

## Notes to the company financial statements

For the year ended 31 December

Figures in million	2006	2005
	SA Rands	
<b>1 Revenue</b>		
Revenue consists of the following principal categories:		
Gold income	9,151	7,359
By-products (note 2)	265	224
Interest received (note 26)	52	28
Dividend received from subsidiaries (note 26)	52	731
	<b>9,520</b>	<b>8,342</b>
<b>2 Cost of sales</b>		
Cash operating costs	5,137	5,115
By-products (note 1)	(265)	(224)
	<b>4,872</b>	<b>4,891</b>
Other cash costs	40	34
Total cash costs	4,912	4,925
Retrenchment costs (note 7)	49	158
Rehabilitation and other non-cash costs	22	99
Production costs	4,983	5,182
Amortisation of tangible assets (notes 6, 9 and 26)	1,634	1,109
Total production costs	6,617	6,291
Inventory change	(71)	(20)
	<b>6,546</b>	<b>6,271</b>
<b>3 Other operating expenses</b>		
Pension and medical defined benefit provisions	50	46
<b>4 Operating special items</b>		
Performance related option expense	129	-
Cost of E-shares issued to Izingwe (Pty) Ltd, a Black Economic Empowerment company (group note 11)	131	-
Impairment of tangible assets (note 9)	10	45
Loan waived	1	3
Profit on disposal of tangible assets	(30)	-
Recovery of exploration loan previously expensed	(2)	-
Profit on sale of loan	-	(4)
Impairment of investment in associate (note 10)	-	2
	<b>239</b>	<b>46</b>

Figures in million	2006	2005
	SA Rands	
<b>5 Finance costs and unwinding of decommissioning and restoration obligations</b>		
Finance costs on bank loans and overdrafts	14	44
Finance costs on corporate bond	214	215
Finance costs on interest rate swap <sup>(1)</sup>	–	19
Other finance costs	14	15
	<b>242</b>	<b>293</b>
Less: amounts capitalised (note 9)	<b>(39)</b>	<b>(102)</b>
	<b>203</b>	<b>191</b>
Unwinding of decommissioning obligation (note 21)	<b>38</b>	<b>19</b>
Unwinding of restoration obligation (note 21) (note 26)	<b>14</b>	<b>8</b>
	<b>255</b>	<b>218</b>
<sup>(1)</sup> Interest received on the interest rate swap entered into against the corporate bond, which has not been designated as a fair value hedge, was nil (2005: R24 million). The swap was unwound in April 2005.		
<b>6 Profit before taxation</b>		
Profit before taxation is arrived at after taking account of:		
Auditors' remuneration		
– Audit fees <sup>(1)</sup>	39	19
– Under provision prior year	1	1
– Other assurance services	6	3
	<b>46</b>	<b>23</b>
Amortisation of tangible assets (notes 2, 9 and 26)		
Owned assets	<b>1,634</b>	<b>1,109</b>
Grants for educational and community development	<b>21</b>	<b>27</b>
Operating lease charges	<b>180</b>	<b>258</b>
<sup>(1)</sup> Includes fees for services in respect of Section 404 of the Sarbanes-Oxley Act.		

## Notes to the company financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
	SA Rands	
<b>7 Employee benefits</b>		
Employee benefits including executive directors' salaries and other benefits	3,262	3,257
Health care and medical scheme costs		
– current medical expenses	308	229
– defined benefit post-retirement medical expenses	95	87
Contributions to pension and provident plans		
– defined contribution	201	122
– defined benefit pension plan expense	12	22
Retrenchment costs (note 2)	49	158
Share-based payment expense <sup>(1)</sup>	200	12
Included in cost of sales, other operating expenses and operating special items	<b>4,127</b>	<b>3,887</b>
<b>Actuarial defined benefit plan expense analysis</b>		
Defined benefit post-retirement medical expense		
– current service cost	7	7
– interest cost	88	80
	<b>95</b>	<b>87</b>
Defined benefit pension plan expense		
– current service cost	50	40
– interest cost	108	88
– expected return on plan assets	(146)	(106)
	<b>12</b>	<b>22</b>
Actual return on plan assets		
– South Africa defined benefit pension plan	417	366
Refer to the remuneration report for details of directors' emoluments		
<sup>(1)</sup> Details of the equity settled share-based payment arrangements of the group have been disclosed in group note 11. These arrangements consist of awards by the company to employees of various group companies. The income statement expense of R200 million (2005: R12 million) for the company is only in respect of awards made to employees of the company.		

Figures in million

	2006	2005
	SA Rands	
<b>8 Taxation</b>		
Current taxation		
Normal	369	–
Under provision prior year (note 25)	57	264
	426	264
Deferred taxation		
Temporary differences	569	217
Unrealised non-hedge derivatives and other commodity contracts	(771)	(200)
Impairment of tangible assets	–	(15)
Change in estimated deferred taxation <sup>(1)</sup>	412	(74)
Change in statutory tax rate (note 23)	–	(79)
	210	(151)
	636	113

#### Tax reconciliation

A reconciliation of the mining and non-mining tax rate compared to that charged in the income statement is set out in the following table:

	2006		2005	
	Non-mining	Mining	Non-mining	Mining
	%		%	
Estimated corporate tax rate <sup>(1)</sup>	37	37	37	37
Disallowable items	(6)	5	9	(57)
Mining capital allowances without tax cover	–	–	–	124
Dividends received	2	–	(43)	–
Taxable items not forming part of the income statement	20	–	7	(21)
Impairments	–	–	–	(15)
Impact of prior year under provisions	(6)	–	–	(228)
Change in estimated deferred tax rate <sup>(2)</sup>	–	28	–	64
Change in statutory tax rate	–	–	(10)	15
Other	(4)	–	7	23
Effective tax rate	43	70	7	(58)

<sup>(1)</sup> Mining tax on mining income in South Africa is determined according to a formula based on the profit and revenue from mining operations.

