

Notes to the group financial statements

For the year ended 31 December

1 Accounting policies

Statement of compliance

The consolidated and company financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and applicable legislation.

During the current financial year, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by AngloGold Ashanti Limited:

IAS 39 and IFRS 4	Amendment – financial guarantee contracts;
IFRS 6	Exploration for and evaluation of Mineral Resources;
IFRIC 4	Determining whether an arrangement contains a lease;
IFRIC 6	Liabilities arising from Participating in a Specific market: Waste Electrical and Electronic Equipment.

In addition, the following interpretations were early adopted by AngloGold Ashanti Limited during the current financial year:

IFRIC 7	Applying the Restatement approach under IAS 29, Financial reporting in Hyperinflationary Economies;
IFRIC 8	Scope of IFRS 2;
IFRIC 9	Reassessment of embedded derivatives;
IFRIC 10	Interim reporting and Impairment.

The adoption of the above identified accounting standards, amendments to standards and new interpretations, other than IFRIC 8 as disclosed in note 1.2, had no material financial impact on the annual financial statements.

The following accounting standards, amendments to standards and new interpretations, which are not yet mandatory for AngloGold Ashanti Limited, have not been adopted in the current year:

IAS 1	Amendment – capital disclosures	Effective years beginning on or after 1 January 2007
IFRS 7	Financial instruments disclosures	Effective years beginning on or after 1 January 2007
IFRS 8	Operating segments	Effective years beginning on or after 1 January 2009
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	Effective years beginning on or after 1 March 2007
IFRIC 12	Service Concession Arrangements	Effective years beginning on or after 1 January 2008

The group has assessed the significance of these new standards, amendments to standards and new interpretations, which will be applicable from 1 January 2007 and later years and concluded that they will have no material financial impact. IFRS 8 will not have a current impact on the geographic segments definition but may have an impact on the amounts reported using the requirement to report data as reported to the Chief Operating Decision Maker. Both IAS 1 and IFRS 7 may have an impact on certain disclosures.

1 Accounting policies *cont.*

1.1 Basis of preparation

The financial statements are prepared according to the historical cost accounting convention, as modified by the revaluation of certain financial instruments to fair value. The group's accounting policies as set out below are consistent in all material respects with those applied in the previous year, except for the adoption of the above mentioned new and revised standards.

AngloGold Ashanti presents its consolidated financial statements in South African rands and US dollars for the benefit of local and international investors. The functional currency of a significant portion of the group's operations is the South African rand. Other main subsidiaries have functional currencies of US dollars and Australian dollars.

Basis of consolidation

The group financial statements incorporate the financial statements of the company, its subsidiaries and its proportionate interest in joint ventures.

The financial statements of subsidiaries, the Environmental Rehabilitation Trust Fund and joint ventures, are prepared for the same reporting period as the holding company, using the same accounting policies, except for Rand Refinery Limited which reports on a three-month time lag. Adjustments are made to the subsidiary financial results for material transactions and events in the intervening period.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are accounted for at cost and are adjusted for impairments where appropriate in the company financial statements.

1.2 Changes in accounting policies

The changes in accounting policies result from adoption of the following new/revised standards, amendments to standards and interpretations:

IAS 39 and IFRS 4	Amendment – financial guarantee contracts;
IFRS 6	Exploration for and evaluation of Mineral Resources;
IFRIC 4	Determining whether an arrangement contains a lease;
IFRIC 6	Liabilities arising from Participating in a Specific market: Waste Electrical and Electronic Equipment;
IFRIC 7	Applying the Restatement approach under IAS 29, Financial reporting in Hyperinflationary Economies;
IFRIC 8	Scope of IFRS 2;
IFRIC 9	Reassessment of embedded derivatives;
IFRIC 10	Interim reporting and impairment.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.2 Changes in accounting policies *cont.*

The principal effects of these changes in policies are discussed below.

IAS 39 and IFRS 4 “Amendment – financial guarantee contracts”

The main impact of the IAS 39 and IFRS 4 Amendment – financial guarantee contracts on the group, is the recognition of an expense and a corresponding entry to liabilities for the fair value of any financial guarantee contracts in existence. Subsequent measurement is dealt with in the financial instrument accounting policy. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. As a result, the group and company has applied IAS 39 and IFRS 4 Amendment – financial guarantee contracts to all such issued contracts that are in existence.

The effect of the revised policy has no material effect on the company or the consolidated prior or current year profits and has no consequential effect on basic and diluted earnings per share.

IFRS 6 “Exploration for and evaluation of Mineral Resources”

The adoption of IFRS 6 has resulted in the group clarifying the accounting policy for Exploration for and evaluation of Mineral Resources which is described in "Significant accounting policies".

Moreover, assets defined as used in the Exploration for and evaluations of Mineral Resources are required to be separately identified from other Tangible assets, which are fully disclosed in note 16.

The effect of the revised policy has no effect on the company or the consolidated prior or current year profits and has no consequential effect on basic and diluted earnings per share.

IFRIC 4 “Determining whether an arrangement contains a lease”

The group has applied IFRIC 4 in accordance with the transitional provisions of the interpretation.

IFRIC 4 requires an entity to assess its arrangements that do not take the legal form of a lease but convey the right to use an asset, in order to determine whether such arrangements are, or contain, leases that should be accounted for in accordance with IAS 17, Leases.

The effect of the assessment of arrangements that do not take the legal form of a lease but convey the right to use an asset has no effect on consolidated and company prior or current year profits and has no consequential effect on basic and diluted earnings per share.

