication of best practices from other mines in the AngloGold Ashanti portfolio, and the increased use of solar power for roadway lighting and other applications. In Tanzania, work was well advanced by year end to replace the existing power station with a new, more efficient facility. The new power station is scheduled to be commissioned in mid-2018. For data on our energy usage, see *Five-year statistics by operation* and for more information see Responsible environmental stewardship in the <SDR>.

Climate change – carbon emissions

Climate change is a global challenge posing risk to society and the environment. AngloGold Ashanti endeavours to contribute to climate change mitigation by reducing emissions and improving our efficiency of fossil energy use. In 2007, AngloGold Ashanti set a greenhouse gas emission target of 30% improvement in carbon intensity. This target has since been revised. Since 2013 the company has adopted a per tonne of ore processed denominator, replacing gold ounces produced. The initial target was framed using ounces of gold produced, however, the effect of reducing gold grades in ore mined has undermined this. This is because the primary drivers of energy consumption (and concomitant GHG emissions) in AngloGold Ashanti operations are the volume of rock mined, trammed and hoisted, distances trucked and tonnages milled in processing plants. In addition, our underground mines commonly use significant amounts of energy to ventilate and cool the underground workings.

Land use and rehabilitation

As part of securing the ongoing licence to operate, AngloGold Ashanti tries to ensure that land resettlement standards and procedures are implemented at all our operations, before or during mining activities. The company's process involves an initial assessment of land requirements, including the environmental, social and health impacts, followed by a resettlement management plan, in line with global best practice as set out in the International Finance Corporation's Performance Standard 5. For resettlements that took place in 2017, see the
<SDR>
.

Further, AngloGold Ashanti is committed to ensuring that our tailings are non-polluting, stable and contained. In South Africa, at the Kareerand facility, we experienced an intense storm early in the year where more than 50mm of rain fell in less than three hours. This deluge overwhelmed the facility's already-full process water management system and caused a reportable environmental incident. The facility itself remained stable and freeboard of the dam was safely maintained. In response to the incident, the water-management system was upgraded to improve its capability.

The land rehabilitation processes undertaken by AngloGold Ashanti are guided by the company's Closure Planning Standard, among others, to set a consistent benchmark across all our operations. At Yatela in Mali, where the closure process has commenced, we made good progress in the implementation of mine closure activities in 2017. The processing of tailings continued in 2017 as part of closure activities, including rinsing and rehabilitation

of the heap leach pads and will continue
until the end of 2021, with the completion of
mine closure expected at the end of 2022.
In Brazil, at Córrego do Sítio I, rehabilitation
activities have been implemented concurrently
with mining operations since 1992. The site
is in various stages of regeneration, including
the planted indigenous vegetation. Various
rehabilitation and conservation strategies are
used. Also see the
<SDR>
for more work
done regarding land use and rehabilitation.
Picture:
Surface Operations, South Africa

Our stakeholder engagement process involves:

- direct and indirect interactions
- addressing the material issues identified
- understanding stakeholders' needs and managing expectations
- sharing our objectives, policies and standards
- articulating our performance as a responsible corporate citizen

The engagement process is aimed at not only establishing but maintaining mutually-beneficial relationships with all stakeholders, driven primarily by the material issues identified through our interaction with them. It is an inclusive, continuous two-way process between AngloGold Ashanti and the people or organisations that are impacted by our business and who in turn, impact our business. Our stakeholder engagement process continues throughout the lifecycle of an operation, from exploration through to closure, and encompasses a range of activities and approaches. We view our stakeholders as important partners and we continuously strive to interact with them directly. In line with the King IV principles, our approach is to mindfully partner with our stakeholders to assess, manage and mitigate ethical and regulatory risk. In the everchanging environment in which we operate, the board is responsible for ethical and effective leadership which is fundamental to a successful stakeholder engagement for AngloGold Ashanti. Stakeholder engagement is discussed at board level through the board committees. We conduct stakeholder engagement at various levels within the company, including executive management, operational management and community and government outreach. The board maintains oversight of material issues concerning stakeholders. Our consistent engagement with stakeholders, including our host governments and communities, is also backed by actions on the ground, where we demonstrate our adherence to our value set.

Given the diverse footprint of our business, there is a correspondingly diverse set of stakeholders, each operating within a unique social, economic, political and regulatory context. Engagement takes place at various levels. Either at group level, with stakeholders whose interests require them to have an overview of the business as a whole, or at an operating level, where each site is responsible for its stakeholders, for understanding the impact the operation may have, and the potential that stakeholders have to influence the business.

STAKEHOLDER ENGAGEMENT
AND MATERIAL ISSUES

Our approach

Our stakeholder engagement is informed by the stakeholders that we have identified, our operating environment, and our business risks and opportunities.

We prioritise and respond by reviewing the material issues for our business and those of our key stakeholders, as well as comments from the Executive Committee and board. Building and nurturing relationships with all stakeholders is an integral part to our ability to secure and protect our licence to operate, to address our material issues, and to enhance shareholder value as we execute our strategy.

Picture:
Mponeng, South Africa

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES CONTINUED

We strive to conduct all stakeholder engagements in dynamic, honest, transparent and inclusive ways. Given the wide range of stakeholders, we adopt a multi-pronged approach, including among others:

- Visiting communities and government bodies in and around the areas/countries in which we operate
- Meeting providers of capital and financiers
- Co-ordinating community focus groups in the regions where we have operations
- Undertaking community grievance procedures and mechanisms
- Seeking employee views by means of our group-wide engagement survey and "town hall" meetings

Guided by the International Integrated Reporting Council and its related framework, King IV, the GRI's G4 guidelines and the Accountability AA1000 Stakeholder Engagement Standard to identify major issues of material concern that affected the company, our internal review process involved:

- A review of the previous year's material issues
- Identification of emerging issues
- Prioritising material issues, based on, among others, their relation to our strategy, operations and their potential impact on our social licence to operate.

Engaging with governments and regulators

Mitigating regulatory and political risk

We focus on maintaining good working relations with governmental authorities, keeping them appraised of any new developments at our operations and projects and raising any key concerns within each jurisdiction where we operate. Our aim is to also establish regulatory certainty and create an environment conducive to mining sector investment and development, for the long-term growth of the business and the respective countries, while we maintain law-abiding citizenship. Our responses in navigating political and regulatory uncertainty are informed by our code of ethics, and applied within the country's regulatory framework. In engaging with governments and regulators, our actions generally fall into one of three categories:

- Engaging proactively in policy development, regulatory proposals and conflict resolution, seeking mutually beneficial and sustainable outcomes
- Enhancing our internal systems and activities to meet the requirements of any regulatory changes
- Disputing and seeking recourse where we believe that we have been treated unfairly and/ or outside of accepted regulatory prescripts.

Who are our stakeholders?

Those who are affected, either directly or indirectly, by our business activities and those who can affect the outcomes of our operations and projects.

Communities, NGOs, NPOs, etc

Shareholders, investors and financiers

Media

Government and regulators

Suppliers and industry partners

Employees

STAKEHOLDER ENGAGEMENT
AND MATERIAL ISSUES
CONTINUED

Governments engage with us in all the jurisdictions in which we operate, to ensure that the benefits of mining flow through to the state at national, local and community levels. In addition to job creation, taxes, royalties, and investment, the benefits of mining at a local level include employment, skills development, local procurement and infrastructure and service development. Governments also engage with us to ensure and monitor regulatory compliance.

Engagements with governments and regulators included those in:

- South Africa – regarding the reviewed Mining Charter, and as part of the Working Occupational Lung Disease (OLD). The OLD Working Group continues to engage the Medical Bureau for Occupational Diseases (MBOD) and Compensation Commissioner for Occupational Diseases (CCOD), which are the government departments responsible for the certification and compensation of mineworkers with OLD, to assist in ensuring effective administration in terms of the Occupational Diseases in Mines and Works Act (ODMWA).

1

We also engaged with regulators on the restructuring of the South African operations which included the sale of our mines in the Vaal River region. These engagements were held with local, provincial and national governments; trade union representatives; host communities and civil society organisations; and small, medium and micro enterprises.

- Ghana – AngloGold Ashanti was in discussions with the government of Ghana throughout 2017 to secure the necessary agreements and permits for the redevelopment of Obuasi. The relevant fiscal and development agreements have been signed by the government, and are now subject to ratification by Ghana's parliament.

- Tanzania – following changes in legislation, we are seeking engagement with the government to obtain clarity regarding the new laws and regulations that impact the mining sector. These changes apply to those companies that have long-standing mine development agreements.

- DRC – we are working with our joint venture partner and operator – Randgold Resources – and peers in the industry, seeking engagement with the government of the DRC, ahead of the publication of the regulation that will govern implementation of the new law. We aim to ensure issues in the current agreement and other relevant matters are appropriately catered for in the regulations that will govern the implementation of the code.
See our website for updates on this.
- Australia – extensive engagement between the newly-elected Western Australian government and gold industry in the region took place as the industry lobbied against proposed changes in tax legislation that specifically targeted mining companies.
- Brazil – various stakeholders, including the government were involved in our Expanded Dialogue initiative that is dedicated to open and transparent discussions on AngloGold Ashanti's performance and impact on host communities. These sessions were held in the municipality of Sabará (with representatives from the municipalities within the State of Minas Gerais participating), as well as in the municipality of Crixás.

Engaging industry partners and suppliers

Promoting partnership towards the long-term sustainability of the industry and our company

We collaborate with our peers in the sector and industry bodies, to engage governments, labour and other key stakeholders on new developments to promote the future of the industry. These industry partners include the World Gold Council, the International Council on Mining and Metals (ICMM), other companies within the industry and the Chamber of Mines.

USEFUL LINKS

1

For the latest work on OLD, see the External Environment on page 26
2
Details of which are available on: www.qhubekatrust.co.za
3
For more information on the Working Group, see the External environment on page 26

Our engagements included:

- Interactions and work throughout the year with the OLD Working Group. The focus is to develop, in conjunction with key stakeholders, a comprehensive solution to silicosis litigation and related statutory compensation. AngloGold Ashanti, together with Anglo American South Africa, established a trust – the Q(h)ubeka Trust – to provide compensation to qualifying claimants and dependants of ex-mineworkers in a legal settlement that covers about 4,365 named ex-mineworkers. Much progress was made by the Trust during the year. **2,3**
- Industry partners – we engage regularly with the local Chamber of Mines in the various regions in which we operate. During the year, in Australia, this was to lobby the government of Western Australia on the proposed increase in the gold tax. In South Africa, we focused primarily on negotiations related to the reviewed Mining Charter.

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES CONTINUED

- Suppliers – AngloGold Ashanti always endeavours to have suppliers apply our business ethics and values. Our supplier code of conduct encourages all our suppliers, including contractors, to align their businesses with our internal policies and codes of ethical behaviour, particularly on human rights practices, labour relations and employment practices, the environment, our anti-corruption policies, and safety procedures, policies and standards. Suppliers are assessed on their governance conduct, as well as to their socio-economic behaviour. Furthermore, we work closely with suppliers to promote local procurement, transformation and capacity building.

Engaging with communities

Managing expectations, upholding human rights and ensuring security (of assets and the community)

Our community engagement aims to establish partnerships with host communities for shared value creation. We are also driven by the need to maintain our socio-political licence to operate, which is core to how we work with our host communities and conduct business.

We are guided by our global Engagement Management Standard that requires each operation to prepare and implement an engagement strategy that is, among others, forward-looking and identifies potential areas of concern to stakeholders. We have local economic development programmes that run in partnership with local governments and host communities. These contribute to economic growth, stimulate income generating opportunities, create employment, and aim to nurture sustainable livelihoods beyond the life of mine. For more information see the <SDR> on contributing to self-sustaining communities.