All mining capital expenditure is deducted to the extent that it does not result in an assessed loss, and depreciation is ignored when calculating the South African mining income. Capital expenditure not deducted from the mining income is carried forward as unredeemed capital to be deducted from future mining income.

The formula for determining the South African mining tax is:

$$Y = 45 - 225/X$$

where Y is the percentage rate of tax payable and X is the ratio of mining profit net of any redeemable capital expenditure to mining revenue expressed as a percentage.

The maximum statutory mining tax rate is 45%, non-mining statutory tax rate 37% and statutory company tax rate 29%, all unchanged from prior year.

<sup>(2)</sup> During the 2005 and 2006 financial year estimates were revised in South Africa to reflect the future anticipated taxation rate at the time the temporary differences reverse.

## Notes to the company financial statements *cont.*

For the year ended 31 December

### 9 Tangible assets

Figures in million	Mine development costs	Mine infrastructure	Mineral rights and dumps	Land	Total
<b>Cost</b>					
Balance at 1 January 2005	13,031	3,704	701	20	17,456
Additions					
– project expenditure	634	168	–	–	802
– stay-in-business expenditure	1,252	61	–	–	1,313
Disposals	–	(26)	–	–	(26)
Transfers and other movements <sup>(1)</sup>	(5)	227	(156)	–	66
Finance costs capitalised (note 5)	102	–	–	–	102
Balance at 31 December 2005	15,014	4,134	545	20	19,713
<b>Accumulated amortisation</b>					
Balance at 1 January 2005	4,321	2,326	151	–	6,798
Amortisation for the year (notes 2, 6 and 26)	950	123	36	–	1,109
Impairments (note 4)	45	–	–	–	45
Impairments reversal (group note 13)	–	(115)	–	–	(115)
Transfers and other movements <sup>(1)</sup>	(2)	–	(54)	–	(56)
Balance at 31 December 2005	5,314	2,334	133	–	7,781
Net book value at 31 December 2005	9,700	1,800	412	20	11,932
<b>Cost</b>					
Balance at 1 January 2006	15,014	4,134	545	20	19,713
Additions					
– project expenditure	357	52	–	–	409
– stay-in-business expenditure	1,471	225	–	–	1,696
Disposals	(1)	(60)	–	(4)	(65)
Transfers and other movements <sup>(1)</sup>	(15)	110	–	–	95
Finance costs capitalised (note 5)	39	–	–	–	39
Balance at 31 December 2006	16,865	4,461	545	16	21,887
<b>Accumulated amortisation</b>					
Balance at 1 January 2006	5,314	2,334	133	–	7,781
Amortisation for the year (notes 2, 6 and 26)	1,425	176	33	–	1,634
Impairments (note 4)	6	4	–	–	10
Transfers and other movements <sup>(1)</sup>	(14)	(9)	–	1	(22)
Balance at 31 December 2006	6,731	2,505	166	1	9,403
<b>Net book value at 31 December 2006</b>	<b>10,134</b>	<b>1,956</b>	<b>379</b>	<b>15</b>	<b>12,484</b>

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 10.65% (2005: 10.65%).

<sup>(1)</sup> Transfers and other movements comprise amounts from deferred stripping, change in estimates and asset reclassifications.

Figures in million	2006	2005
	SA Rands	
<b>9 Tangible assets cont.</b>		
Impairments include the following:		
Write off of various minor tangible assets and equipment.	10	–
<b>Goedgenoeg drilling and 1650 level decline drilling</b>	–	14
An impairment charge was recognised in 2005 during the assessment and review of exploration properties as Goedgenoeg will not generate future cash flows.		
<b>East of Bank Dyke at TauTona</b>	–	31
Due to a change in original mine plan, the East of Bank Dyke access development has been impaired as it will not generate future cash flows.		
	10	45
The impairment calculation methodology is included in group note 16.		
A register containing details of properties is available for inspection by shareholders or their duly authorised agents during business hours at the registered office of the company.		
<b>10 Investment in associate</b>		
The company has a 25.0% (2005: 25.0%) interest in Oro Group (Proprietary) Limited which is involved in the manufacture and wholesale of jewellery. The year-end of Oro Group (Proprietary) Limited is 31 March.		
The carrying value of the associate consists of:		
Unlisted shares at cost less impairments <sup>(1)</sup>	15	15
Loans advanced <sup>(2)</sup>	15	20
	30	35
Directors' valuation of unlisted associate	30	35
<sup>(1)</sup> During 2005, the Oro Group (Proprietary) Limited investment was impaired. The impairment test considered the investment's fair value and future cash flow. An impairment of R2 million was recorded (note 4).		
<sup>(2)</sup> The Oro loan bears interest at a rate determined by the Oro Group (Proprietary) Limited's board of directors and is repayable at their discretion.		
The company's effective share of certain balance sheet items of its associate at 30 September 2006, is as follows:		
Non-current assets	14	15
Current assets	63	59
Total assets	77	74
Non-current liabilities	24	29
Current liabilities	29	28
Total liabilities	53	57
Net assets	24	17