1 Accounting policies *cont.*

1.2 Changes in accounting policies *cont.*

IFRIC 6 “Liabilities arising from Participating in a Specific market: Waste Electrical and Electronic Equipment”

This interpretation provides guidance on the recognition in the financial statements of producers, of liabilities for waste management under the Economic Union Directive on Waste Electrical and Electronic Equipment in respect of sales of historical household equipment.

The adoption of this IFRIC has no effect on consolidated group or company prior or current year profits and has no consequential effect on basic and diluted earnings per share.

IFRIC 7 “Applying the Restatement approach under IAS 29, Financial reporting in Hyperinflationary Economies”

This Interpretation provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and the entity therefore restates its financial statements in accordance with IAS 29.

The adoption of this IFRIC has no effect on prior or consolidated group or company current year profits and has no consequential effect on basic and diluted earnings per share.

IFRIC 8 “Scope of IFRS 2”

IFRS 2 applies to share-based payment transactions in which the entity receives or acquires goods or services where the identifiable consideration received is less than the fair value of the equity instruments issued.

The adoption of this IFRIC has no effect on prior year profits or consequential effect on prior year basic and diluted earnings per share. The current year consolidated profits were affected by \$19 million, R131 million and \$0.07, R0.48 per ordinary share for basic and \$0.07, R0.48 per share for diluted earnings per share as a result of the implementation of the Black Economic Empowerment (BEE) transaction approved by shareholders on 11 December 2006 (refer note 11). The current year company results were affected by R131 million.

IFRIC 9 “Reassessment of embedded derivatives”

IAS 39 paragraph 10 describes an embedded derivative as a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. IAS 39 paragraph 11 requires an embedded derivative to be separated from the host contract and accounted for as a derivative under certain presented circumstances.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.2 Changes in accounting policies *cont.*

IFRIC 9 "Reassessment of embedded derivatives" *cont.*

IFRIC 9 specifies that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

The adoption of this IFRIC has no effect on prior or consolidated group or company current year profits and has no consequential effect on basic and diluted earnings per share.

IFRIC 10 "Interim reporting and impairment"

An entity is required to assess goodwill for impairment at every reporting date, to assess investments in equity instruments and in financial assets carried at cost for impairment at every balance sheet date and, if required, to recognise an impairment loss at that date. This Interpretation requires that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The adoption of this IFRIC has no effect on prior or consolidated group or company current year profits and has no consequential effect on basic and diluted earnings per share.

1.3 Significant accounting judgements and estimates

Use of estimates: The preparation of the financial statements requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other materials in heap leach pads; asset impairments (including impairments of goodwill), write-downs of inventory to net realisable value; post-employment, post-retirement and other employee benefit liabilities, the fair value and accounting treatment of financial instruments and deferred taxation.

1 Accounting policies *cont.*

1.3 Significant accounting judgements and estimates *cont.*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Carrying value of goodwill and tangible assets

All mining assets are amortised using the units-of-production (UOP) method where the mine operating plan calls for production from well-defined mineral reserves over proved and probable reserves.

For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the UOP rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally result to the extent that there are significant changes in any of the factors or assumptions used in estimating mineral reserves.

These factors could include:

- changes in proved and probable mineral reserves;
- the grade of mineral reserves may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.3 Significant accounting judgements and estimates *cont.*

Carrying value of goodwill and tangible assets *cont.*

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including published reserves, resources, exploration potential and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

The carrying amount of goodwill in the consolidated financial statements at 31 December 2006 was \$391 million, R2,739 million (2005: \$373 million, R2,366 million). The carrying amount of tangible assets at 31 December 2006 was \$6,054 million, R42,382 million (2005: \$5,908 million, R37,487 million). There is no goodwill in the company financial statements. The carrying amount of the company's tangible assets at 31 December 2006 was R12,484 million (2005: R11,932 million).

Production start date

The group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project such as the complexity of a plant and its location. The group considers various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moves into the production stage. Some of the criteria would include, but, are not limited to, the following:

- the level of capital expenditure compared to the construction cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce gold in saleable form (within specifications and the de minimis rule);
- ability to sustain ongoing production of gold.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development or reserve development.

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1 Accounting policies *cont.*

1.3 Significant accounting judgements and estimates *cont.*

Income taxes *cont.*

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

Carrying values of the group at 31 December 2006:

- deferred tax asset: \$62 million, R432 million (2005: \$44 million, R279 million)
- deferred tax liability: \$1,103 million, R7,722 million (2005: \$1,154 million, R7,320 million)
- taxation liability: \$176 million, R1,234 million (2005: \$112 million, R710 million)

Carrying values of the company at 31 December 2006:

- deferred tax liability: R2,197 million (2005: R2,185 million)
- taxation liability: R561 million (2005: R553 million)

Provision for environmental rehabilitation obligations

The group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine.

The carrying amounts of the rehabilitation obligations for the group at 31 December 2006 was \$361 million, R2,525 million (2005: \$337 million, R2,143 million). The carrying amounts of the rehabilitation obligations for the company at 31 December 2006 was R1,087 million (2005: R922 million).