During the year we engaged with communities in:

- South Africa – the restructuring of our South African operations led to the sale of some of our mines. As this change is bound to affect host communities, among others, we engaged with the Department of Mineral Resources (DMR) at a national and regional level, local communities (NPOs, NGOs and youth), small, medium and micro enterprises, as well as the local municipalities in affected host communities and major labour-sending areas. Engagements were aimed at informing relevant stakeholders of recent developments and our plans, and to address the transfer of the TauTona and Kopanang Social and Labour Plan obligations, their environmental programmes and mining rights as well as some employees to the new owners of the Kopanang mine.

- Ghana – at Obuasi, together with the Environmental Protection Agency, we hosted a public meeting in 2017 to engage communities and regulatory bodies on the potential redevelopment of the mine. These engagements also included the paramount, divisional and local Chiefs, local NGOs and other stakeholders. The purpose was to create an opportunity for all relevant stakeholders to express their perspectives on the proposed mine redevelopment plans, as well as proposals for environmental management initiatives, such as tailings facilities and water infrastructure projects.
- Brazil – we hosted an annual meeting, the Expanded Dialogue, dedicated to open and transparent discussions on the company’s performance and impact on host communities. This event was attended by representatives of key stakeholder groups, including host communities, local government, media, civil society and suppliers.

Our community engagements also include instances where we require access to land for mining activities. These may lead to the subsequent resettlement of people, a complex and emotive matter with long-term implications for the relationship with our host communities. We therefore, manage these with sensitivity while engaging the related communities.

In areas where we require land access

within communities, we begin with an initial assessment that is followed by a resettlement management plan developed in consultation with local authorities, as well as with the affected community, in line with global best practice as set out in the International Finance Corporation's Performance Standard 5. Should the displacement be unavoidable, affected communities are fully, fairly and promptly compensated for any loss of assets. Resettlements that took place during the year are discussed in the
<SDR>
.

Engaging with employees

Mitigating safety risk, employee wellness and ensuring stable labour relations

AngloGold Ashanti's approach to employee engagement is driven by an understanding that this is a two-way interaction and is aimed at promoting good labour relations, increasing productivity and maintaining a focus on our strategic objectives. The wellbeing of all our employees and their safety is the foundation of who we are and how we conduct ourselves.

STAKEHOLDER ENGAGEMENT
AND MATERIAL ISSUES
CONTINUED

Our company value – Safety is our first value – captures the importance of safety, which remains our top priority.

It is vital that engagement be not only professional and respectful but also in line with the laws and regulations that govern the mining sector in our various operational jurisdictions. Furthermore, good labour relations encourage a collaborative approach to problem-solving in the workplace. Our engagement, using a variety of approaches and forms, emphasises and reinforces the importance of being safe in the workplace, of complying with safety procedures and standards, while also covering wellness, indebtedness, employee security, and performance against our strategic objectives, as we work to create value for our stakeholders.

AngloGold Ashanti employees have a right to freedom of association and to collective bargaining at all operations, where the country's regulations allow.

The following include some of the year's key employee engagements:

- South Africa – a forum is in place at which management and employees' organised labour representatives meet regularly to discuss issues and take action on employee-related matters, including the employee transition framework related to the restructuring in 2017. Using this forum, we engaged with employees on the various restructuring processes undertaken during the year, including the sale of some mines. After extensive engagement with unions and regulators, all parties agreed to reduce the impact of job losses – by including voluntary severance packages and transfers. This resulted in only 21, out of an initial estimated 849, employees being dismissed for operational requirements. Additionally, following a review of various options to safely turn around the performance of the loss-making operations, AngloGold Ashanti made the difficult decision to restructure certain South African business units. Consequently, further engagements were held with employees, their labour representatives – the unions and the DMR at national and regional level. Through these engagements, more job losses were mitigated. For more details, see *Regional Reviews* – South Africa. In addition, the Chief Operating Officer and the head of human resources in South Africa briefed all management employees regularly, and engaged with the leadership of organised labour as necessary, throughout the year.

Picture:
Iduapriem, Ghana

STAKEHOLDER ENGAGEMENT
AND MATERIAL ISSUES
CONTINUED

- Continental Africa – labour relations remained stable across the region and, despite labour disputes on salaries at our Malian operations and protracted wage negotiations at Siguiri, there were no production interruptions. We view this as a reflection of the good relations between management and employees. There were no unresolved labour issues in 2017.
- Employee survey – we conduct a survey every two years to understand employees' perceptions and views of the company.

1

Engaging with the investment community

Managing expectations, particularly against targets and strategic objectives

We conduct our engagement with the investment community regularly, in person and by email, at our interim and annual results presentations, market updates, via conference calls, site visits, investor conferences and at one-on-one meetings. We engage in a transparent manner, in compliance with JSE Listings Requirements, the stock exchange on which AngloGold Ashanti has its primary listing, and with the regulations of the various other exchanges on which we are listed.

Our investment community is geographically diverse and includes financiers and bond holders, and the providers of capital – our shareholders and prospective investors.

We always report on our performance, both operational and financial, and on progress made in delivering on our strategic objectives, as well as on material matters that may have an impact on our performance, such as regulatory and political risk, corporate activity by way of acquisitions or sales, other corporate transactions, labour unrest, and community matters, amongst others.

We believe that open and transparent engagement can enhance the valuation and credit rating of our company, thereby improving our access capital. These engagements are necessarily proactive, to inform of any developments in the company, and become even more important during periods when investor sentiment is negative. Some of the points we engaged the investment community on, in addition to performance against our strategic objectives, in 2017 are:

- Safety – improved safety performance
- Changes in remuneration – resolution supported at the AGM with the remuneration report receiving 97% shareholder approval
- Restructuring of the South Africa region – finalisation of asset sales and operational turnaround
- Communities – Siguiri resettlement in line with company processes on community engagement and human rights
- Tanzania – surprise legislation changes on additional royalties and clearance levy
- Obuasi – redevelopment into a modern, mechanised mine to extract value
- Balance sheet – improved liquidity position, thereby maintaining financial flexibility
- Low-capital, high-return project opportunities – self-funded Siguiri expansion, Tropicana optimisation and Long Island study
- South Africa – reviewed Mining Charter, the activities of the OLD Working Group and the overall political uncertainty in the country
- Exploration – particularly progress made in Australia

Engaging with the media

Complements engagement with many other stakeholders

Our media engagement is transparent, covers a range of matters, facilitates understanding of AngloGold Ashanti's activities, and promotes accurate reporting and constructive relationships with other stakeholders. Engagement with the media augments and underpins communication with other stakeholders such as communities, investors and government, and other interested entities. Successful media engagement is fundamental to ensuring accurate representation and understanding of the company, management

USEFUL LINKS

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For more detail on this survey see People are the Business on page 36

of our reputation and our credibility, and maintenance of our social licence to operate. It can be used to address speculation and misinformation in the public domain.

We engage with the media through holding roundtable sessions to provide deeper insight into our business, interviews granted during the company's results announcements and as necessary to provide reporters with company updates developments, including:

- Political and regulatory engagements: in Tanzania for the export ban, mandatory listing, and the legislative changes. In South Africa for the MPRDA & the reviewed Mining Charter, and in the DRC on the new mining code
- Social Licence to Operate: in Colombia on the La Colosa plebiscite outcomes; in Guinea on the Area 1 Resettlements; and in South Africa on the community demands for jobs, particularly with restructuring in South Africa
- Others matters: included fatalities in the mines in South Africa; the OLD working group relating to the class action certification by the High Court; and the settlement negotiations

STAKEHOLDER ENGAGEMENT
AND MATERIAL ISSUES
CONTINUED

In engaging with stakeholders, various material issues are highlighted. The major material issues identified as a result of this engagement are the following:

Detailed information on our approach in addressing these issues is described in the <SDR>
.

Contributing to self-sustaining communities

Artisanal and small scale mining (legal and illegal)

Responsible environmental stewardship

Employee and community health

Employee, community and asset security

Talent management and skills development

Employee safety

Respecting human rights

Integrated closure management

Navigating regulatory and political uncertainty and risk

Picture:
Serra Grande, Brazil

PEOPLE
ARE THE BUSINESS

In the South Africa region, the human resource challenge is framed by significant structural rationalisation of the portfolio, with reduced employee numbers and a need to retain talented individuals, particularly staff with critical and scarce skills. This needs to be done while the retained employees transition to their new roles. The focus of our human resource strategy has enabled us to respond to the primary challenges we face, namely ensuring organisational effectiveness while rationalising part of the portfolio, as well as operating and growing others.

The regions within our International Operations' portfolio continue on their strategic trajectories to become world-class operations that are safe and profitable in all circumstances. The business has leveraged the operational excellence initiative, aided by employing people with the right skills and behaviours and creating an organisational culture conducive to operating at a high level and continuously improving performance.

The need to deliver on our business strategy, coupled with the challenging business environment, places an increased focus on our people as we strive to ensure that the company remains competitive, and consistent in the deliver y of excellence. In view of this, our human resource strategy has remained resolute in ensuring that the company has created the environment for staff to thrive and add value to the business.

Picture:
Serra Grande, Brazil

PEOPLE
ARE THE BUSINESS
CONTINUED

Our People strategy is underpinned by our values and enables business strategy execution

AngloGold Ashanti’s people philosophy

Given the importance of having the right people doing the right work well, our business context is relevant to how our people work

People Strategic Pillars

Goal

Organisational design and operating model aligned to business strategy

Health of Discipline framework to enable Operational Excellence

Develop capable ethical leaders across the organisation

Focus on employee engagement and commitment

Integrated talent management and succession planning

Simplified and integrated global human resource systems

Intent

Optimal organisational design and structure which gives effect to the company strategy in a way that is globally consistent, yet locally relevant.

Ensure that we have defined the right competencies and capabilities required per functional area to enable operational excellence and strategy execution.

The best leaders are in place, with a global mindset, and who use a requisite set of competencies to shape and drive a high-performance culture.

Employees are fully engaged so that they thrive and give their best in achieving their own and company objectives.
Integrated cross functional talent management with the requisite capabilities in place, enabling us to navigate the business landscape and achieve strategic objectives.
Human resources data is effectively managed in order to enable more effective decision making, optimise internal and external reporting, and drive superior business performance.

Key Enabler:
Values Based Ethical Leadership and Management Practices - “How We Work”

People strategy
Engaged talent
Business results
Social sustainability
Shareholder value

Our business context drives the following six human resources strategic priorities:

- Develop integrated talent management systems and succession planning
- Build capable global leaders across the organisation to ensure a high-performance culture
- Develop and drive a Health of Discipline* framework that ensures that the various disciplines have effective organisational structures, staffed by competent people and with appropriate work processes, to achieve our business objectives
- Focus on employee engagement and commitment
- Shape AngloGold Ashanti's culture with a clear organisational design and operating model
- Develop simplified and integrated human resource information systems

* *The Health of Discipline refers to our framework to ensure that we have the right people, with the appropriate competencies, in the right positions.*

Our actions in 2017

Given the challenges in our operating environment, the company's human resources discipline increased its emphasis on building capacity and capability, to position itself as an effective strategic partner to the business. Our focus was on delivering productive, innovative people management initiatives and accelerating delivery of our strategic priorities. In the following sections, we reflect on our performance regarding the strategic priorities of integrated talent management, health of discipline, organisational leadership and employee engagement.