## Notes to the company financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
	<b>SA Rands</b>	
<b>11 Other investments</b>		
<b>Unlisted investments available-for-sale</b>		
Balance at beginning of year	2	3
Disposals	–	(1)
Balance at end of year	2	2
The available-for-sale investments primarily consists of: The Chamber of Mines Building Company Limited		
<b>Unlisted investments-held to maturity</b>		
Balance at beginning of year	14	14
Balance at end of year	14	14
Total other investments (note 29)	16	16
Directors' valuation of unlisted investments	16	16
The investments held to maturity primarily consists of: Gold of Africa Museum		
<b>12 Inventories</b>		
Gold in process	219	174
Gold on hand	45	2
By-products	27	77
Total metal inventories	291	253
Consumable stores	114	89
	405	342
The amount of the write-down of by-products and gold on hand to net realisable value, and recognised as an expense is R13 million (2005: nil). This expense is included in cost of sales which is disclosed in note 2.		
<b>13 Investment in Environmental Rehabilitation Trust Fund</b>		
Balance at beginning of year	284	265
Contributions	25	45
Rehabilitation expenditure reclaimed	–	(26)
Balance at end of year	309	284
The fund is managed by Rand Merchant Bank and mainly invested in government long bonds and other fixed-term deposits.		
<b>14 Other non-current assets</b>		
AngloGold Ashanti Pension Fund asset (note 22)	267	51
<b>Loans and receivables</b>		
Other non-interest bearing loans and receivables – repayable on various dates (note 29)	7	5
Stone and Allied, unsecured amount (note 29)	–	4
	274	60

Figures in million	2006	2005
	SA Rands	
<b>15 Trade and other receivables</b>		
<b>Non-current</b>		
Other debtors	21	–
	21	–
<b>Current</b>		
Trade debtors	47	231
Prepayments and accrued income	98	74
Amounts due from related parties	10	–
Interest receivable	8	–
Recoverable tax, rebates, levies and duties	49	43
Other debtors	24	13
	236	361
Total trade and other receivables	257	361
Current trade debtors are non-interest bearing and are generally on terms less than 90 days.		
<b>16 Cash and cash equivalents</b>		
Cash and deposits on call	810	12
Money market instruments (note 29)	450	–
	1,260	12
<b>17 Non-current assets held for sale</b>		
Effective 30 June 2005, the investment in the Weltevreden mining rights of R100 million (2005: R100 million) was classified as held for sale. This investment was previously recognised as a tangible asset. Weltevreden's rights were sold to Alease Gold and Uranium Resources Limited on 15 June 2005. On 19 December 2005, Alease was acquired by SXR Uranium One (formerly Southern Cross Inc.). In terms of these sale agreements, the purchase price will be paid in the form of SXR Uranium One shares to be issued to AngloGold Ashanti. This will take place when the conditions precedent to the agreement have been met. The Weltevreden mining rights form part of an old order mining rights conversion application, and the conditions precedent are that upon the government granting the conversion of these to new order mining rights, AngloGold Ashanti will cede the Weltevreden mining rights to SXR Uranium One.		
The Director-General of Minerals and Energy notified the company that the new order mining rights were granted to AngloGold Ashanti Limited. However, the signing of the notarial agreement and the registration of the converted mining right has still to be completed. Once these have been completed, the new order mining rights will then be ceded to SXR Uranium One, and the related SXR Uranium One shares will then be issued to AngloGold Ashanti Limited as full settlement of the purchase price.		
	100	100

## Notes to the company financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
	SA Rands	
<b>18 Share capital and premium</b>		
<b>Share capital</b>		
Authorised		
400,000,000 ordinary shares of 25 SA cents each	100	100
4,280,000 E ordinary shares of 25 SA cents each	1	–
2,000,000, A redeemable preference shares of 50 SA cents each	1	1
5,000,000 B redeemable preference shares of 1 SA cent each	–	–
	<b>102</b>	<b>101</b>
Issued and fully paid		
276,236,153 (2005: 264,938,432) ordinary shares of 25 SA cents each	69	66
4,185,770 (2005: nil) E ordinary shares of 25 SA cents each	1	–
2,000,000 (2005: 2,000,000) A redeemable preference shares of 50 SA cents each	1	1
778,896 (2005: 778,896) B redeemable preference shares of 1 SA cent each	–	–
	<b>71</b>	<b>67</b>
<b>Share premium</b>		
Balance at beginning of year	19,293	19,233
Ordinary shares issued	3,330	60
E ordinary shares issued	353	–
Balance at end of year	<b>22,976</b>	<b>19,293</b>
<b>Share capital and premium</b>	<b>23,047</b>	<b>19,360</b>
The rights and restrictions applicable to the A and B redeemable preference shares.		
A redeemable preference shares are entitled to:		
– an annual dividend, after payment in full of the annual dividend on the B preference shares, equivalent to the balance of after tax profits from mining the Moab Lease Area.		
– on redemption, the nominal value of the shares and a premium per share equal to the balance of the net proceeds from disposal of assets relating to the Moab Lease Area, after redemption in full of the B preference shares and payments of the nominal value of the A preference shares.		
B redeemable preference shares are entitled to:		
– an annual dividend limited to a maximum of 5% of their issue price from the period that profits are generated from the Moab Lease Area.		
– on redemption, the nominal value of the shares and a premium of up to R249.99 per share provided by the net proceeds from disposal of the assets relating to the Moab Lease Area.		
The Moab Lease Area consists of the Moab Khotsong mine operations.		