Stockpiles, gold in process, ore on leach pad and product inventories

Costs that are incurred in or benefit the production process are accumulated as stockpiles, gold in process, ore on leach pads and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing and long-term metals prices, less estimated costs to complete production and bring the product to sale.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.3 Significant accounting judgements and estimates *cont.*

Stockpiles, gold in process, ore on leach pad and product inventories *cont.*

Stockpiles and underground gold in process are measured by estimating the number of tonnes added and removed from the stockpile and from underground, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile and underground ore tonnages are verified by periodic surveys.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

The carrying amount of inventories for the group at 31 December 2006 was \$776 million, R5,430 million (2005: \$571 million, R3,624 million). The carrying amount of inventories for the company at 31 December 2006 was R405 million (2005: R342 million).

Recoverable tax, rebates, levies and duties

In a number of countries, particularly in Africa, AngloGold Ashanti is due refunds of input tax which remain outstanding for periods longer than those provided for in the respective statutes.

In addition, AngloGold Ashanti Limited has unresolved tax disputes in a number of countries, particularly in Tanzania and Mali. If the outstanding input taxes are not received and the tax disputes are not resolved in a manner favourable to AngloGold Ashanti, it could have an adverse effect upon the carrying value of these assets.

The carrying value for the group at 31 December 2006 was \$124 million, R872 million (2005: \$99 million, R627 million). The carrying value for the company at 31 December 2006 was R49 million (2005: R43 million).

Pension plans and post-retirement medical aid obligations

The determination of AngloGold Ashanti's obligation and expense for pension and provident funds, as well as post-retirement health care liabilities, depends on the selection of certain assumptions used by actuaries to calculate amounts. These assumptions include, among others, the discount rate, the expected long-term rate of return of plan assets, health care inflation costs, rates of increase in compensation costs and the number of employees who reach retirement age before the mine reaches the end of its life. While AngloGold Ashanti believes that these assumptions are appropriate, significant changes in the assumptions may materially affect pension and other post-retirement obligations as well as future expenses, which may result in an impact on earnings in the periods that the changes in the assumptions occur.

The carrying value of defined benefit plans (inclusive of net asset position disclosed under other non-current assets) at 31 December 2006 was \$129 million, R896 million (2005: \$187 million, R1,181 million). The corresponding balances for the company at 31 December 2006 was R827 million (2005: R1,121 million).

1 Accounting policies *cont.*

1.3 Significant accounting judgements and estimates *cont.*

Share-based payments

The group issues equity-settled share-based payments to certain employees and third parties outside the group. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

1.4 Summary of significant accounting policies

Joint ventures

A joint venture is an entity in which the group holds a long-term interest and which is jointly controlled by the group and one or more other venturers under a contractual arrangement. The group's interests in jointly controlled entities are accounted for by proportionate consolidation on a line by line basis.

The group does not recognise its share of profits or losses that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Joint ventures are accounted for at cost and are adjusted for impairments where appropriate in the company financial statements.

Associates

The equity method of accounting is used for an investment over which the group exercises significant influence and normally owns between 20% and 50% of the voting equity. Associates are equity accounted from the effective dates of acquisition to the effective dates of disposal.

As the group only has significant influence, it is unable to obtain reliable information at year end on a timely basis. The results of associates are equity accounted from their most recent audited annual financial statements or unaudited interim financial statements, all within three months of the year end of the group. Adjustments are made to the associates' financial results for material transactions and events in the intervening period. Any losses of associates are brought to account in the consolidated financial statements until the investment in such associates is written down to zero. Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such associates.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Associates cont.

The carrying values of the investments in associates represent the cost of each investment, including goodwill, balance outstanding on loans advanced, any impairment losses recognised, the share of post-acquisition retained earnings and losses, and any other movements in reserves. The carrying value of associates is reviewed on a regular basis and if any impairment in value has occurred, it is recognised in the period in which these circumstances are identified.

Associates are accounted for at cost and are adjusted for impairments where appropriate in the company financial statements.

Foreign currency translation

Functional currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the approximate exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for derivative balances that are within the scope of IAS 39. Translation differences on these balances are reported as part of their fair value gain or loss.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income in equity.

Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- equity items other than retained earnings are translated at the closing rate on each balance sheet date;
- retained earnings are converted at historical average exchange rates;
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement presented are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity (foreign currency translation).

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Foreign currency translation *cont.*

Exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. For the company, the exchange differences on such monetary items are reported in the company income statement.

When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Management have determined that the group operates primarily in one segment, gold. A geographical segment provides products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Tangible assets

Tangible assets are recorded at cost less accumulated amortisation and impairments. Cost includes pre-production expenditure incurred during the development of a mine and the present value of related future decommissioning costs. Cost also includes finance charges capitalised during the construction period where such expenditure is financed by borrowings.

If there is an indication that the recoverable amount of any of the tangible assets is less than the carrying value, the recoverable amount is estimated and an allowance is made for the impairment in value.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the group, and the cost of the addition can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Amortisation of assets is calculated to allocate the cost of each asset to its residual value over its estimated useful life for those assets not amortised on the units-of-production method as follows:

- buildings up to life of mine;
- plant and machinery up to life of mine;
- equipment and motor vehicles up to five years; and
- computer equipment up to three years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Tangible assets *cont.*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing net sale proceeds with carrying amount. These are included in the income statement.

Mine development costs

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies, to expand the capacity of a mine and to maintain production. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred. Mine development costs include acquired proved and probable Mineral Resources at cost at acquisition date.

Depreciation, depletion and amortisation of mine development costs are computed by the units-of-production method based on estimated proved and probable mineral reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which commercial production begins.