Integrated talent management

In advancing our talent management capability, 2016 and 2017 were devoted to building on the foundation of existing talent management practices and strengthening the operationalisation and maturity of our talent management process. This was supported

by the development of a talent management
toolkit and system to ensure an integrated
and consistent approach across our
operating base.
PEOPLE
ARE THE BUSINESS
CONTINUED
Integrated talent management approach
Opt
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ise overhead, costs and
cap
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Ma
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ty
Focus on people, safety and sustainability
Ensure f
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Improve portfol
io qual
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Supporting
our strategy for
sustainable
cash flow
improvements
and returns
O
U
R
CO
RE
ST
RATEGIC FOCU
S A
RE

A
S
Business strategy
Human resources strategy
Engaged talent
Leadership competency framework
Business results
Identify
Develop
Deploy
Integrated talent management
Assess
Retain

Talent and succession planning

During the year, the Chief Executive Officer's talent pool, comprising Stratum IV (Vice President level and above), was reviewed and presented to the board. Critical leadership and technical positions were identified, and potential successors in the short, medium and long term, were identified for all these positions. In so doing, talent was reviewed cross-functionally across AngloGold Ashanti.
Cross-functional talent reviews assist with the management of specific talent management risks, including unfilled vacancies in critical leadership and specialist positions. To ensure that these potential risks are avoided, we have development plans for potential successors through a blended-learning approach, covering both formal and informal training. Additionally, while focusing on strengthening leadership talent, we are mindful of gender diversity and continue to work towards gender parity.

We continued to make progress with internal succession placements – about 80% of key positions were filled internally. At our Continental Africa operations, where the company largely employed expatriate staff in the past, employment of expatriates has been reduced. This change has had no adverse impact and operations continue to excel with greater localised employment.

PEOPLE
ARE THE BUSINESS
CONTINUED

In the South Africa region, we implemented the Advanced Leadership Development (ALDP) and Managerial Leadership Development (MLDP) programmes for key personnel in partnership with the University of Cape Town Graduate School of Business. These programmes aim to provide managers with the requisite skills, knowledge and required behaviours to be effective leaders by facilitating exposure to classroom training, as well as on-the-job coaching and mentoring. This is evidence of AngloGold Ashanti's steadily maturing approach towards integrated talent management, with real application in a fast-paced, real world business environment:

- The cover ratio for Executive Committee members and other key leadership roles shows strong bench strength across the group
- A strong focus on appointing candidates from within the company to key positions, with around 80% of positions having been filled internally
- Good leadership talent retention (senior and executive management) positions with a 3% turnover rate
- A strong talent pipeline with most of the workforce being between 26 and 45 years of age
- 7% year-on-year improvement in identifying women successors for inclusion into the talent pool – this remains a focus area
- Representation by historically disadvantaged South Africans in the CEO's talent pool was 14% higher year-on-year
- Retention risks being managed proactively with expanded retention strategies, including a structured focus on both formal and informal development interventions
- Talent management governance structures streamlined across the organisation with

clear guidelines for talent pool identification

Talent development: Chairman's Young Leadership Development Programme

In strengthening employee development and expanding the leadership pipeline internally, AngloGold Ashanti continued its focus on nurturing and developing young talent from lower levels through the Chairman's Young Leaders Programme. The programme, focuses mainly on emerging young talent, is well established and in its third year. It is yielding positive results in developing, and nurturing future leadership and/or critical skills talent pipeline across AngloGold Ashanti. From the 2015 and 2016 intakes, (out of 17 participants), 76% have either been promoted or have had their roles expanded to assume greater responsibility. Nine young leaders joined the 2017 programme and received global exposure through three cross-functional job rotations across the business during the year. All nine delegates completed the programme successfully.

Picture:
Iduapriem, Ghana

Now that those on the programme have completed it, the next intake of young leaders into the programme will be in 2019. In the interim, the following key interventions will be undertaken:

- Launching of a mentorship programme
- Ensuring visibility of talent through ongoing engagements with the senior leadership team
- Focusing on implementation of development plans and continuing with career guidance

Localisation and expatriate management

Localisation is a key driver for talent and succession management across our operations. In Continental Africa, our deliberate approach to reducing the number of expatriate employees and creating opportunities for local employees, has resulted in 41% less expatriates in the region since 2013. This was a result of both the appointment of local successors and the redundancy of some expatriate roles given local skills development. Between January 2016 and December 2017, 62.5% of expatriate roles were localised. Our managers continue to focus on local skills development, including skills transfer programmes.

Organisational leadership

Leadership is an integral part of AngloGold Ashanti's *How We Work* people management philosophy. In 2017, we developed a leadership competency framework, aimed at clearly outlining the competencies and behaviours required by AngloGold Ashanti leaders across the business. This framework is in line with the principle of values-based ethical leadership for all leaders and thus demonstrates the AngloGold Ashanti values of being socially responsible, having integrity and embracing multicultural diversity.

Implementation of this framework will be supported by an upskilling toolkit and allow for regional interpretation and integration into our "*How We Work"* people management practices.

PEOPLE
ARE THE BUSINESS
CONTINUED

Picture:

Sunrise Dam, Australia

Number of expatriates in Continental Africa Region

211
183
142
166
240
2013
2014
2015
2016
2017

PEOPLE ARE THE BUSINESS CONTINUED

Strategic and
commercial acumen
Operational
excellence
Clear vision and
direction setting
Drive
performance
Safety
mindset
Adaptability
and resilience

Business leadership

People leadership

Self leadership

Stakeholder
management
Innovation
Leading and building
diverse teams
Ensure
accountability
Teamwork and
collaboration
Emotional
intelligence

Supporting our strategy for sustainable cash flow improvements and returns

- Optimise overhead costs and capital expenditure
- Improve portfolio quality
- Maintain long-term optionality
- Focus on people, safety and sustainability
- Ensure financial flexibility

Optimise
overhead,
costs and
capital
expenditure
Maintain
long-term
optionality
Focus on people, safety and sustainability
Ensure
financal
flexiblity

Improve
portfolio
quality
Supporting
our strategy for
sustainable
cash flow
improvements
and returns
OUR CORE STRATEGIC FOCUS AREAS
Values based ethical leadership
AngloGold Ashanti's values
Safety
Dignity and respect
Diversity
Accountability
Communities
Environment
Communication and capability building
Integration into talent practices, including Recruitment, On-boarding, Development, Health of Discipline and Performance, Career and Succession Management
Technical and functional competencies
Our business
strategy
Our leadership
competency
framework
How we
enable this
The AngloGold Ashanti leadership competency framework

Skills development

As part of skills development, AngloGold Ashanti Training and Development Services (ATDS) in South Africa, which has eight major training centres (including two underground), provided comprehensive technical, leadership and behavioural training and development to staff in 2017. ATDS trained approximately 27,000 learners and is fully accredited by the South African Mining Qualifications Authority (MQA) and is ISO 9001 and OHSAS 18001 accredited. Learners are primarily employees from our South Africa and Continental Africa regions, but also include learners from external organisations such as the South African National Defence Force and the national power utility, Eskom.

Health of Discipline

The Health of Discipline framework was positioned as a company-wide consistent approach to achieve the following objectives:

- Continuous supply of functional, technical and leadership competence in critical roles;
- Execution of succession planning for critical skills
- Career management through clear and relevant processes to design career paths for all key employees and key talent segments

In 2017, implementation of the initial phase of the Health of Discipline framework and toolkit were accelerated to ensure that the various disciplines have effective organisational structures, staffed by competent people with appropriate work processes to achieve our business objectives. Significant traction in implementing the Health of Discipline practice has been noted at the International Operations, particularly relating to metallurgy, mining, geotechnical, and greenfields and brownfields exploration. The next phase will cover all other disciplines across the regions and the group – drawing from the successes and learnings of the first phase.

Employee engagement

AngloGold Ashanti initiated a global engagement survey in August 2014. In early 2017, a second engagement survey was conducted to assess progress made in the intervening period and to identify further work to be done to promote levels of employee engagement. The survey was conducted by an external provider, Talent Map. Customised questions on the global engagement survey, pertinent to AngloGold Ashanti, were included with specific focus on safety, company values and ethics. A representative sample of employees was surveyed across all levels, including age, gender, race and tenure. The following was the key dimensions covered:

- Company values
- Organisational vision
- Senior leadership practices
- Innovation
- Ethics

In the 2014 survey, three areas came up as areas requiring improvement: senior leadership practices; managerial effectiveness; and ethics. These were determined as the most significant areas as they are strong drivers of employee engagement. A range of interventions were undertaken, underpinned by the roll-out of the *How we Work* people practices which aims to build supervisor and manager capability in managing and engaging employees in the workplace.

In the 2017 global engagement survey, the results showed an improvement of the overall engagement score compared to the 2014 survey: from 69% in 2014, increasing to 76% in 2017 as depicted below:

Engagement scores

Unfavourable

Overall engagement

I am proud to tell others
I work for my company

I am optimistic about
the future of my company

My company inspires me
to do my best work

Data is rounded to the nearest number

** Number indicates % favourable score*
Neutral
Favourable
Frequency (%)
0
20
40
60
80
100
AGA
2014*
AGA
2017
Large
organisation
benchmark*
Industry
benchmark*
69
72
71
76
79
78
64
70
68
66
66
66
10
14
76
7
10
83
12
14
74
12
16
72

Shareholder information

The employee engagement survey also indicated that working on entrenching and ensuring demonstrable and visible company values and principles by employees and managers across the group, is a key positive engagement driver for AngloGold Ashanti. Notwithstanding the improved 2017 performance, we continue to do more work to drive employee engagement.

There will be specific focus on enhancing and ensuring awareness of our company values, as a key leverage area to improve employee engagement. How We Work will continue as a global management system to enable accountable leadership and implementation of the requisite people management practices within AngloGold Ashanti. Having taken heed of the results of the previous surveys, a follow-up survey will be conducted in 2019.

Diversity and inclusion

As a global company, AngloGold Ashanti embraces and recognises employees from diverse backgrounds. This includes cultural, geographical and gender diversity, along with the need to address localisation requirements and the many forms of discrimination arising from diversity. All our policies linked to diversity and inclusion are underpinned by our value that we must treat each other with respect, regardless of race, religion, gender, disability, size, age, or country of origin. In all its aspects, embracing diversity is a source of value rather than a challenge which needs to be managed. The company has continued to work actively in strengthening women representation at board, executive and senior leadership levels, and compares favourably with peers in the mining industry. Our focus remains the identification and appointment of women leaders into technical roles. The challenge we face can be attributed to the competition for talent, particularly for women at senior level as well as the small pool of senior women with technical skills, a barrier generally faced by the mining and industrial sectors. We continue to work with Women in Mining and tertiary institutions to address this. Throughout the year we participated in, or continued to subscribe to various bodies

and interest groups focusing on gender diversity, enabling us to help influence a progressive diversity agenda. Through the 30% Club Boardwalk, 25 women at management level have participated in this development initiative to nurture aspiring leaders in senior management positions.
The company also joined the South African and Australian chapters of Women in Mining, an organisation which, among other things, supports development initiatives including coaching and mentoring and enabling suitable work environments.
Through its focus on women's development in South Africa, the company received a number of accolades at the 2017 Gender Mainstreaming awards. Among companies listed on the Johannesburg Stock Exchange, AngloGold Ashanti was placed first in the category of Economic Empowerment of Women; second in Women on Boards; and third in the three categories of Empowerment of Women in the Community, Women on Executive Committees in Multinationals and Gender Reporting.
PEOPLE
ARE THE BUSINESS
CONTINUED
2017 Performance scores by main survey attributes
Unfavourable
Professional growth/Personal development
Safety
Organisational vision
Innovation
Work environment
Values
Teamwork
Immediate management
Performance feedback
Ethics
Company information on communication
Work/life balance
Stakeholder focus
Senior leadership practices
Managerial effectiveness
Remuneration/reward
Data is rounded to the nearest number
** Number indicates % favourable score for AngloGold Ashanti*
Neutral
Favourable
Frequency (%) 0

20
40
60
80
100
AGA 2014*
7
9
8
9
83
7
12
82
7
10
82
8
13
79
13
13
74
18
17
66
15
20
65
18
18
65
19
16
65
18
23
60
23
24
53
30
31
39
85
11
10
80
18
16
66

14
24
63
79
76
76
72
71
60
59
59
63
54
47
35
82
76
60
57

Labour relations

AngloGold Ashanti employees have a right to freedom of association and to collective bargaining. This is embraced and viewed by management as central to effective labour relations at all our operations where the country's regulations allow. For labour relations activities and engagements that took place during the year, see the regional reviews sections in *Performance review*.