## 19 Retained earnings and other reserves

Figures in million

### SA Rands

#### Balance at December 2004 as previously reported

Change in comparative data (note 30)

As restated

Actuarial loss recognised

Deferred taxation thereon (note 23)

Profit for the year

Ordinary dividends (group note 15)

Preference dividends

Net gain on cash flow hedges removed

from equity and reported in income

Net loss on cash flow hedges

Deferred taxation on cash flow

hedges (note 23)

Share-based payment for share awards

#### Balance at December 2005

Actuarial gain recognised

Deferred taxation thereon (note 23)

Loss for the year

Ordinary dividends (group note 15)

Preference dividends

Net loss on cash flow hedges removed

from equity and reported in income

Net loss on cash flow hedges

Deferred taxation on cash flow hedges (note 23)

Share-based payment for share awards and BEE transaction

Deferred issuance costs from ESOP Share Trust establishment

Deferred taxation on cost from ESOP Share Trust (note 23)

#### Balance at December 2006

	Retained earnings	Non-distributable reserves <sup>(1)</sup>	Actuarial gain (loss) <sup>(2)</sup>	Other comprehensive income <sup>(3)</sup>	Total
Balance at December 2004 as previously reported	(1,861)	141	(124)	(37)	(1,881)
Change in comparative data (note 30)	(69)				(69)
As restated	(1,930)	141	(124)	(37)	(1,950)
Actuarial loss recognised			(176)		(176)
Deferred taxation thereon (note 23)			68		68
Profit for the year	201				201
Ordinary dividends (group note 15)	(926)				(926)
Preference dividends	(77)				(77)
Net gain on cash flow hedges removed from equity and reported in income				(102)	(102)
Net loss on cash flow hedges				(785)	(785)
Deferred taxation on cash flow hedges (note 23)				340	340
Share-based payment for share awards				15	15
Balance at December 2005	(2,732)	141	(232)	(569)	(3,392)
Actuarial gain recognised			283		283
Deferred taxation thereon (note 23)			(102)		(102)
Loss for the year	(88)				(88)
Ordinary dividends (group note 15)	(742)				(742)
Preference dividends	(48)				(48)
Net loss on cash flow hedges removed from equity and reported in income				553	553
Net loss on cash flow hedges				(969)	(969)
Deferred taxation on cash flow hedges (note 23)				165	165
Share-based payment for share awards and BEE transaction				319	319
Deferred issuance costs from ESOP Share Trust establishment				(630)	(630)
Deferred taxation on cost from ESOP Share Trust (note 23)				117	117
Balance at December 2006	(3,610)	141	(51)	(1,014)	(4,534)

<sup>(1)</sup> Non-distributable reserves comprise a surplus on disposal of company shares of R141 million (2005: R141 million).

<sup>(2)</sup> With the adoption of IAS 19 revised, actuarial gain (loss) is accounted through equity reserves. Actuarial gain (loss) arises from a change in assumption parameters and the difference between the actual and expected return on plan assets.

<sup>(3)</sup> Other comprehensive income represents the effective portion of fair value gains or losses in respect of cash flow hedges until the underlying transaction occurs, upon which the gains or losses are recognised in earnings and the equity item for share-based payments.

## Notes to the company financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
	SA Rands	
<b>20 Borrowings</b>		
<b>Unsecured</b>		
Corporate Bond <sup>(1)</sup>	2,066	2,062
Semi-annual coupons are paid at 10.5% per annum. The bond is repayable on 28 August 2008 and is rand-based.		
Money-market short-term borrowings, at market-related rates and are rand-based	–	805
Total borrowings (note 29)	2,066	2,867
Less: current portion of borrowings included in current liabilities	73	878
Total long-term borrowings	1,993	1,989
<b>Amounts falling due:</b>		
Within one year	73	878
Between two and five years (note 29)	1,993	1,989
	2,066	2,867
<b>Undrawn facilities</b>		
There were no undrawn borrowing facilities as at 31 December 2006 (2005: nil).		
<b><sup>(1)</sup> Corporate Bond</b>		
Senior unsecured fixed rate bond	2,000	2,000
Less: unamortised discount and bond issue costs	7	11
	1,993	1,989
Add: accrued interest	73	73
	2,066	2,062
<b>21 Environmental rehabilitation provisions</b>		
<b>Provision for decommissioning</b>		
Balance at beginning of year	498	298
Change in estimates <sup>(1)</sup>	107	181
Unwinding of decommissioning obligation (note 5)	38	19
Utilised during the year	(1)	–
Balance at end of year	642	498
<b>Provision for restoration</b>		
Balance at beginning of year	424	219
Charge to income statement	(12)	(82)
Change in estimates <sup>(1)</sup>	34	304
Unwinding of restoration obligation (note 5)	14	8
Utilised during the year	(34)	(25)
Other	19	–
Balance at end of year	445	424
Total environmental rehabilitation provisions	1,087	922
These provisions are anticipated to unwind beyond the end of the life of mine.		
<sup>(1)</sup> The change in estimates relates to changes in laws and regulations governing the protection of the environment and factors relative to rehabilitation estimates and a change in the quantities of material in reserves and a corresponding change in the life of mine plan.		