Stripping costs incurred in open-pit operations during the production phase to remove additional waste are charged to operating costs on the basis of the average life of mine stripping ratio and the average life of mine costs per tonne. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine per tonne of ore mined. The average life of mine cost per tonne is calculated as the total expected costs to be incurred to mine the orebody, divided by the number of tonnes expected to be mined. The average life of mine stripping ratio and the average life of mine cost per tonne are recalculated annually in the light of additional knowledge and changes in estimates.

The cost of the "excess stripping" is capitalised as mine development costs when the actual mining costs exceed the sum of the adjusted tonnes mined, being the actual ore tonnes plus the product of the actual ore tonnes multiplied by the average life of mine stripping ratio, multiplied by the life of mine cost per tonne. When the actual mining costs are below the sum of the adjusted tonnes mined, being the actual ore tonnes plus the product of the actual ore tonne multiplied by the average life of mine stripping ratio, multiplied by the life of mine cost per tonnes, previously capitalised costs are expensed to increase the cost up to the average.

The cost of stripping in any period will be reflective of the average stripping rates for the orebody as a whole. Changes in the life of mine stripping ratio are accounted for prospectively as a change in estimate.

Mine infrastructure

Mine plant facilities, including decommissioning assets, are amortised using the lesser of their useful life or units-of-production method based on estimated proved and probable mineral reserves. Other tangible assets comprising vehicles and computer equipment, are depreciated by the straight-line method over their estimated useful lives.

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Tangible assets *cont.*

Land

Land is not depreciated and is measured at historical cost less impairments.

Mineral rights and dumps

Mineral rights are amortised using the units-of-production method based on estimated proved and probable mineral reserves.

Dumps are amortised over the period of treatment.

Exploration and evaluation assets

All exploration costs are expensed until the directors conclude that a future economic benefit is more likely than not of being realised. In evaluating if expenditures meet this criterion to be capitalised, the directors utilise several different sources of information depending on the level of exploration. While the criteria for concluding that expenditure should be capitalised is always probable, the information that the directors use to make that determination depends on the level of exploration.

- Costs on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be the establishment of proved and probable reserves at this location.
- Costs on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be the establishment of increased proved and probable reserves after which the expenditure is capitalised as a mine development cost.
- Costs relating to extensions of mineral deposits, which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, are capitalised as a mine development cost.

Costs relating to property acquisitions are capitalised within development costs.

Intangible assets

Acquisition and goodwill arising thereon

Where an investment in a subsidiary, joint venture or an associate is made, any excess of the purchase price over the fair value of the attributable mineral reserves including value beyond proved and probable, exploration properties and net assets is recognised as goodwill. Goodwill in respect of subsidiaries and proportionately consolidated joint ventures is disclosed as goodwill. Goodwill relating to associates is included within the carrying value of the investment in associates and tested for impairment when indicators exist.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Intangible assets *cont.*

Goodwill relating to subsidiaries and joint ventures is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Royalty rate concession

Royalty rate concession with the government of Ghana was capitalised at fair value at agreement date. Fair value represents a present value of future royalty rate concessions over 15 years. The royalty rate concession has been assessed to have a finite life and is amortised under a straight-line method over a period of 15 years, the period over which the concession runs. The related amortisation expense is charged through the income statement. This intangible asset is also tested for impairment when there is an indicator of impairment.

Impairment of assets

Intangible assets that have an indefinite useful life and separately recognised goodwill are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment calculation assumptions include life of mine plans based on prospective reserves and resources, management's estimate of the future gold price, based on current market price trends, foreign exchange rates, and a pre-tax discount rate adjusted for country and project risk. It is therefore reasonably possible that changes could occur which may affect the recoverability of tangible and intangible assets.

Borrowing costs

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

Leased assets

Assets subject to finance leases are capitalised at the lower of fair value or present value of minimum lease payments measured at inception of the lease with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the shorter of their estimated useful lives and the lease term. Finance lease payments are allocated using the rate implicit in the lease, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor.

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Leased assets *cont.*

Operating lease rentals are charged against operating profits in a systematic manner related to the period the assets concerned will be used.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Exploration and research expenditure

Pre-licence costs are recognised in profit or loss as incurred. Exploration and research expenditure is expensed in the year in which it is incurred. These expenses include: geological and geographical costs, labour, mineral resources and exploratory drilling.

Inventories

Inventories are valued at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost is determined on the following bases:

- gold in process is valued at the average total production cost at the relevant stage of production;
- gold on hand is valued on an average total production cost method;
- ore stockpiles are valued at the average moving cost of mining and stockpiling the ore. Stockpiles are allocated as a non-current asset where the stockpile exceeds current processing capacity;
- by-products, which include uranium oxide and sulphuric acid are valued on an average total production cost method. By-products are allocated as a non-current asset where the by-products on hand exceed current processing capacity;
- consumable stores are valued at average cost; and
- heap leach pad materials are measured on an average total production cost basis. The cost of materials on the leach pad from which gold is expected to be recovered in a period greater than 12 months is classified as a non-current asset.

A portion of the related depreciation, depletion and amortisation charge is included in the cost of inventory.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Provisions

Provisions are recognised when the group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

AngloGold Ashanti Limited does not recognise a contingent liability on its balance sheet except in a business combination. A contingent liability is disclosed when the possibility of an outflow of resources embodying economic benefits is not remote.

Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension scheme under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future contribution payments is available.

The asset/liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of recognised income and expenditure immediately.