Safety strategy

The safety strategy is aimed at systematically identifying and eliminating workplace hazards and risks, particularly in the ultra-deep gold mining environment with many geological challenges, where missteps can have disastrous consequences. There was a significant improvement in the various components of the strategy given the strong focus on safe production.

Our South African operations have recently reviewed the strategy in order to align it with current trends. And, following the fatal accidents that occurred in South Africa in the latter half of the year, mitigation measures were put in place to avoid a recurrence. These measures include, among others:

- Compilation and review of guidelines on changes to mining configuration
- Investigating the use of technology to assess rock mass competency, ground penetrating radar is currently being tested
- Improving cycle mining compliance
- all supervisors attended refresher sessions on cycle mining requirements
- the booking system was reviewed to align with activities rather than volumes mined (m^2)
- the second wave crew training to begin, starting with supervision accountabilities
-

Reviewing stope profiles to improve rock stress redistribution ahead of the stope by determining the optimal lead/lags for varying panel lengths and taking into account the principles of cycle mining

•

Reviewing start-up risk assessment formats and processes to incorporate learnings and trigger action response plan principles (similar to ledging risk assessment)

•

Awareness training on the reviewed/ updated procedures

Our four-pillar safety strategy (i.e. knowledge and skills, behaviour and attitude, planning work, and removing people from risk) is aimed at creating a culture of "planning for safe work" while integrating safety principles into work. Significant progress was made during the year in terms of safety leadership training, employee capability and risk propensity as well as hazard and risk management training for supervisors.

PEOPLE
ARE THE BUSINESS
CONTINUED

Gender representation on the board: 2014 - 2017

(%)

2014
2015
2016
Male 7
8
8
7
Female 2
3
3
4
% Female 22%
27%
27%
36%
2017
8
6
4
2
0
40%
30%
20%

10%
0%
7
27%
27%
27%
36%
2
8
3
3
8
7
4
2014
2015
2016
Male 6
6
6
6
Female 3
3
3
3
% Female 33%
33%
33%
33%
2017
7
6
5
4
3
2
1
0
35%
30%
25%
20%
15%
10%
5%
0%
Gender representation in executive management: 2014 - 2017
(%)
6
33%
33%

33%
33%
3
6
3
3
6
6
3

STRATEGY

SECTION 3

This section sets out how we create value for our stakeholders in the short, medium and long term, and how we have performed in terms of our strategic objectives, while managing the related risks and opportunities.

Picture:
Mponeng, South Africa

OUR
STRATEGY
Focusing on the strategic areas of the company
ANGLOGOLD ASHANTI’S INVESTMENT CASE:
Optimise overhead, costs and
capital expenditure
Maintain long-term optionality
Focus on people, safety and sustainability
Ensure financial flexibility
Improve portfolio quality
Supporting
our strategy for
sustainable
cash flow
improvements
and returns
OUR CORE STRATEGIC FOCUS AREAS
People are the foundation of our business. Our business must operate according to our values if it is to remain sustainable in the long term.
We must ensure our balance sheet always remains able to meet our core funding needs.
All spending decisions must be thoroughly scrutinised to ensure they are optimally structured and necessary to fulfil our core business objective.
We have a portfolio of assets that must be actively managed to improve the overall mix of our production base as we strive for a competitive valuation as a business.
While we are focused on ensuring the most efficient day-to-day operation of our business, we must keep a close eye on creating a competitive pipeline of long-term opportunities.
These focus areas drive our plans for inward investment, to deliver better quality production aimed at increasing margins, extending mine lives and shaping the portfolio in the longer term.
AngloGold Ashanti's core strategic focus is to generate sustainable cash flow improvements and returns by focusing on five key areas, namely: people, safety and sustainability; ensuring financial flexibility; actively managing all expenditures; improving the quality of our portfolio; and maintaining long-term optionality.
HIGH-QUALITY portfolio
of long-life, pure gold
assets with strong leverage
to energy and currencies
Transparent, DECISIVE,
DISCIPLINED
management team,
focused on delivery, long-
term shareholder value
PRIORITISING MARGINS
over volume – focus on
cost and capital discipline
Decisive STRATEGIC RESPONSE
to the gold price – business plans
adjusted, and exploration and
development projects curtailed or
advanced, as appropriate

Balance sheet
FLEXIBILITY, with
appropriate liquidity,
and within covenant
threshold

WELL-DEVELOPED
ENGAGEMENT model
ensures strong stakeholder
relationships and maintains
licence to operate

‘Our people’ include our employees, the host communities and all other stakeholders as discussed under the *Stakeholder engagement* section in this report. During the 2017 year, the focus on the employees included ensuring an integrated talent management process, employee development, and succession planning to ensure that we have the right people, with appropriate competencies, in the right positions. This is the key aspect in ensuring creation of the right working environment, encouraging a high-performance culture, to enable delivery on our strategic objectives.

Our drive to maintain sustainable cash flows, is not only dependent on our capable employees, but is also influenced by our ability to operate safely, in line with our first value and zero harm goal, and to conduct our business ethically. To keep an uncompromised license to operate, we maintain full engagement with our host communities and governments, and remain responsible stewards of the environment, notwithstanding the invasive nature of mining.

Safety remains our highest priority as we continue on the path to eliminating all injuries from our mines. In achieving this strategic pillar, we create value, sustainably, while investing back to the communities.

PERFORMANCE
AGAINST STRATEGIC OBJECTIVES

AngloGold Ashanti's performance against its strategy is set out below for each strategic pillar. These were achieved by delivering better quality ounces, improved margins, self-funded investments into the portfolio for the long term sustainability of the business, while generating and returning cash to investors.

Our core strategic focus areas remain:

1.

**Focus on people, safety,
and sustainability**

Number of employees

58,057
52,266
51,480
52,649
66,434
2013
2014
2015
2016
2017

Community investment
(by region 2017)

- South Africa
- Continental Africa
- Australasia
- Americas

%
23
3
35
39

Productivity*
(oz/TEC)
9.30
9.50
9.66
8.97
7.77
2013
2014
2015
2016
2017

** Continuing operations*

Picture:
Sunrise Dam, Australia

Despite higher capital expenditure increasing our net debt slightly from $1.9bn to $2.0bn, net debt to adjusted EBITDA ratio (1.35 times) remained well below our covenant threshold (3.5 times). The capital expenditure increase was planned to pursue high-return opportunities – these are stated under strategic pillar 4 on the following page. We have maintained financial flexibility in the current volatile environment, our balance sheet is robust with strong liquidity, sufficient undrawn facilities and no near-term maturities.

Continued positive cash generation helped us return cash to shareholders, enabling us to declare a dividend at ZAR 0.70 cents, equivalent to ~6 US cents (2016: 10 US cents) a share. The proceeds from the sale of the two mines in South Africa were applied to reduce debt, further improving financial flexibility.

Total cash costs of $792/oz were 6% higher than the previous year, impacted by inflation, stronger local currencies and the expensing of certain capital costs at the South African operations as they went into orderly closure. Corporate costs, however, were up 5%, negatively impacted by inflation and currency effects.

Cost management initiatives continue under the Operational Excellence programme. This programme drives improved behaviours within the workplaces for enhanced operational efficiencies, to reduce cost structures and improve margins.

All-in sustaining costs were higher compared to 2016 due to the higher planned sustaining capital expenditure as we self-funded our portfolio development, reinvesting in high return options within our existing portfolio. In 2018, capital expenditure is expected to be lower at between $800m and $920m (inclusive of growth projects at $200m-$250m).

1

PERFORMANCE
AGAINST STRATEGIC OBJECTIVES
CONTINUED

2.

Ensure financial flexibility

3.

Optimise overhead, costs and capital expenditure

Group annual capital expenditure*
($m)
1,209
857
953
811
1,993
2013
2014
2015
2016
2017
** Includes equity-accounted investments and discontinued operations*
Corporate and overhead costs
($/oz)
22
20
17
17
52
2013
2014
2015
2016
2017
Net debt
($m)
3,133
2,190
2,001
1,916
3,105
2013
2014
2015
2016
2017
Net debt to adjusted EBITDA ratio
(times)
1.94
1.49
1.35
1.24
2.04
2013
2014
2015
2016
2017
USEFUL LINKS

For further detail on the relationship between net debt and adjusted EBITDA, see the CFOs review on page 62
1
For detailed Outlook see page 66

PERFORMANCE
AGAINST STRATEGIC OBJECTIVES
CONTINUED

4.
Improve the quality of the portfolio

5.
Maintain long-term optionality

We continue to look for ways of unlocking value and improving our portfolio for the long-term sustainability of the business, a fundamental element of our strategy. We are mindful that mining is a long-term business, and so we continue to invest in world-class exploration talent and high-potential brownfields and greenfields programmes.

During the year, we continued work on the Below 120 Level life extension project of the Mponeng mine in South Africa which aims to access deeper, higher-grade ore (Also see detail in South Africa in the *Regional reviews*).

We also progressed mine expansion with Siguiri's hard rock project. At Obuasi, following positive interactions with government, it is anticipated that redevelopment of the mine will commence as soon as the fiscal and development agreements have been ratified by the Ghana parliament during 2018. In Colombia, the Gramalote project, a joint venture with B2Gold, declared its maiden Ore Reserve and is expected to undertake a full feasibility study.

2018 DELIVERABLES

New quality ounces; lower cost profiles; and extended life of mine (LOM)

Siguiri hard rock project

- Extends LOM; enhances NAV
- 2018-2020E
  - Production: c.355,000oz
  - all-in sustaining cost: $910/oz

Mponeng Phase 1 – accessing higher grades

- Extends LOM; access higher grades
- 2018-2020E
  - Production: c.268,000oz

• all-in sustaining cost: $1,105/oz
Kibali underground development
•
Extends LOM; improve cost
•
2018-2020E
• Production: c.340,000oz*
• all-in sustaining cost: $700/oz
** Attributable*
Exploration within AngloGold Ashanti is focused on creating significant value for the business. In building the long-term prospects during the year, greenfields exploration was undertaken in Australia, Brazil, Colombia and the USA. We also pursued our good, high-return brownfields opportunities that will not only improve the quality of production, but will extend mine lives in quite a few of our assets, shaping our long-term optionality. The brownfields exploration programme is based on innovation in geological modelling and mine planning, and continual optimisation of our asset portfolio. In line with a good capital discipline, exploration and evaluation costs were down by a significant 14% for the year. In 2017, we managed to offset almost all depletion through production, ending the year with Ore Reserve of 49.5Moz, at a conservative gold price of $1,100/oz at which we calculate our Ore Reserve. Also see the Mineral Resource and Ore Reserve summary section in this report or the full statement
<R&R>
.
Exploration and evaluation costs
($m)
142
132
114
133
250
2013
2014
2015
2016
2017
Picture:
Siguiri, Guinea

Risks have been identified and quantified with input from senior management to ensure accountability. The relevant risk owners were consulted to confirm risk ratings, both in terms of severity and likelihood, to ensure correct alignment with independent assessments conducted from time to time
A three-year time horizon has been applied to the top group risks, together with the latest business planning data, to reflect a more dynamic heat map.