Figures in million	2006	2005
	SA Rands	
<b>22 Provision for pension and post-retirement benefits</b>		
<b>Defined benefit plans</b>		
The company has made provision for pension, provident and medical schemes covering substantially all employees. The retirement schemes consist of the following:		
AngloGold Ashanti Pension Fund (asset) (group note 32)	(267)	(51)
Post-retirement medical scheme for AngloGold Ashanti South African employees (group note 32)	1,094	1,172
	827	1,121
Transferred to other non-current assets		
AngloGold Ashanti Pension Fund (note 14)	267	51
	1,094	1,172
<b>23 Deferred taxation</b>		
Deferred taxation relating to temporary differences is made up as follows:		
<b>Liabilities</b>		
Tangible assets	4,625	3,506
Inventories	87	59
Derivatives	93	105
Other	3	17
	4,808	3,687
<b>Assets</b>		
Provisions	620	638
Derivatives	1,813	802
Tax assets	37	62
Other	141	-
	2,611	1,502
Net deferred taxation liability	2,197	2,185
The movement on the net deferred tax balance is as follows:		
Balance at beginning of year	2,185	2,725
Income statement charge (note 8)	210	(151)
Discontinued operations (group note 13)	(18)	19
Taxation on other comprehensive income (note 19)	(165)	(340)
Taxation on actuarial loss (gain) (note 19)	102	(68)
Taxation on cost from ESOP Share Trust establishment (note 19)	(117)	-
Balance at end of year	2,197	2,185

## Notes to the company financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
	SA Rands	
<b>24 Trade and other payables</b>		
Trade creditors	405	241
Accruals	651	502
Amounts due to related parties	9	30
Unearned premiums on normal sale exempted contracts	289	315
Other creditors	-	1
	<b>1,354</b>	<b>1,089</b>
Trade and other payables are non-interest bearing and are normally settled within 60 days.		
<b>25 Taxation</b>		
Balance at beginning of year	553	281
Payments during the year	(435)	-
Provisions during the year (note 8)	426	264
Discontinued operations (group note 13)	17	8
Balance at end of year	<b>561</b>	<b>553</b>
<b>26 Cash generated from operations</b>		
Profit before taxation	560	533
Adjusted for:		
Movement on non-hedge derivatives and other commodity contracts	2,126	717
Amortisation of tangible assets (notes 2, 6 and 9)	1,634	1,109
Finance costs and unwinding of decommissioning and restoration obligations (note 5)	255	218
Interest receivable (note 1)	(52)	(28)
Dividends receivable from subsidiaries (note 1)	(52)	(731)
Operating special items	241	46
Environmental rehabilitation and other expenditure	(39)	73
Other non-cash movements	172	49
Movements in working capital	199	(134)
	<b>5,044</b>	<b>1,852</b>
Movements in working capital:		
(Increase) decrease in inventories	(64)	74
Decrease (increase) in trade and other receivables	110	(13)
Increase (decrease) in trade and other payables	153	(195)
	<b>199</b>	<b>(134)</b>

## 27 Related parties

Details of material transactions with those related parties not dealt with elsewhere in the financial statements are summarised below:

Figures in million	Purchases (by) from related parties	Amounts owed to (by) related parties	Purchases (by) from related parties	Amounts owed to (by) related parties
	2006		2005	
Significant shareholder Anglo American for the year	7	-	30	7
<b>Fellow subsidiaries of the Anglo American group to 20 April 2006 <sup>(1)</sup></b>				
Anglo Coal – a division of Anglo Operations Limited	1	-	4	2
Boart Longyear Limited – mining services <sup>(2)</sup>	-	-	28	-
Haggie Steel Wire Rope Operations <sup>(3)</sup>	7	-	50	6
Mondi Limited – timber	30	-	105	11
Scaw Metals – a division of Anglo Operations Limited – steel and engineering	9	-	31	4
The Tongaat-Hulett Group Limited	-	-	1	-
<b>Amounts owing to subsidiaries</b>	<b>284</b>	<b>1,585</b>	<b>323</b>	<b>1,570</b>
<b>Amounts due from subsidiaries</b>	<b>-</b>	<b>(654)</b>	<b>-</b>	<b>(449)</b>
<b>Amounts owing to joint ventures</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Amounts due from joint ventures</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>-</b>

Management fees, royalties, interest and net dividends from subsidiaries amount to R4 million (2005: R659 million). The prior year includes a dividend of R650 million received from AngloGold Ashanti Holdings plc.

Amounts owed to related parties are unsecured non-interest bearing and normally settled within 60 days.

<sup>(1)</sup> During the year, AngloGold Ashanti Limited, launched an equity offering which reduced Anglo American plc's interest in AngloGold Ashanti Limited. At 31 December 2006 Anglo American plc holds 41.67% of AngloGold Ashanti Limited.

<sup>(2)</sup> Anglo American sold their interest in Boart Longyear Limited with effect from 29 July 2005.

<sup>(3)</sup> Haggie Steel Wire Rope Operation's related party transactions, previously included in Scaw Metals – a division of Anglo Operations Limited. During the 2005 year, Haggie Steel Wire Rope Operations were unbundled and are now reported separately.

### Directors and other key management personnel

Details relating to directors' emoluments and shareholdings in the company are disclosed in the remuneration and directors' reports (Detailed on pages 126 to 147).

Compensation to key management personnel totalled R121 million (2005: R79 million). This total comprised short-term employee benefits of R90 million (2005: R69 million), post-employment benefits of less than R1 million (2005: R7 million); and share-based payments of R31 million (2005: R3 million).