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Employee benefits *cont.*

Other post-employment benefit obligations

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology on the same basis as that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of recognised income and expenditure immediately. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the group's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

The group's management awards certain employees bonuses in the form of equity settled share-based payments on a discretionary basis.

The fair value of the equity instruments granted is calculated at measurement date, for transactions with employees being grant date. For transactions with employees fair value is based on market prices of the equity instruments granted, if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices of the equity instruments granted are not available, the fair value of the equity instruments granted is estimated using an appropriate valuation model. For transactions with non-employees fair value is determined by reference to the goods or services received. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of shares or share options at the measurement date.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Employee benefits *cont.*

Share-based payments cont.

Over the vesting period the measurement date fair value is recognised as an employee benefit expense with a corresponding increase in other comprehensive income based on the group's estimate of the number of instruments that will eventually vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

When the options are exercised or share awards vest the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Where the terms of an equity settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of the modification.

In the company financial statements share-based payment arrangements with employees of other group entities are recognised by charging the entity their share of the expense and a corresponding increase in other comprehensive income.

Environmental expenditure

Long-term environmental obligations comprising decommissioning and restoration are based on the group's environmental management plans, in compliance with the current environmental and regulatory requirements.

Annual contributions for the South African operations are made to Environmental Rehabilitation Trust, created in accordance with local statutory requirements where applicable, to fund the estimated cost of rehabilitation during and at the end of the life of a mine. The amounts contributed to this trust fund are accounted for as non-current assets in the company. Interest earned on monies paid to rehabilitation trust funds is accrued on a time proportion basis and is recorded as interest income. For group purposes the trusts are consolidated.

AngloGold Ashanti is the sole contributor to the funds and exercises full control through the respective boards of trustees, hence the funds are consolidated.

The environmental rehabilitation obligations in respect of the non-South African operations are not funded through an established trust fund. Bank guarantees and reclamation bonds are provided for some of these liabilities.

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Environmental expenditure *cont.*

Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced. Accordingly an asset is recognised and included within mine infrastructure.

Decommissioning costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in the income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Gains or losses, from the expected disposal of assets are not taken into account when determining the provision.

Restoration costs

The provision for restoration represents the cost of restoring site damage after the commencement of production. Increases in the provision are charged to the income statement as a cost of production.

Gross restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following criteria must also be present:

- the sale of mining products is recognised when the significant risks and rewards of ownership of the products are transferred to the buyer;
- dividends are recognised when the right to receive payment is established;
- interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group; and
- where a by-product is not regarded as significant, revenue is credited against cost of sales, when the significant risks and rewards of ownership of the products are transferred to the buyer.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Taxation

Deferred taxation is provided on all qualifying temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are only recognised to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the balance sheet date.

Current and deferred tax is recognised as income or expense and included in the profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period directly in equity; or a business combination that is an acquisition.

Current taxation is measured on taxable income at the applicable statutory rate enacted or substantially enacted at the balance sheet date.

Special items

Items of income and expense that are material and require separate disclosure, in accordance with IAS 1.86, are classified as "special items" on the face of the income statement. Special items that relate to the underlying performance of the business are classified as "operating special items" and include impairment charges and reversals. Special items that do not relate to underlying business performance are classified as "non-operating special items" and are presented below "Operating profit (loss)" on the income statement.

Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are declared by the board of directors of AngloGold Ashanti Limited.

Financial instruments

Financial instruments recognised in the balance sheet include other investments, convertible bonds, trade and other receivables, cash restricted for use, cash and cash equivalents, borrowings, derivatives and trade and other payables.

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Financial instruments *cont.*

Financial instruments are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial instruments, except financial instruments classified as at fair value through profit and loss. The subsequent measurement of financial instruments is dealt with below.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in income.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in income.

Regular way purchases and sales of all financial assets and liabilities are accounted for at settlement date.

Derivatives

The group enters into derivatives to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the future planned gold production of its mines. In addition, the group enters into derivatives to manage interest rate risk.

IAS 39 requires that derivatives be treated as follows:

- commodity based (normal purchase or normal sale) contracts that meet the requirements of IAS 39 are recognised in earnings when they are settled by physical delivery;
- where the conditions in IAS 39 for hedge accounting are met, the derivative is recognised in the balance sheet as either a derivative asset or derivative liability and recorded at fair value. For cash flow hedges, the effective portions of fair value gains or losses are recognised in equity (other comprehensive income) until the underlying transaction occurs and then the gains or losses are recognised in earnings or included in the initial measurement of covered assets or liabilities. The ineffective portion of fair value gains and losses is reported in earnings in the period to which they relate. For fair value hedges, the gain or loss from changes in fair value of the hedged item is reported in earnings, together with the offsetting gains and losses from changes in fair value of the hedging instrument; and
- all other derivatives are subsequently measured at their estimated fair value, with the changes in estimated fair value, including translation differences, at each reporting date being reported in earnings in the period to which it relates. Fair value gains and losses on these derivatives are included in gross profit in the income statement.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Financial instruments *cont.*

Derivatives cont.

The estimated fair values of derivatives are determined at discrete points in time based on the relevant market information. These estimates are calculated with reference to the market rates using industry standard valuation techniques.

Unearned premiums

Call option premiums received are recorded as trade and other payables until the option matures at which time the premium are recorded in revenue. This only applies to normal sale exempt designated deliverable call options.