GROUP TOP RISKS

The risks tabulated alongside are the group's top ten risks as at the end of 2017, ranked from highest to lowest, in order of magnitude. The corresponding ranking in 2016 is given in parentheses.

MANAGING AND MITIGATING RISKS, IDENTIFYING OPPORTUNITIES

Summary of top ten group risks

Ranking (Previous)	**POTENTIAL RISK**
1 (2)	Elevated political and country risk profile in core production areas
2 (3)	Operational underperformance negatively impacting improved track record
3 –	Cost competitiveness
4 (1)	Adverse gold and commodity prices, and currency movements
5 (6)	Growth projects delaying
6 (5)	Labour-related stoppages
7 (4)	Inability to develop projects to bring the Ore Reserve to account
8 (9)	South African net debt and increasing debt servicing levels
9 (8)	Critical skills and talent retention
10 (10)	Legacy occupational and community health compensation claims/litigation

SEVERITY
LIKELIHOOD
Principal risks identified
Operational
External

Strategic
Political
Operational
underperformance
Growth projects
Critical
skills
Health
Labour
Ore
Reserve
Debt
Cost competitiveness
Commodity prices and currencies
Top group risks heat map
1
2
3
4
5
6
7
8
9
10
Picture:
Serra Grande, Brazil

MANAGING AND MITIGATING RISKS, IDENTIFYING OPPORTUNITIES CONTINUED

Risk

Potential consequences

Mitigation action plan

1. Elevated political and country risk profile in core production areas

- Regulatory uncertainty
- Increased tax and royalties
- Adverse impact on our business plans
- Adverse impact of market capitalisation
- Increased operational costs
- Reduced cash flow
- Reputational damage – continued scrutiny from governments, international NGOs and communities
- Political instability
- Compromised employee safety and security

Tanzania

- In July 2017, the government of Tanzania passed into law a new legal framework for the country's extractive industries
- Working capital locked up as VAT is not being refunded

South Africa

- Restructuring in the South Africa region
- The reviewed Mining Charter
- Targeted stakeholder mapping and engagement with greater focus on government structures, local community and non-governmental organisations
- Use of joint venture alliances in line with host country regulatory requirements
- Exploring opportunities for inclusive engagement and broader collaboration with NGOs (activists)
- Constant monitoring of legislative/political landscape conducted in anticipation of any negative impact on business

Tanzania

-

Arbitration proceedings under the rules of the United Nations Commission on International Trade Law – a precautionary measure to safeguard AngloGold Ashanti assets in Tanzania

- Continued engagement with key stakeholders on our position, including government, business, media and communities
- Mine plans amended to ensure break even cash flow and capital expenditure is being redirected to other parts of our portfolio

South Africa

- Maintain engagement with all key stakeholders, including through the Chamber of Mines with the Minister of Mineral Resources, who has committed to an open and stakeholder inclusive renegotiation towards finalisation of the Mining Charter
- Full compliance with the Labour Relations Act and the MPRDA
- Security/operational readiness for any potential labour/community unrest

Mitigation of top ten group risks 2017-2018

Risk
Potential consequences
Mitigation action plan
1. Elevated political and country risk profile in core production areas
(continued)

Colombia

- The use of the constitutional right to engage in popular consultations to circumvent an array of public and private projects/ programmes continues to challenge investment security
- Failure to implement the peace process with Fuerzas Armadas Revolucionarias de Colombia (FARC) and successfully conclude negotiations with ELN (the National Liberation Army) remain as risks to political stability in the country

Brazil

- Widespread public unrest, sweeping corruption scandals and deepening social polarisation are maintaining the country's elevated political risk, which is weighing on investor sentiment and contributing to uncertainty in terms of policy direction
- The issue of land invasions, spurred by populist sentiment, and associated community unrest, remains a threat which could escalate and disrupt operations

Colombia

- Stakeholder engagement continues to strengthen our relations with civil society and government and to build broad consensus around the future development of our project portfolio
- Establish future optionality from legislative and social licence to operate processes, in response to positive/negative scenarios
- Security/operational readiness for any potential community unrest

Brazil

- Stakeholder engagement and constant monitoring of the legislative/political landscape are to be conducted in anticipation of and to mitigate any negative impact on the business
- A strategy to address ongoing land invasions that involves multi-stakeholders is being implemented

2. Operational underperformance negatively impacting improved track record

•

Unsustainable loss-making operations resulting in reduced cash flow and decreased liquidity
•
Reduced earnings, uncertain delivery on targets and disproportionate penalty on share price
•
Decline in investor confidence
•
Credit ratings affected
•
Restricted ability to invest in strategic growth and development projects
•
In terms of safety underperformance, Section 54 stoppages would threaten the long-term viability of the South African mines
South Africa
•
Proceeds from the sales of Kopanang and Moab Khotsong mines used to reduce debt to improve liquidity
•
TauTona and Savuka have been placed into orderly closure. A business transition process is planned to reduce Mponeng's overhead costs
•
New shift arrangements are being negotiated for Mponeng – these would be expected to improve face time and associated productivity
•
AngloGold Ashanti is currently working through the observations and recommendations made by the Institute of Mine Seismology (IMS) to improve seismicity related risks
Brazil
•
Increase mine development rate to provide mine flexibility
•
Focused exploration and drilling in priority areas
•
Drive operational excellence to improve productivity and efficiency

Risk
Potential consequences
Mitigation action plan
3. Cost
competitiveness

- Reduced profit margins owing to high cost of production
- Operational underperformance leading to failure to achieve business plans
- Our aging portfolio demands increased mining depth and distances to the mining face, which increases sustaining capital required
- Higher than inflation increases in wages and power costs
- Stronger local currencies, specifically the South African rand and Brazilian real, increase our costs relative to our peer group
- Inflation of mining consumables, such as steel, steel-bearing products and support products; chemicals, abrasives and explosives, has been increasing in tandem with the increased gold price
- New mining taxes and/or increasing royalty rates in key operating areas
- Organisational design that is equipped for larger business portfolio

South Africa

- Maintain the discipline required to continue with self-help measures and efficiency improvements
- Maintain focus on cost and capital discipline to deliver competitive all-in sustaining costs
- The sales and closure of certain South African operations will help address the loss-making TauTona and Kopanang mines, and ultimately lead to lower operating costs for the remaining business
- Ongoing reviews of the off-mine cost structure and business model for the South Africa region are underway to further address a return to profitability

International operations

- More rigorous 2018 targets for operations in Continental Africa, Americas and Australasia regions – with options for growth
- The targets, based on desk-top studies, indicate that they are achievable, by a combination of Operational Excellence initiatives, improved grades, lower operating costs and streamlined systems and structures
- Continued aggressive cost management focus on regional, general and administrative expenses with external support sought to review corporate costs in line with the reduced portfolio

4. Adverse gold and commodity prices, and currency movements

- Inadequate free cash flow/liquidity, impacting our credit ratings
- Inability to develop strategic growth and development projects to bring the Ore Reserve to account
- Lower market capitalisation
- Need to recapitalise the company at distressed equity prices and in poor market conditions
- Potential to breach financial covenant
- A sustained period of significant gold price volatility may adversely affect the company’s ability to evaluate the feasibility of undertaking new capital projects; the continuity of existing operations and their ability to meet operational targets; or to make other long-term strategic decisions.
- Maintain the discipline required to continue with self-help measures and efficiency improvements
- Maintain focus on cost and capital discipline to deliver competitive all-in sustaining costs
- Maintain long-term sustainability and optionality by ensuring our pipeline of opportunities is continuously replenished
- Further reduce our annual interest bill
- Further deleverage the balance sheet
- Manage input oil costs, to extent possible
- Focus on executing the Operational Excellence initiatives

MANAGING AND MITIGATING RISKS, IDENTIFYING OPPORTUNITIES CONTINUED

Risk

Potential consequences

Mitigation action plan

5. Failure to deliver on growth projects

Ghana – Obuasi

- Continued cash drain on the group
- Inability to bring the Ore Reserve to account
- Adverse socio-economic stakeholder impact and reputational damage
- Litigation with the government of Ghana
- Litigation/penalties/fines
- Inability to redevelop the mine triggers significant closure liabilities

Mali – Sadiola

- Agreement delays will negatively impact the project and may result in a production gap in early 2019

Colombia – Projects

- Projects not positioned to best achieve value, leading to decision – to advance or sell
- Government taxes are high by international measures and may impact project outcome
- The use of the constitutional right to engage in popular consultations to circumvent an array of public and private projects/programmes is creating investment insecurity
- Failure by the government to implement the peace process with FARC and complete negotiations with ELN, threaten the stability of the country's political environment, and mining sector discussions and perceptions

South Africa – Mponeng

- Mponeng Phase 2 advancement not executed

Ghana – Obuasi

- The investment development agreement (stability agreement), reclamation security agreement and security agreement, which maintains law and order, are in principle agreed and signed. Ratification by the Ghana parliament is imminent
- Settlement agreement for arbitration has been finalised
-

Redevelopment of this project provides a potential tier one asset that has an all-in sustaining cost that is lower than the average for the group. Will be essential to execute the project on time and budget, and to manage social and community expectations

Mali – Sadiola

- Due to protracted negotiations with the government of Mali, management is currently planning to place Sadiola mine on care and maintenance. Options to dispose of pre-ordered mining equipment are being reviewed
- A steering committee and technical committee have been reconstituted. The project organisation has been redesigned to support and direct the project

Colombia – Gramalote

- A prefeasibility study has been completed on how to best achieve value and to declare the Ore Reserve

Colombia – La Colosa

- *Force majeure* declared at La Colosa or, depending on legal advice and assessment of scope, consequences and costs of each option
- Duration of care and maintenance or *force majeure* to be assessed – estimated to be probably at least three years
- Following the outcome of a popular consultation vote, all voluntary social spend is to be terminated

South Africa

- Feasibility study is being updated on Mponeng LOM extension project
- A business transition process is planned to reduce Mponeng's overhead cost

Risk
Potential consequences
Mitigation action plan
6. Labour-related stoppages

- May adversely impact investor confidence which in turn would impact our market capitalisation and could result in a decline in credit ratings
- Production stoppages and losses would adversely impact the company's liquidity and, if protracted, may result in a liquidity crisis
- Deteriorating operational and safety conditions would impact employee safety and asset security
- Potential violence and intimidation may lead to wide-spread chaos and lawlessness
- Accelerated organisational restructuring and mine closure
- Negative impact on community stability
- Adverse regulatory response

South Africa

- Stakeholder engagement strategy involving executive management implemented
- Ongoing communication and regular updates, in line with strategy, across various statutory platforms
- Full dialogue with union structures and leadership, employing existing union-employee structures and consultation processes
- Security strategies and operational framework in place, based on strategic working relations with various security institutions and agencies (SAPS, NATJOC and Public Order Units)
- Collaboration with gold sector peers to manage and contain the contagion effect of labour risks spreading across the industry
- Legal strategies and action plans in place
- Recourse to exercise obligations as contained in recognition agreements with labour unions
- Strike prevention and management strategies and authority protocols in place and tested
- SASRIA insurance
- A high-level operational framework in place to deal with a myriad of eventualities emanating from restructuring, labour conflict, legal disputes and wage negotiations, which may result in strike action
-