## Notes to the company financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
	<b>SA Rands</b>	
<b>28 Contractual commitments and contingencies</b>		
<b>Operating leases</b>		
At 31 December 2006, the company was committed to making the following payments in respect of operating leases for amongst others, hire of plant and equipment and land and buildings. Certain contracts contain renewal options and escalation clauses for various periods of time.		
Expiry within		
– One year	24	38
<b>Capital commitments</b>		
<i>Acquisition of tangible assets</i>		
Contracted for	473	542
Not contracted for	3,127	3,146
Authorised by the directors	<b>3,600</b>	<b>3,688</b>
Allocated for:		
Project expenditure		
– within one year	398	948
– thereafter	674	641
	<b>1,072</b>	<b>1,589</b>
Stay-in-business expenditure		
– within one year	2,285	1,867
– thereafter	243	232
	<b>2,528</b>	<b>2,099</b>
<b>Purchase obligations</b>		
Contracted for		
– within one year	360	194
– thereafter	–	–
	<b>360</b>	<b>194</b>
Purchase obligations represent contractual obligations for the purchase of mining contract services, supplies, consumables, inventories, explosives and activated carbon.		
To service the above capital commitments, purchase obligations and other operational requirements, the company is dependent on existing cash resources, cash generated from operations and borrowing facilities.		
Cash generated from operations is subject to operational, market and other risks. Distributions from operations may be subject to foreign investment, exchange control laws and regulations and the quantity of foreign exchange available in offshore countries. In addition, distributions from joint ventures are subject to the relevant board approval.		
The credit facilities and other finance arrangements contain financial covenants and other similar undertakings. To the extent that external borrowings are required, the company's covenant performance indicates that existing financing facilities will be available to meet the above commitments. To the extent that any of the financing facilities mature in the near future, the company believes that these facilities can be refinanced on similar terms to those currently in place.		

Figures in million	2006	2005
	SA Rands	
<b>28 Contractual commitments and contingencies cont.</b>		
<b>Contingent liabilities</b>		
AngloGold Ashanti's contingent liabilities at 31 December 2006 are detailed below:		
Water pumping cost – South Africa – The company is involved in a legal dispute regarding the responsibility for water pumping of the Margaret shaft at the Stilfontein mine. Following an attempt by DRDGold Limited to liquidate its North West operations and avoid incurring pumping cost, AngloGold Ashanti Limited launched an urgent application against DRDGold Limited and government departments requesting the court to order the continued pumping of water at the Stilfontein Mines. The cessation of water pumping is likely to cause flooding in various of the company's Vaal River operations. The Department of Water Affairs and Forestry responded by issuing directives to the mining companies directing that they share the cost of pumping at the Stilfontein Margaret Shaft.		
The three mining companies, Simmer and Jack Mines Limited, Harmony Gold Mining Company Limited and AngloGold Ashanti Limited, are finalising an arrangement in which responsibility for the water pumping will be transferred to an independent newly formed company. The company's responsibility will be limited to providing one-third of the start-up capital on loan account and the three mining companies will be members of the newly formed company.		
Should the proposed arrangement not be acceptable to the courts and/or the regulatory authorities the proposal may have to be amended. Due to this uncertainty, no estimate is made of any potential liabilities as management believe that the proposed arrangement is a pragmatic and reasonable basis to resolve the issue.	-	-
AngloGold Ashanti has identified a number of groundwater pollution sites at its current operations in South Africa. The company has investigated a number of different technologies and methodologies that could possibly be used to remediate the pollution plumes. The viability of the suggested remediation techniques in the local geological formation in South Africa is however unknown. No sites have been remediated in South Africa. Present research and development work is focused on several pilot projects to find a solution that will in fact yield satisfactory results in South African conditions. Subject to the technology being developed as a remediation technique no reliable estimate can be made for the obligation.	-	-

## Notes to the company financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
	SA Rands	
<b>28 Contractual commitments and contingencies <i>cont.</i></b>		
<b>Guarantees</b>		
<i>Financial guarantees</i>		
The company has guaranteed all payments and other obligations of AngloGold Ashanti Holdings plc regarding the convertible bonds issued during 2004, with a maturity date of 27 February 2009, and a fixed coupon of 2.375% payable semi-annually. The bonds issued amounted to \$1billion. The company obligations regarding the guarantee will be direct, unconditional and unsubordinated.	7,001	6,345
The company has provided surety in favour of the lender in respect of gold loan facilities with two wholly-owned subsidiaries of Oro Group (Proprietary) Limited an associate of the company. The company has a total maximum liability, in terms of the suretyships, of R100 million. The suretyship agreements have a termination notice period of ninety days. The company received a fee from the associate for providing the surety and has provided for non performance.	100	100
AngloGold Ashanti Limited, AngloGold Offshore Investments Limited and AngloGold American Investments Limited have guaranteed all payments and other obligations of the wholly owned subsidiaries AngloGold Ashanti Holdings plc and AngloGold Ashanti USA Inc. regarding the \$700 million Syndicated loan facility.	1,271	2,927
<i>Hedging guarantees</i>		
The company has, together with AngloGold Ashanti Holdings plc issued hedging guarantees to several counterparty banks in which they have guaranteed the due performance of the Geita Management Company Limited of its obligations under or pursuant to hedging arrangements entered into. Refer group note 38.	2,032	1,090
The company, together with AngloGold Ashanti Holdings plc has provided guarantees to several counterparty banks for the hedging commitment of Ashanti Treasury Services Limited. Refer group note 38.	7,334	4,591
<b>29 Financial risk management activities</b>		
In the normal course of its operations, the company is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the company may enter into transactions which make use of both on- and off-balance sheet derivatives. The company does not acquire, hold or issue derivatives for trading purposes. The company has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The board has approved and monitors this risk management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.		

## 29 Financial risk management activities *cont.*

### Controlling risk in the company

The Executive Committee and the Treasury Committee are responsible for risk management activities within the company. The Treasury Committee, chaired by the independent chairman of the AngloGold Ashanti Audit and Corporate Governance Committee, comprising executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency, liquidity and credit risk. Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy and counterpart limits and provides regular and detailed management reports.