Other investments

Listed investments and unlisted equity investments, other than investments in subsidiaries, joint ventures, and associates, are classified as available-for-sale financial assets and subsequently measured at fair value. Listed investments fair values are calculated by reference to the quoted selling price at the close of business on the balance sheet date. Fair values for unlisted equity investments are estimated using methods reflecting the economic circumstances of the investee. Equity investments for which fair value cannot be measured reliably are recognised at cost less impairment. Changes in fair value are recognised in equity (other comprehensive income) in the period in which they arise. These amounts are removed from equity and reported in income when the asset is derecognised or when there is evidence that the asset is impaired.

Investments which management has the ability to hold to maturity are classified as held-to-maturity financial assets and are subsequently measured at amortised cost using the effective interest rate method. If there is evidence that held-to-maturity financial assets are impaired, the carrying amount of the assets is reduced and the loss recognised in the income statement.

Investments in subsidiaries, joint ventures, associates and the rehabilitation trusts are carried at cost less any accumulated impairments in the company's separate financial statements.

Other non-current assets

- Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. If there is evidence that loans and receivables are impaired, the carrying amount of the assets is reduced and the loss recognised in the income statement.
- Post retirement assets are measured according to the employee benefits policy.

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Financial instruments cont.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less accumulated impairment. Impairment of trade and other receivables is established when there is objective evidence as a result of a loss event that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at cost which is deemed to be fair value as they have a short-term maturity.

Cash which is subject to legal or contractual restrictions on use is classified separately as cash restricted for use.

Financial liabilities

Financial liabilities, other than derivatives, are subsequently measured at amortised cost, using the effective interest rate method.

Financial guarantee contracts are accounted for as financial instruments and are measured initially at the estimated fair value and are subsequently measured at the higher of the amount determined in accordance with IAS 37 (Provisions, contingent liabilities and assets), and the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with IAS 18.

Foreign currency convertible bonds

Foreign currency convertible bonds issued are accounted for entirely as liabilities. The option component is treated as a derivative liability and carried at fair value with changes in fair value recorded in the income statement. The bond component is carried at amortised cost using the effective interest rate method.

Notes to the group financial statements *cont.*

For the year ended 31 December

1 Accounting policies *cont.*

1.4 Summary of significant accounting policies *cont.*

Treasury shares

Own equity instruments which are reacquired or held by subsidiary companies (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

Accounting for BEE transactions

The group has early adopted IFRIC 8: Scope of IFRS 2. Where equity instruments are issued to a BEE party at less than fair value, these are accounted for as share-based payments.

Any difference between the fair value of the equity instrument issued and the consideration received is accounted for as an expense in the income statement.

A restriction on the BEE party to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

2 Segmental information

Based on risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment being mining, extraction and production of gold. Therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical analysis by origin and destination.

Group analysis by origin is as follows:

	Net operating assets		Total assets		Capital expenditure	
	2006	2005	2006	2005	2006	2005
US Dollars million						
South Africa ⁽¹⁾	1,726	1,870	2,199	2,453	313	347
Argentina	177	199	268	258	19	15
Australia ⁽²⁾	497	382	921	747	86	38
Brazil ⁽²⁾	430	269	566	386	186	85
Ghana ⁽¹⁾	1,655	1,673	1,779	1,802	97	90
Guinea	216	228	282	273	16	36
Mali ⁽²⁾	209	220	336	316	6	12
Namibia	35	34	61	46	5	5
Tanzania ⁽²⁾	954	900	1,377	1,249	67	78
USA	389	374	509	430	13	8
Other, including corporate and non-gold producing subsidiaries	150	88	645	333	9	8
	6,438	6,237	8,943	8,293	817	722
SA Rands million						
South Africa ⁽¹⁾	12,084	11,857	15,392	15,563	2,116	2,208
Argentina	1,239	1,264	1,876	1,635	129	98
Australia ⁽²⁾	3,483	2,426	6,447	4,742	584	244
Brazil ⁽²⁾	3,013	1,708	3,961	2,449	1,258	544
Ghana ⁽¹⁾	11,589	10,617	12,456	11,437	656	574
Guinea	1,510	1,445	1,974	1,734	110	229
Mali ⁽²⁾	1,460	1,394	2,350	2,007	44	75
Namibia	242	217	424	289	33	33
Tanzania ⁽²⁾	6,681	5,707	9,642	7,925	452	496
USA	2,722	2,371	3,566	2,730	89	53
Other, including corporate and non-gold producing subsidiaries	1,053	569	4,528	2,104	62	46
	45,076	39,575	62,616	52,615	5,533	4,600

⁽¹⁾ Assets held for sale in respect of the Weltevreden mining participation rights are included in the South Africa segment of \$15 million, R100 million (2005:\$16 million, R100 million) and in respect of shares in CAG plc are included in the Ghana segment of \$3 million, R23 million (note 26).

⁽²⁾ Includes allocated goodwill of \$238 million, R1,672 million (2005:\$220 million, R1,400 million) for Australia, \$109 million, R763 million (2005:\$109 million, R692 million) for Tanzania, \$23 million, R156 million (2005: \$23 million, R140 million) for Brazil and \$21 million, R148 million (2005: \$21 million, R134 million) for Mali (note 17).