Have in place a labour exit strategy as a subset of the all-inclusive multi-disciplinary mine closure action plan

Continental Africa

- Ongoing engagement and consultative meetings with relevant labour unions
- Established grievance procedures and disciplinary processes at all mine sites
- Dedicated regional human resource team supporting operations
- Capacity building with newly-elected union committee members (branch committees)
- Strike contingency and management plans in place
- Regular reporting and updates on labour relations to monitor trends and the industrial relations climate at each operation

Risk
Potential consequences
Mitigation action plan

7. Inability to develop projects to bring the Ore Reserve to account

- Ore Reserve write-down and possible decline in market capitalisation
- Impairments and lower future earnings per share
- Reduced production profile and business plan
- Loss of tenements
- Premature mine closure or mothballing of operations
- Identify suitable joint venture partnerships and alternative sources of funding
- Revised tenements strategy with focused exploration funding for critical operations
- Robust business planning, portfolio optimisation and considered feasibility studies to withstand potential risks
- Focused project management to deliver projects on budget and schedule

8. South African net debt and increasing debt servicing levels

- Increased debt has the potential to lower revenues as more money is spent servicing that debt, which could affect return on equity and return on assets
- Additional interest burden will put pressure on the remaining South African asset's margins and ability to generate cash
- Decline in investor confidence
- Restricted ability to invest in strategic growth projects

South Africa

- The proceeds from the sales of the Kopanang and Moab Khotsong mines used to reduce debt
- Accelerate the restructuring process in the South Africa region, considering all relevant off-mine and restructuring costs and aligning with reduced production base in that region

MANAGING
AND MITIGATING RISKS, IDENTIFYING OPPORTUNITIES
CONTINUED

Picture:
Kopanang, South Africa

Risk
Potential consequences
Mitigation action plan
9. Critical skills and talent retention

- Insufficient talent and succession planning pools
- Failure to execute and deliver on strategic objectives
- Increased labour costs
- Potential impact on productivity and safety levels
- Depending on the skills or talent lost – potential impact on market confidence
- Localisation pressures, resulting in loss of depth of skill and experience
- Owing to localisation pressures, staff deployed to gain relevant work experience but given more challenging regulatory environment, there are difficulties in obtaining permits
- Higher cost of retention
- Pay competitive market-related salaries and benefits
- Further broaden short and long-term incentive schemes to provide financial and non-financial benefits
- Roll-out global performance management system, aligning roles with strategic plans
- Implementation of an integrated talent management and succession planning process across the business, with an increased coverage ratio for critical skills
- Continue Chairman's Young Leaders Programme (emerging talent pool) to aid development of a healthy talent pipeline for future leadership positions
- Update the CEO's talent pool and succession/development plans
- Implement talent development interventions
- Increase training capacity for scarce artisan skills
- In South Africa, the employee transition framework includes a retention strategy that involves a tailored approach to ensure critical skills are available when needed
- Develop rotation guidelines
- Define the global leadership framework, the Health of Discipline framework, and develop a global talent management system as set out in the *People are our Business section*

1

10. Legacy occupational and community health compensation claims/ litigation

- Negative financial impact
- Reduced market capitalisation
- Reputational damage, if not well managed
- Employee well-being affected

South Africa

- Defend all claims on their merits (both individual and class action)
- Participate in industry working group on occupational lung diseases (OLD) to contribute to a comprehensive and sustainable compensation solution for OLD

USEFUL LINKS

1

Refer to page 42 for additional details

MANAGING AND MITIGATING RISKS, IDENTIFYING OPPORTUNITIES CONTINUED
Type
Opportunity
Strategy
Strategic
Obuasi
•
Deliver revised feasibility study to ensure optimal returns from high-margin, mechanised operation
•
Ensure buy-in for redevelopment from all stakeholders, including government
•
Find optimal funding structure
Disciplined approach to growth
•
Continue with disciplined investment to ensure pipeline of brownfields and greenfields expansions
•
Maintain diversified portfolio capable of withstanding "single jurisdiction / operation" shocks
Renewed optimism and potential for mining regulatory certainty in South Africa
•
Negotiate fair and sustainable wage agreement and shift arrangements (South Africa)
•
Participate and influence Mining Charter and related mining legislation
•
Advance Mponeng Phase 2 feasibility study
Stakeholder relations
•
Enhanced engagement model to build strong stakeholder relationships
Colombia
•
Revise tenements strategy with focused exploration funding
•
Progress Quebradona and Gramalote projects up the value curve
•
Advance engagements at La Colosa and lift *force majeure*
Type

Opportunity
Strategy
Business planning
and portfolio
optimisation
processes
•
Sound business planning with top-down goals
•
Portfolio optimisation and revise fit for
purposes structures
Asset sale or joint
venture for full value
•
Potential to realise full value of operating asset in
cash for sale or joint venture to enhance value
and optionality
•
Increased ability to deleverage in a value-enhancing
manner
Operational
Improving
production mix
•
Improved efficiencies and mine plan changes driven
through operational excellence initiatives
•
Inward investment into high-return projects
Benefits from
increase in gold
price enhanced by
cost reduction
•
Actively improve the quality of the portfolio
•
Focus on margins through initiatives to improve
all-in sustaining costs and all-in costs, through
Operational Excellence initiatives
•
Improve leverage to the gold price
Pursuing key growth
opportunities for our
asset portfolio
•
Focused brownfields exploration activities
•
Prefeasibility studies for life-of-mine extensions and
improved recoveries
Technology
step-change in
South Africa

- Continue work with AngloGold Ashanti Technology and Innovation Consortium
- Continue to evaluate thermal spalling and ultra high-strength backfill at Mponeng

Top group opportunities

Top group opportunities

We recognise that identifying and managing opportunities is an important component of risk management. The company identifies suitable opportunities – endeavouring to exploit,
harness or maximise them – with the aim of creating value by mitigating our risks. This table lists our key opportunities along with the strategy for each.

PERFORMANCE
REVIEW
SECTION 4

We provide an overview of our financial, operational and sustainable development performance over the past financial year, as well as a summary of our Mineral Resource and Ore Reserve portfolio and initiatives to extend this portfolio to ensure long-term optionality.

Picture:
Cuiabá, Brazil

CFO'S REVIEW

Christine Ramon:
Chief Financial Officer

The company advanced the restructuring of its South African portfolio, including some significant asset sales; executed, according to plan, the key self-funded brownfields projects to sustainably improve mine lives and margins; and achieved its annual cost, production and capital guidance for the fifth consecutive year.

AngloGold Ashanti continues to make progress on its strategic objectives and has delivered a strong financial and operating performance. The financial results for the year have been impacted by some significant once-off charges and impairments, but cash flows and the balance sheet remain robust.

Total cash costs for the full year of $792/oz were 6% higher than the previous year's $744/oz, and within the guidance range of $750/oz to $800/oz. Costs were negatively impacted by inflation, stronger local currencies and the expensing of certain capital costs at the South African operations as those operations underwent orderly closure. All-in sustaining costs came in at the bottom end of the guidance range at $1,054/oz, 7% higher than the previous year's all-in sustaining cost of $986/oz, due to higher planned sustaining capital expenditure levels and the stronger local currencies.

Cash flow from operating activities for the year ended 31 December 2017 declined by 16% when compared to 2016, reflecting tighter margins, working capital lockups, and payments in respect of retrenchment costs in South Africa, offsetting a 1% increase in the gold price received and a 5% increase in gold sales. Free cash flow of $1m for the year, compared to $278m in 2016, was supported by a strong second half performance which delivered free cash flow of $162m. This was, however, impacted by the increase in the lockup of VAT receivables at Kibali and Geita, which was approximately $20m and $50m for the year respectively, and the higher planned capital expenditure. In line with the reinvestment strategy of AngloGold Ashanti, total self-funded capital expenditure of $953m

increased by $142m from the previous year
(2016: $811m).
Production rises 4% year-on-year to
3.755Moz
, above top end of guidance
Total cash costs of
$792/oz
, in line with full
year guidance of between $750 to $800/oz
All-in sustaining costs of
$1,054/oz
, at
lower end of the guidance range
Free cash flow of
$125m
, before growth
capital; impacted by South Africa
restructuring costs and VAT lockups in
Continental Africa
Dividend of
ZAR 70
cents per share
(approximately 6 US cents per share)
declared, given strong cash flow performance
Adjusted headline earnings of
$9m
, after
retrenchment costs ($71m) and silicosis
provision ($46m)
Brownfields projects
to improve life and
margins, all remain on schedule
New safety benchmarks set:
three,
fatality-free quarters for first time
Obuasi redevelopment
approved on strong
return metrics and good government support
SA restructuring progressing well:
Moab
Khotsong and Kopanang sales closed on 28
February 2018 and TauTona in orderly closure
Strong Ore Reserve-replacement
performance
, declaration of maiden Ore
Reserve in Colombia
AngloGold Ashanti continued to
make considerable enhancements
to the quality of its portfolio
during the year ended
31 December 2017.

Enhancing
our portfolio

CFO'S
REVIEW
CONTINUED

Free cash flow for the year, before taking growth capital into account, was $125m versus $394m a year earlier, impacted by 19% higher planned sustaining capital expenditure of $829m compared to the previous year of $695m, South African retrenchment costs paid of $49m and higher cash costs.

The balance sheet reflects strong liquidity comprising $965m available on the $1bn US dollar syndicated RCF at the end of December 2017, $85m undrawn on the $100m US dollar RCFs, A$290m undrawn on the A$500m Australian dollar RCF, approximately R2.95bn available from the South African RCFs and other facilities and cash and cash equivalents of $205m as at the end of December 2017.

We continue to focus our efforts on reducing our taxation exposures, specifically indirect taxes, in all jurisdictions that we operate in. Our transparent group tax policy continues to support a low risk approach in dealing with tax matters across the various jurisdictions in which we operate.

Other pertinent matters include:

- At the end of June 2017, AngloGold Ashanti announced that it would restructure its South African operations to safely return the business to profitability, while mitigating job losses. This included placing TauTona and Savuka into care and maintenance, followed by orderly closure. In October 2017, we announced the sale of the Kopanang mine and related infrastructure to Heaven-Sent SA Sunshine Investment Company Limited, with one of the conditions being that the majority of existing workers continue to work at the operations. Simultaneously, we announced the conclusion of the sale agreement for the disposal of the Moab Khotsong and Great Noligwa mines and related infrastructure to Harmony Gold Mining Company Limited. All the conditions precedent to these sale contracts were met subsequent to year end and the transactions closed on 28 February 2018.
- Agreement has been reached with the

government of Ghana for the redevelopment of Obuasi, subject to ratification by Ghana's parliament of the relevant fiscal and development agreements. These agreements have been signed by the government and ratification is scheduled during the current parliamentary sitting. The redevelopment will establish Obuasi as a long-life, modern, mechanised underground mining operation, which is a fundamental departure from the previous operating method used at the mine.

- The DRC has recently promulgated a new mining code that makes a number of changes to the operating environment for the DRC's extractive industries, including those in its mining, and oil and gas sectors. On 8 March 2018, AngloGold Ashanti announced that a meeting had been held between the DRC president and mining industry representatives to discuss the new mining code prior to its promulgation. The DRC government has agreed to continue discussions with the mining industry representatives, post the promulgation of the new mining code, regarding issues existing in the current agreement and the implementation of the new mining code. AngloGold Ashanti is in full support of Randgold Resources, our partner and the operator in the Kibali joint venture, in its continued engagement with the DRC government.