The financial risk management objectives of the company are defined as follows:

- Safeguarding the company core earnings stream from its major assets through the effective control and management of gold price risk, foreign exchange risk and interest rate risk;
- Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures;
- Ensuring that investment and hedging transactions are undertaken with creditworthy counterparts; and
- Ensuring that all contracts and agreements related to risk management activities are coordinated, consistent throughout the company and comply where necessary with all relevant regulatory and statutory requirements.

### Gold price and currency risk and cash flow hedging

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold. The gold market is predominately priced in US dollars which exposes the company to the risk that fluctuations in the SA rand/US dollar exchange rates may also have an adverse effect on current or future earnings.

A number of products, including derivatives, are used to manage well-defined gold price and foreign exchange risks that arise out of the company's core business activities. Forward-sales contracts and call and put options are used by the company to protect itself from downward fluctuations in the gold price. These derivatives may establish a minimum price for a portion of future production while the company maintains the ability to benefit from increases in the gold price for the majority of future gold production.

Some of the instruments described above are designated and accounted for as cash flow hedges. The hedge forecast transactions are expected to occur over the next 10 years, in line with the maturity dates of the hedging instruments and will affect profit and loss simultaneously in an equal and opposite way. The fair value of all instruments so designated at the balance sheet date is negative R1,327 million (2005: negative R878 million).

## Notes to the company financial statements *cont.*

For the year ended 31 December

### 29 Financial risk management activities *cont.*

#### Net delta open hedge position as at 31 December 2006

The company had the following net forward-pricing commitments outstanding against future production.

Summary: All open contracts in the company's commodity hedge position as at 31 December 2006

Year	2007	2008	2009	2010	2011	2012-2016	Total
<b>US Dollar/Gold</b>							
<b>Forward contracts</b>							
Amount (kg)	(9,398)	3,177	1,414	1,571	1,882	5,645	4,291
\$/oz	\$626	\$276	(\$343)	\$142	\$490	\$510	(\$343)
<b>Put options sold</b>							
Amount (kg)	9,642	5,210	3,748	1,882	1,882	5,645	28,009
\$/oz	\$599	\$569	\$530	\$410	\$420	\$440	\$527
<b>Call options purchased</b>							
Amount (kg)	4,354						4,354
\$/oz	\$336						\$336
<b>Call options sold</b>							
Amount (kg)	18,466	18,390	20,147	18,833	20,202	17,682	113,720
\$/oz	\$390	\$384	\$404	\$409	\$437	\$548	\$428
<b>Rand/Gold</b>							
<b>Forward contracts</b>							
Amount (kg)	2,138		933				3,071
R/kg	R91,299		R116,335				R96,865
<b>Call options sold</b>							
Amount (kg)	311		2,986	2,986	2,986		9,269
R/kg	R108,123		R202,054	R216,522	R230,990		R212,885
<b>Total net gold</b>							
Delta (kg) <sup>(1)</sup>	(4,956)	(20,255)	(22,456)	(21,077)	(22,373)	(21,233)	(112,350)
Delta (oz) <sup>(1)</sup>	(159,339)	(651,212)	(721,976)	(677,640)	(719,308)	(682,656)	(3,612,131)

The total net delta tonnage of the hedge of the company at 31 December 2005 was 3.98 Moz or 124t.

<sup>(1)</sup> The delta of the hedge position indicated above, is the equivalent gold position that would have the same marked-to-market sensitivity for a small change in the gold price. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at 31 December 2006.

## 29 Financial risk management activities cont.

Summary: All open contracts in the company's currency hedge position as at 31 December 2006

Year	2007	2008	2009	2010	2011	2012-2016	Total
<b>Rand/US Dollar (000)</b>							
<b>Put options purchased</b>							
Amount (\$)	15,000						15,000
R per \$	R7.61						R7.61
<b>Put options sold</b>							
Amount (\$)	40,000						40,000
R per \$	R7.08						R7.08
<b>Call options sold</b>							
Amount (\$)	55,000						55,000
R per \$	R7.34						R7.34

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually reviewed in the light of changes in operational forecasts, market conditions and the company's hedging policy.

Forward sales contracts require the future delivery of gold at a specified price.

A put option gives the put buyer the right, but not the obligation, to sell gold to the put seller at a predetermined price on a predetermined date.

A call option gives the call buyer the right, but not the obligation, to buy gold from the call seller at a predetermined price on a predetermined date.

### Interest rate and liquidity risk

Refer note 39 in group financial statements.

#### Cash and short-term loans advanced

Maturity date	Fixed rate investment		Floating rate investment	
	amount million	Effective rate %	amount million	Effective rate %
All less than one year	450	8.70	810	8.40

#### Borrowings maturity profile (note 20)

	Within one year		Between one and five years	
	Borrowing amount million	Effective rate %	Borrowing amount million	Effective rate %
		73 <sup>(1)</sup>	–	1,993

#### Interest-rate risk

	Within one year		Between one and five years	
	Borrowing amount million	Effective rate %	Borrowing amount million	Effective rate %
		73 <sup>(1)</sup>	–	1,993

<sup>(1)</sup> Interest accrued on the corporate bond as at 31 December 2006.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is until the maturity of the instrument. The other financial instruments of the company that are not in the tables above are non-interest bearing and are therefore not subject to interest rate risk.

#### Credit risk

Refer note 39 in group financial statements.