Notes to the group financial statements *cont.*

For the year ended 31 December

2 Segmental information *cont.*

	Gold production (oz '000)		Gold production (kg)	
	2006	2005	2006	2005
South Africa	2,554	2,676	79,427	83,223
Argentina	215	211	6,683	6,564
Australia	465	455	14,450	14,139
Brazil	339	346	10,551	10,756
Ghana	592	680	18,399	21,170
Guinea	256	246	7,948	7,674
Mali	537	528	16,700	16,421
Namibia	86	81	2,690	2,510
Tanzania	308	613	9,588	19,074
USA	283	330	8,817	10,252
	5,635	6,166	175,253	191,783

Figures in million	Gold income			
	US Dollars		SA Rands	
	2006	2005	2006	2005
Geographical analysis of gold income by origin is as follows:				
South Africa	1,347	1,153	9,151	7,359
Argentina	125	97	841	617
Australia	271	213	1,851	1,349
Brazil	228	172	1,558	1,094
Ghana	263	286	1,781	1,821
Guinea	141	118	960	759
Mali	317	236	2,146	1,508
Namibia	50	36	336	230
Tanzania	127	214	857	1,352
USA	95	104	656	661
(note 3)	2,964	2,629	20,137	16,750
Geographical analysis of gold income by destination is as follows:				
South Africa	1,082	847	7,350	5,393
North America	803	826	5,457	5,263
Australia	18	21	121	133
Asia	202	135	1,369	862
Europe	646	435	4,390	2,771
United Kingdom	213	365	1,450	2,328
	2,964	2,629	20,137	16,750

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
16,750	20,137	3 Revenue		
483	749	Revenue consists of the following principal categories:		
155	218	Gold income (note 2)	2,964	2,629
17,388	21,104	By-products (note 4)	110	76
		Interest received (note 36)	32	25
			3,106	2,730
11,300	11,994	4 Cost of sales		
(483)	(749)	Cash operating costs	1,770	1,777
10,817	11,245	By-products (note 3)	(110)	(76)
412	594		1,660	1,701
11,229	11,839	Other cash costs	86	65
168	152	Total cash costs	1,746	1,766
368	(35)	Retrenchment costs (note 10)	22	26
		Rehabilitation and other non-cash costs	(3)	57
11,765	11,956	Production costs	1,765	1,849
3,203	4,059	Amortisation of tangible assets (notes 9, 16 and 36)	597	503
13	13	Amortisation of intangible assets (notes 17 and 36)	2	2
14,981	16,028	Total production costs	2,364	2,354
(279)	(546)	Inventory change	(82)	(45)
14,702	15,482		2,282	2,309
56	57	5 Other operating expenses		
		Pension and medical defined benefit provisions	8	9
71	67	Claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases, governmental fiscal claims and costs of old tailings operations	9	11
-	5	Miscellaneous	1	-
127	129		18	20

Notes to the group financial statements cont.

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
27	202	6 Operating special items	28	4
-	129	Underprovision of indirect taxes ⁽¹⁾	19	-
-	131	Performance related option expense	19	-
300	44	Cost of E-shares issued to Izingwe (Pty) Ltd, a Black Economic Empowerment company (note 11)	6	44
(16)	(333)	Impairment of tangible assets (notes 14 and 16)	(48)	(2)
-	(36)	Profit on disposal of land, mineral rights, tangible assets and exploration properties (note 14) ⁽²⁾	(5)	-
-	(9)	Recovery of exploration loan previously expensed (note 14)	(1)	-
31	-	Profit on disposal of shares in Nufcor Uranium Limited (note 14)	-	5
125	-	Abandonment of assets at Malian operations ⁽³⁾	-	20
55	-	Impairment of intangible assets (notes 14 and 17)	-	9
(10)	-	Contract termination fee at Geita Gold Mining Limited	-	(1)
(14)	-	Profit on disposal of Mitchell Plateau and Cape Bougainville (note 14)	-	(2)
1	2	Profit on disposal of Bear Creek (note 14)	-	-
		Other (note 14)	-	-
499	130		18	77

⁽¹⁾ The current year underprovision of indirect taxes includes the following:

- VAT payable to the Tanzanian Revenue Authority on penalty charged to Golden Construction for excessive fuel consumption during the power plant commissioning phase \$2 million, R14 million. The Tanzania Tax Appeals board ruled against Geita Gold Mining Company Limited and a decision was taken to expense this amount.
- VAT claimed by the Tanzanian Revenue Authority on the difference between fuel invoiced at the contract rate against the prevailing market rate \$13 million, R92 million.
- VAT claimed by the Tanzanian Revenue Authority on fuel consumed in operating the power plant \$5 million, R35 million.
- Serra Grande and AngloGold Ashanti Brasil Mineração anticipate that the recovery conditions of VAT will not be met and recovered from the Brazilian Government \$7 million, R55 million and \$2 million, R14 million.
- Provision for tax write-offs of \$2 million, R10 million. Claims by Malian tax authorities for payment of indirect taxes after audits at Sadiola and Yatela in 2005. Management decided to settle the claims and expensed the amounts in question.
- Reversal of a VAT provision at Siguiri \$3 million, R18 million.

⁽²⁾ The profit on disposal of land, mineral rights, tangible assets and exploration properties includes the following:

- On 23 August 2006, AngloGold Ashanti announced that it had entered into an agreement with Central African Gold plc (CAG) to sell its entire business undertaking for \$40 million, R280 million, related to the Bibiani mine and Bibiani North prospecting permit and to transfer all assets, including all of Bibiani's employees, fixed mining and non-mining assets, inventory, trade debtors and intellectual property as well as the Bibiani lease and the North prospecting licence, and procure the cessation and delegation of all contracts related to Bibiani to CAG. The delivery of the North lease permit valued at \$4 million, R28 million was not concluded at 31 December 2006, consequently only proceeds of \$36 million, R253 million have been recognised, resulting in a profit of \$25 million, R173 million.
- The sale of AngloGold Ashanti's Alaskan mineral and exploration properties to International Tower Hill Mines Limited resulted in a profit on disposal of \$13 million, R91 million.