- The settlement negotiations between the Occupational Lung Disease (OLD) Working Group and class action legal representatives have reached an advanced stage. The OLD Working Group represents African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater. The class members are represented by Richard Spoor Inc, Abrahams Kiewietz Inc and the Legal Resources Centre. On 10 January 2018, in response to a request from all parties involved in the appeal to the Supreme Court of Appeal (SCA) in respect of the silicosis and tuberculosis class action litigation, the Registrar of the SCA postponed the hearing date of the appeal until further notice.

Focusing on margins

We continue to focus our efforts on driving operational excellence and cost efficiency across our business, regardless of the gold price environment in which we operate and over which we have no control.

Despite stronger currencies and inflationary pressures, our continued focus on meeting production targets, strong cost management and stringent capital discipline, have resulted in the all-in sustaining cost margin increasing from 17% in the second half of 2016, to 19% in the last six months of 2017. This is especially encouraging given the flat gold price and is illustrated in the graph that follows.

For the full year, the all-in sustaining cost margin decreased from 21% to 16%, mainly the result of currency and inflation pressure on cash costs. We, however, continue to pursue efficiencies and productivity and attempt to improve margins on a sustainable basis and will be working hard to ensure that these efforts are reflected in the all-in sustaining cost margin in the coming year.

We will continue to work towards widening these margins, by focusing on the controllable factors, including:

- stringent cost management
- reinvestment in low capital, high return opportunities within our business
- continuing to drive our Operational Excellence Programme, which considers innovative ways to improve efficiencies and productivity at our operations

Continued financial flexibility

We saw a slight rise in net debt from $1.9bn to $2.0bn, mainly as a result of higher capital expenditure, the funding of the South African retrenchment costs and VAT lockups in Continental Africa, all of which were partially offset by a reduction in interest paid of $34m.

The net debt to adjusted EBITDA is 1.35 times, slightly up from 1.24 times at the end of 2016, however, reflecting an improvement from 1.56 times at the end of June 2017. The ratio shows ample headroom compared to our covenant levels of 3.5 times.

Our liquidity position has improved from $1.58bn at the end of December 2016 to $1.72bn at the end of December 2017, reflecting the additional facilities put in place to assist with our South African funding requirements. Proceeds from the Moab Khotsong sale transaction that closed on 28 February 2018, have been applied to reduce our South African debt ($218m as at 31 December 2017), which will benefit our South African interest bill going forward by ~$20m per annum.

Our balance sheet remains robust with strong liquidity, sufficient undrawn facilities and no near-term maturities, giving us flexibility in what remains a volatile market environment. We have demonstrated our ability to self-fund our high-return reinvestment opportunities, while sustaining our cash dividend, reflecting our commitment to disciplined capital application.

CFO'S
REVIEW
CONTINUED

All-in sustaining costs, all-in costs and average gold price

All-in sustaining costs*
Average gold price
All-in costs*

H1 2012
H1 2013
H1 2014
H1 2015
H1 2016
H2 2016
H1 2017
H2 2017

1,154
1,326
1,022
924

911
1,058
17%
19%
1,071
All-in sustaining cost margin
1,038
1,800
1,400
1,000
800
400
0
$/oz
** World Gold Council standard adjusted to exclude stockpile write-offs.*
Last-12-months net debt to adjusted EBITDA ratio
Net debt and net debt to adjusted EBITDA
Net debt to adjusted EBITDA
Net debt
Q2
Q3
Q4
Q2
Q1
Q3
Q4
Q2
Q1
Q3
Q4
Q2
Q1
Q3
Q4
3.5
3
2.5
2
1.5
1
0.5
3,500
3,000
2,500
2,000
1,500
Net debt to adjusted EBITDA
Net debt ($m)
2014
2015
2016

2017

1.81

1.70

1.94 2.02 1.95

1.54 1.49 1.47 1.44

1.26

1.24

1.38

1.56 1.49

1.35

Undrawn facilities

(at 31 December 2017)

- **A$290m** AUD RCF
- **R2.95bn** ZAR RCF
- **US$1,050m** USD RCF
- **US$205m** Cash

$1.720bn

*

Total calculated with ZAR facilities at R12.3574/$ (excluding DMTNP), AUD facility at 0.78009$ to A$

Picture:

AGA Mineração, Brazil

Continued positive cash flow momentum
We continue to follow a balanced approach, i.e. positive free cash flow generation while reinvesting in our portfolio:
CFO'S
REVIEW
CONTINUED
*
2014 Adjusted for Obuasi redundancy costs of $210m and Rand Refinery loan of $44m
*** 2015 Adjusted for bond redemption premium of $61m on part settlement of $1.25bn high-yield bonds*
**** 2016 Adjusted for bond redemption premium of $30m on settlement of the remainder of the $1.25bn bonds*
***** 2017 adjusted for the South African retrenchment costs paid of $49m*
Free cash flow generation (adjusted free cash flow)
($m)
Growth capex
Adjusted FCF generation
Adjusted FCF pre-growth
2013
2012
2014
2015
2016
2017
155
391
371
424
174
(361)
821
703
249
169
116
124
142*
202**
308***
50****
(1,064)
(666)
We indicated a year ago that our new dividend policy is to return 10% of free cash flow, before growth capital, to shareholders, subject to the board's discretion. Volatility is to be expected in the dividend payout, given the basis used for the calculation, coupled with our variable reinvestment needs, as demonstrated with the flagged 19% increase to $829m in sustaining capital expenditure for 2017.
Free cash flow before growth capital was

$125m (2016: $394m). The board has exercised its discretion by adjusting the metric of free cash flow before growth capital to take into account the abnormal South African retrenchment payments of $49m, and has approved a dividend of ZAR 70 cents or approximately 6 US cents per share.

The continuation of the dividend is a reflection of our capital discipline and commitment to improving shareholder returns on the back of sustainable free cash flow generation. Importantly, we will maintain adequate balance sheet flexibility and utilise our cash flows and available facilities to fund our ongoing capital and operational requirements.

Delivery against 2017 financial objectives

1. Maintain our focus on cost and capital discipline to deliver competitive all-in sustaining costs and all-in costs

The group continues to focus on sustainably reducing the costs associated with producing gold. These initiatives have covered a broad spectrum of activities, including a greater focus on capital allocation and project delivery, as well as enhanced recoveries, while internal cost reduction efforts continued simultaneously.

All-in sustaining costs for the year ended at $1,054/oz, a 7% increase from 2016 at $986/oz. All-in sustaining costs came in at the bottom end of the guidance range, reflecting the effect of planned higher sustaining capital expenditure for 2017 (~$26/oz) and stronger local currencies.

The South African rand averaged 9% stronger versus the dollar in 2017 compared with 2016, and the Brazilian real and Australian dollar averaged 8% and 3% stronger, respectively.

We continued to roll-out our wider-focused Operational Excellence Programme across all our operations, with our restructuring efforts in South Africa assisting us to improve the profitability and sustainability of our remaining assets in South Africa.

2. Continue to enhance margins and cash flow through continuing focus on operational efficiencies and productivity

Our margins on total cash costs (37%), all-in sustaining costs (16%), and all-in costs (10%) came under pressure in 2017 because of stronger local currencies and higher planned sustaining capital expenditure. This increased expenditure was required to ensure that we continue to maintain and improve our margins and cash generation ability in future years.

We remain committed to keeping our margins at acceptable levels and our performance in the second half of the year reflects margins on total cash costs (38%), all-in sustaining costs (19%), and all-in costs (13%) returning to full year 2016 levels and higher levels than those achieved for second half of 2016.

Cash flows remain positive despite funding once-off items such as the South African retrenchment costs.

The strengthening of the South African rand and Brazilian real was detrimental to us, given that most of our cost base in those countries is denominated in the local currencies, while our gold is sold in US dollars, contributing to the 21% year-on-year increase in total cash costs in South Africa and 10% increase in the Americas region. In contrast, although the Australian dollar strengthened by 3%, total cash costs declined by 6% in that region.

CFO'S
REVIEW
CONTINUED

3. Dividend underpinned by sustainable cash generation

Despite the significant headwinds experienced in free cash flow generation, AngloGold Ashanti declared a dividend of ZAR 70 cents per share (~6 US cents per share) for the year under review. Free cash flow before growth capital, remained sufficient to maintain the declaration of a dividend since the introduction of the new dividend policy last year.

Our focus with the substantial restructuring of the South African operations, combined with the South African asset sales, as well as the significant planned sustaining capital expenditure in 2017, has been to be appropriately positioned to maintain the dividend in future years underpinned by sustainable cash generation.

4. Move to a sustainable resolution at Obuasi

During 2017, significant positive developments at Obuasi resulted in AngloGold Ashanti announcing in February 2018 the advancement of the redevelopment of the Obuasi project. Some of the beneficial developments in 2017 included the improved security situation with the last enclave of illegal miners being evicted from site in April; the lifting of the *force majeure*; the extension of the Amended Mining Programme entered into with the government of Ghana to April 2018; and the suspension of the international arbitration initiated with the International Centre for Settlement of Investment Disputes (ICSID).

All the above developments paved the way for successful negotiations with the Ghanaian government relating to the Reclamation Security Agreement; a Tax Concession Agreement; a Development Agreement; a Security Agreement; and a Settlement Agreement. These agreements have been signed by the government, with the Tax Concession Agreement and the Development Agreement subject to ratification by Ghana's parliament, which is scheduled to occur during the current parliamentary sitting.

Mine production for the first 10 years will be focused on the upper ore bodies and is expected to average 350,000oz to 400,000oz at an average head grade of 8.1g/t. Total cash costs are expected to average between $590/oz to $680/oz, while all-in sustaining cost is expected to be between $795/oz to $850/oz. Mine production for the second 10 years increases to 400,000oz to 450,000oz per annum, as the mine deepens into higher grade ore. All-in sustaining cost is then expected to improve to between $750/oz to $800/oz. The project delivers internal real rates of return of between 16% and 23% at real gold prices of between $1,100/oz and $1,240/oz, and is highly leveraged to the gold price. Initial project capital expenditure anticipated over the first 2.5 years is expected to be between $450m to $500m, excluding pre-production capital of $64m.

The redevelopment will establish Obuasi as a long-life, modern, highly mechanised underground mining operation, replacing the labour-intensive, hand-held operating systems previously used at the mine. The redevelopment will deliver a mine that makes use of automation and controls for better safety, improved operational efficiencies and consistent performance. It envisages a smaller, but more skilled workforce that can operate in a mechanised/automated environment with a strong sense of accountability.

5. Execute on low capital, high return brownfields projects, while continuing to move long term projects up the value curve

AngloGold Ashanti's approach to growth investments and project approvals is based upon a multi-factor model that takes into account how the investment or project will improve our portfolio, financial flexibility, sustainability and long-term optionality. Such investments or projects must generate returns meeting our required hurdle rate of 15% in real US dollar terms.

We continue to execute on our robust brownfields exploration programme at most of our operations in the group as described earlier.

There are a number of capital projects that we continued to focus on during the year, including the Obuasi redevelopment project discussed in the previous section.

At Kibali, the underground materials handling system and ore hoisting via the shaft were commissioned with ramp up progressing.