## Notes to the company financial statements *cont.*

For the year ended 31 December

### 29 Financial risk management activities *cont.*

#### Fair value of financial instruments

The estimated fair values of financial instruments are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the company's financial instruments as at 31 December 2006 are as follows:

#### Type of instrument

Figures in million

Type of instrument	2006		2005	
	Carrying amount	Fair value	Carrying Amount	Fair Value
<i>Financial assets</i>				
Other investments (note 11)	16	16	16	16
Other non-current assets (note 14)	7	7	9	8
Trade and other receivables	110	107	244	244
Cash restricted for use	6	6	6	6
Cash and cash equivalents (note 16)	1,260	1,260	12	12
<i>Financial liabilities</i>				
Borrowings (note 20)	2,066	2,097	2,867	2,993
Trade and other payables	1,065	1,065	773	773
Derivatives	4,239	8,210	1,801	4,627

The fair value amounts include off balance sheet normal sale exempted contracts, which are not carried on the balance sheet and excluded from the carrying amount. All other derivatives are carried at fair value.

The amounts in the tables above do not necessarily agree with the totals in the notes as only financial assets and financial liabilities are shown.

**29 Financial risk management activities cont.**

Type of instrument

Figures in million

	2006			Total
	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	
Derivative (liabilities) assets comprise the following:				
Commodity option contracts	(3,971)	-	(2,866)	(6,837)
Foreign exchange option contracts	-	-	2	2
Forward sale commodity contracts	-	(1,327)	(52)	(1,379)
Gold interest rate swaps	-	-	4	4
All derivatives	(3,971)	(1,327)	(2,912)	(8,210)
	2005			
Derivative (liabilities) assets comprise the following:				
Commodity option contracts	(2,826)	(22)	(1,365)	(4,213)
Foreign exchange option contracts	-	-	12	12
Forward sale commodity contracts	-	(856)	433	(423)
Gold interest rate swaps	-	-	(3)	(3)
All derivatives	(2,826)	(878)	(923)	(4,627)

## Notes to the company financial statements *cont.*

For the year ended 31 December

### 29 Financial risk management activities *cont.*

#### Derivative maturity profile

Figures in million

	2006		
	Total	Assets	Liabilities
Amounts to mature within one year of balance sheet date	(3,417)	1,574	(4,991)
Amounts to mature between one and two years	(424)	36	(460)
Amounts to mature between two and five years	(398)	-	(398)
Total	(4,239)	1,610	(5,849)
	2005		
Amounts to mature within one year of balance sheet date	(1,260)	2,091	(3,351)
Amounts to mature between one and two years	(155)	182	(337)
Amounts to mature between two and five years	(386)	54	(440)
Total	(1,801)	2,327	(4,128)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

#### Cash restricted for use, cash and cash equivalents and trade and other payables

The carrying amounts approximate fair value because of the short-term duration of these instruments.

#### Trade and other receivables

The fair value of the non-current portion of trade and other receivables has been calculated using market interest rates.

#### Investments and other non-current assets

Other investments are carried at amortised cost which approximates fair value. The fair value of other investments and other non-current assets has been calculated using market interest rates.

#### Borrowings

The fair value of listed fixed rate debt is shown at its closing market value as at 31 December 2006. The remainder of debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

#### Derivatives

The fair values of derivatives are estimated based on the ruling market prices, volatilities and interest rates as at 31 December 2006.

The company uses the Black-Scholes option pricing formula to value option contracts. One of the inputs into the model is the level of volatility. These volatility levels are themselves not exchange traded and are not observable generally in the market. The company uses volatility input supplied by leading market participants (international banks). The company believes that no other possible alternative would result in significantly different fair value estimations.

### 30 Change in comparative data

#### Cash flow statement

The cash flow comparative data has been amended to reclassify amounts paid for environmental rehabilitation and termination of employee benefit plans as amounts paid to suppliers and employees. The effect of this reclassification is as follows:

Figures in million

	SA Rands
Environmental rehabilitation and other expenditure	99
Other non-cash movements	(99)

#### Income statement and balance sheet

AngloGold Ashanti has, as a result of further guidance on materiality assessment published in the United States of America, decided to assess materiality on a combination of two methods because it will result in a more accurate assessment of materiality on both the balance sheet and the income statement, irrespective of the year of occurrence.

In previous periods, AngloGold Ashanti used the "roll over" method to assess materiality for potential adjustments. The roll over method quantifies a misstatement based on the amount of the error originating in the current year income statement, it ignores the "carryover effects" of prior year misstatements. This can result in an accumulation of significant misstatements on the balance sheet. The alternative, to the roll-over method, the iron curtain method, quantifies a misstatement based on the effects of correcting the misstatement existing on the balance sheet.

As a result of the revised assessment criteria, AngloGold Ashanti identified an adjustment necessary to the balance sheet, principally to trade and other payables. The adjustment, due to an accumulation over several years of immaterial amounts in the income statement, has been accounted for retrospectively, and the comparative statements for 2005 have been restated.

The effect of the change on 2005 is as tabulated below. Opening retained earnings for 2005 have been reduced by R69 million which is the amount of the adjustment relating to periods prior to 2005. The net effect on the income statement was R87 million.

Figures in million

#### Income statement

	SA Rands
Reduction in costs of sales	14
Dividends received from subsidiaries	77
Increase in taxation	(4)
Effect on profit for the year	87

#### Balance sheet

##### Assets

Increase in tangible assets	9
Decrease in inventories	(4)
Decrease in trade and other receivables	(24)

##### Liabilities

Decrease in deferred taxation	(29)
Increase in trade and other payables	69

##### Equity

Decrease in retained earnings	(59)
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There are no cash flow effects.