The paving on the central haulage level was

completed during the year, allowing haulage from the ore passes into the underground crushers to the shaft system. In addition, development of declines is continuing. The construction of the third hydropower station at Azambi and the next phase of tailings storage facility is scheduled for completion in 2018.
The Mponeng mine life will be extended through access to deeper, higher-grade ore via the development of a decline below the current secondary shaft, with completion expected around mid-2018. Additional ventilation and water management, and ore handling infrastructure are in the process of being constructed. A feasibility study is being undertaken into the deepening of the secondary shaft to further extend the mine's life beyond 2026.
The Sadiola sulphides project, which will add sulphide-ore processing capability to the plant, continued to be evaluated. Discussions with the government of Mali continue regarding the project.
At Siguiri, we are investing about $115m over approximately two years to add a hard-rock plant to the current processing infrastructure, providing the ability to develop the significant sulphide-ore potential that exists on the current concession. The company is also building a new power plant at a cost of $43m,

CFO'S
REVIEW
CONTINUED

to provide electricity to the new facility. During 2017, $67m was spent on the project and a total of $145m has been committed to date. The project remains largely on schedule for completion and the final costs are currently being reviewed as all major commitments have now been concluded.

Finally, we announced the declaration of the maiden Ore Reserve for the Gramalote project in Colombia of 63.7Mt @ 0.86 g/t gold comprising contained metal content of 1.8Moz, on an attributable basis. Gramalote represents a long-term option for AngloGold Ashanti, and all avenues to realise value from this important asset remain open. AngloGold Ashanti's management is currently in discussions with the joint venture partner, B2Gold (49%) on how to further progress the project.

6. Maintain financial flexibility and further reduction in finance costs

Our net debt to adjusted EBITDA ratio of 1.35 times reflects a marginal increase to 2016 at 1.24 times. This remains well within our debt covenant level of 3.5 times. Coupled with the successful completion of the South African sales transactions of Moab Khotsong and Kopanang at the end of February 2018 where the proceeds have been utilised to further reduce our South African debt, we have successfully maintained financial flexibility and anticipate a further reduction in our finance costs in 2018.

Looking ahead to 2018, the key financial and other objectives are to:

- Maintain our focus on cost and capital discipline to deliver competitive all-in sustaining costs and all-in costs
- Continue to enhance margins and cash flows with a focus on operational efficiencies and productivity through Operational Excellence
- Maintain the dividend underpinned by sustainable cash generation

- Seek resolutions for the Tanzanian and DRC regulatory uncertainty
- Progress implementation of the Obuasi redevelopment
- Execute on low-capital, high-return brownfields projects, while continuing to progress long-term projects up the value curve
- Maintain financial flexibility and further reduce finance costs

Acknowledgement

I would like to express my appreciation to our committed and diligent finance team across the group who have been proactive in supporting the business to manage costs and capital as well as dealing with working capital and other business challenges associated with the developing market nature of the jurisdictions that we operate in. In addition, we continue to maintain a high standard of governance and compliance to internal controls across the organisation. The quality financial information prepared for our stakeholders is testament to our high calibre financial team whom I applaud. Finally, I look forward to the year ahead with enthusiasm and absolute focus on our strategic objectives with the aim of improving shareholder returns, on a sustainable basis.

Christine Ramon
Chief Financial Officer
19 March 2018

THE YEAR AHEAD
– OUTLOOK

Both production and cost estimates assume neither operational or labour interruptions or power disruptions, nor further changes to asset portfolio and/or operating mines and have not been reviewed
by our external auditors. Other unknown or unpredictable factors could also have material adverse effects on our future results and no assurance can be given that any expectations expressed by
AngloGold Ashanti will prove to have been correct. Please refer to the Risk Factors section in AngloGold Ashanti's annual report on Form 20-F for the year ended 31 December 2017, filed with the
United States Securities and Exchange Commission.

Guidance 2018

Guidance

Notes

Production
(000oz)
3,325 – 3,450

Includes monthly production of ±30,000oz from Moab Khotsong and
Kopanang for a period of three months

Costs
All-in sustaining costs ($/oz)
990 – 1,060
Assumptions: R12.79/$, $/A$0.78, BRL3.20/$, ARS19.61/$; Brent $62/bl
Total cash costs ($/oz)
770 – 830

Overheads
Corporate costs ($m)
70 – 80
Expensed exploration and study costs ($m)
115 – 125
Including equity-accounted joint ventures

Capital expenditure
Total ($m)
800 – 920
Sustaining ($m)
600 – 670
Non-sustaining ($m)
200 – 250
Obuasi, Kibali, Siguiri hard-rock project, Mponeng

Depreciation and amortisation
($m)
775
Depreciation and amortisation
– included in equity-accounted earnings
($m)
150
Earnings of associates and joint ventures
Interest and finance costs
($m)
140
Other operating expenses
($m)

90
Related primarily to the costs of care and maintenance

FINANCIAL
REVIEW

Five-year summaries

Summarised group financial results – income statement

US dollar million	**2017**	**2016**	**2015**	**2014**	**2013**
Gold income	4,356	4,085	4,015	4,952	5,172
Cost of sales	(3,582)	(3,263)	(3,294)	(3,972)	(3,947)
Gain (loss) on non-hedge derivatives and other commodity contracts	10	19	(7)	13	94
Gross profit	784	841	714	993	1,319
Corporate administration, marketing and other expenses	(64)	(61)	(78)	(92)	(201)
Exploration and evaluation costs	(114)	(133)	(132)	(142)	(250)
Other operating expenses	(88)	(110)	(96)	(28)	

(19)
Special items
(438)
(42)
(71)
(260)
(2,951)
Operating profit (loss)
80
495
337
471
(2,102)
Dividends received
–
–
–
–
5
Interest received
15
22
28
24
39
Exchange (loss) gain
(11)
(88)
(17)
(7)
14
Finance costs and unwinding of obligations
(169)
(180)
(245)
(276)
(293)
Fair value adjustments on convertible bonds
–
9
66
(17)
307
Share of equity-accounted investments' profit (loss)
22
11
88
(25)
(162)
Loss (profit) before taxation
(63)

269
257
170
(2,192)
Taxation
(108)
(189)
(211)
(225)
237
(Loss) profit after taxation from continuing operations
(171)
80
46
(55)
(1,955)
Discontinued operations
(Loss) profit from discontinued operations
–
–
(116)
16
(245)
(Loss) profit for the year
(171)
80
(70)
(39)
(2,200)
Allocated as follows:
Equity shareholders
– Continuing operations
(191)
63
31
(74)
(1,985)
– Discontinued operations
–
–
(116)
16
(245)
Non-controlling interests
20
17
15
19
30
(171)
80

(70)
(39)
(2,200)
7% increase
in gold income
in 2017 reflects
higher gold price
received year-on-
year on higher
production levels

FINANCIAL
REVIEW
CONTINUED

Summarised group financial results – statement of financial position

US dollar million	**2017**	**2016**	**2015**	**2014**	**2013**
Assets					
Tangible and intangible assets	3,880	4,256	4,219	5,088	5,082
Investments	1,645	1,578	1,557	1,553	1,459
Inventories	783	756	736	1,524	1,639
Cash and cash equivalents	205	215	484	468	648
Other assets	706	348	288	501	846
Total assets	7,219	7,153	7,284	9,134	9,674
Equity and liabilities					
Total equity	2,704	2,754			

2,467
2,871
3,107
Borrowings
2,268
2,178
2,737
3,721
3,891
Provisions
1,064
995
954
1,199
1,115
Deferred taxation
363
496
514
567
579
Other liabilities
820
730
612
776
982
Total equity and liabilities
7,219
7,153
7,284
9,134
9,674

FINANCIAL
REVIEW
CONTINUED
Summarised group financial results – statement of cash flows
US dollar million
2017
2016
2015
2014
2013
Cash flows from operating activities
Cash generated from operations
1,151
1,302
1,250
1,343
1,307
Dividends received from joint ventures
6
37
57
–
18
Net taxation paid
(160)
(153)
(163)
(153)
(164)
Net cash inflow from operating activities from continuing operations
997
1,186
1,144
1,190
1,161
Net cash (outflow) inflow from discontinued operations
–
–
(5)
30
85
Net cash inflow from operating activities
997
1,186
1,139
1,220
1,246
Cash flows from investing activities
Capital expenditure
(830)
(711)

(667)
(849)
(1,431)
Net (payments) proceeds from acquisition and disposal of subsidiaries, associates and joint ventures
(27)
(1)
(12)
42
(466)
Net (payments) proceeds from disposal and acquisition of investments, associate loans, and
acquisition and disposal of tangible assets
(12)
(12)
810
(11)
(8)
Interest received
15
14
25
21
23
Decrease (increase) in cash restricted for use
(8)
8
(17)
24
(20)
Net cash (outflow) inflow from investing activities from continuing operations
(862)
(702)
139
(773)
(1,902)
Cash outflows from discontinued operations
–
–
(59)
(170)
(138)
Net cash (outflow) inflow from investing activities
(862)
(702)
80
(943)
(2,040)
Cash flows from financing activities
Net (repayments) proceeds from borrowings
48
(546)
(867)

(144)
864
Finance costs paid
(138)
(172)
(251)
(246)
(200)
Dividends paid
(58)
(15)
(5)
(17)
(62)
Other
–
(30)
(61)
(9)
(36)
Net cash (outflow) inflow from financing activities from continuing operations
(148)
(763)
(1,184)
(416)
566
Cash outflows from discontinued operations
–
–
(2)
(5)
(6)
Net (outflow) inflow from financing activities
(148)
(763)
(1,186)
(421)
560
Net (decrease) increase in cash and cash equivalents
(13)
(279)
33
(144)
(234)
Translation
3
10
(17)
(16)
(30)
Cash and cash equivalents at beginning of year

215
484
468
628
892
Cash and cash equivalents at end of year
(1)
205
215
484
468
628
(1)
The cash and cash equivalent balance at 31 December 2013 includes a bank overdraft included in the statement of financial position as part of other liabilities of $20m.
20% drop
in finance costs
mainly from fully
retiring the $1.25bn
high yield bonds in
August 2016

FINANCIAL
REVIEW
CONTINUED

Ratios and statistics

	Units	**2017**	**2016**	**2015**	**2014**	**2013**
Operating review – gold						
Production from continuing operations	000oz	3,755	3,628	3,830	4,225	3,874
Production from continuing and discontinued operations	000oz	3,755	3,628	3,947	4,436	4,105
Gold sold from continuing operations	000oz	3,772	3,590	3,850	4,248	3,862
Gold sold from continuing and discontinued operations	000oz	3,772	3,590	3,965	4,458	4,093
Continuing operations						
Closing spot price at year-end	$/oz	1,258	1,247	1,160	1,266	1,411
Average gold price received	$/oz	1,258	1,249			

1,158
1,264
1,401
Total cash costs
$/oz
792
744
712
785
836
All-in sustaining costs
(1)
$/oz
1,054
986
910
1,020
1,195
All-in costs
(1)
$/oz
1,126
1,071
1,001
1,114
1,466
Earnings
Gross profit
$m
784
841
714
993
1,319
Gross margin
%
18
21
18
20
26
Adjusted EBITDA
(2)
$m
1,483
1,548
1,472
1,616
1,525
Adjusted EBITDA margin
%

34
38
37
33
29
Interest cover
times
10
10
7
6
6
Asset and debt management
Net debt to adjusted EBITDA
(2)
times
1.3
1.2
1.5
1.9
2.0
Continuing and discontinued operations
Profit (loss) attributable to equity shareholders
$m
(191)
63
(85)
(58)
(2,230)
Profit (loss) attributable to equity shareholders
US cents
(46)