⁽³⁾ In prior years, various tax assessments for normal company tax and for various indirect taxes were issued to the joint venture operations in Mali by the Malian authorities. The group is of the opinion that the tax filings and indirect tax submissions by the company were in compliance with applicable laws and regulations. Malian law requires a deposit to be placed with the authorities when the company objects to assessments for normal company and indirect tax assessments in order for the objection to be reviewed.

Without admitting that the filings of the joint venture operations in Mali were prepared in an incorrect manner in terms of the prevailing laws and regulations, the directors formed a commercial view and decided that the deposits totalling \$4 million, R25 million previously placed with the authorities should be abandoned in order to close this issue and allow management to concentrate on the core business. Accordingly, the abandonment was recorded as an operating special loss rather than as an underprovision of prior year taxation.

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		7 Finance costs and unwinding of decommissioning and restoration obligations		
143	133	Finance costs on bank loans and overdrafts	21	22
215	214	Finance costs on corporate bond	32	34
265	342	Finance costs on convertible bonds ⁽¹⁾	50	42
19	-	Finance costs on interest rate swap ⁽²⁾	-	3
18	18	Finance lease charges	3	3
-	49	Discounting of long-term trade and other receivables	7	-
71	28	Other finance costs	4	11
731	784		117	115
(102)	(71)	Less: amounts capitalised (note 16)	(10)	(16)
629	713		107	99
21	38	Unwinding of decommissioning obligation (note 31)	6	3
40	71	Unwinding of restoration obligation (note 31)	10	6
690	822	(note 36)	123	108
		⁽¹⁾ The interest rate swap was entered into against the convertible bonds and was designated as a fair value hedge and was considered an integral part of the bonds. Accordingly, the finance cost on the convertible bonds was disclosed after adjusting for the finance costs and income under the swap. The swap was unwound in September 2005.		
		⁽²⁾ 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: \$4 million, R24 million). The swap was unwound in April 2005.		
		8 Share of associates' loss		
96	103	Revenue	15	15
(101)	(105)	Operating expenses	(16)	(16)
(5)	(2)	Gross loss	(1)	(1)
(11)	-	Impairment ⁽¹⁾	-	(2)
1	-	Interest received	-	-
(1)	(1)	Finance costs	-	-
(16)	(3)	Loss before taxation	(1)	(3)
(1)	(3)	Taxation	-	-
(17)	(6)	Loss after taxation (note 18)	(1)	(3)
		⁽¹⁾ In 2005, the Oro Group (Proprietary) Limited investment was impaired. The impairment tests considered the investments fair value and anticipated future cash flows. An impairment of \$2 million, R11 million was recorded.		

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		9 Profit (loss) before taxation		
		Profit (loss) before taxation is arrived at after taking account of:		
		Auditors' remuneration		
30	61	– Audit fees ⁽¹⁾	9	5
2	2	– Under provision prior year	–	–
3	6	– Other assurance services	1	1
35	69		10	6
		Amortisation of tangible assets (notes 4, 16 and 36)		
3,103	4,040	Owned assets	594	487
100	19	Leased assets	3	16
3,203	4,059		597	503
		Grants for educational and community development	8	9
57	52	Operating lease charges	68	66
418	467	⁽¹⁾ Includes fees for services in respect of Section 404 of the Sarbanes-Oxley Act.		
		10 Employee benefits		
		Employee benefits including executive directors' salaries and other benefits	723	752
4,788	4,897	Health care and medical scheme costs		
		– current medical expenses	56	47
299	379	– defined benefit post-retirement medical expenses	14	14
86	94	Contributions to pension and provident plans		
		– defined contribution (note 32)	40	31
199	274	– defined benefit pension plan expense	1	5
30	11	Retrenchment costs (note 4)	22	26
168	152	Share-based payment expense (note 11)	31	2
15	213	Included in cost of sales, other operating expenses and operating special items		
5,585	6,020		887	877
		Actuarial defined benefit plan expense analysis		
		Defined benefit post-retirement medical expense		
		– current service cost	1	1
7	7	– interest cost	13	13
82	90	– expected return on plan assets	–	–
(3)	(3)		14	14
86	94	Defined benefit pension plan expense		
		– current service cost	7	6
40	50	– interest cost	16	17
105	109	– expected return on plan assets	(22)	(18)
(115)	(148)		1	5
30	11	Actual return on plan assets		
		– defined benefit pension and medical plans	62	60
381	420	Refer to the Remuneration report for details of directors' emoluments.		

11 Share-based payments

Share incentive schemes

In addition to schemes approved in prior years, during the financial year the shareholders of AngloGold Ashanti approved the Employee Share Ownership Plan, for the employees in the South African operations and a Black Economic Empowerment transaction. New awards were made under the existing BSP and LTIP plans.

Employee Share Ownership Plan (ESOP)

On 12 December 2006, AngloGold Ashanti announced the finalisation of the Bokamoso employee share ownership plan (Bokamoso ESOP) with the National Union of Mineworkers, Solidarity and United Association. The Bokamoso ESOP creates an opportunity for AngloGold Ashanti and the unions to ensure a closer alignment of the interest between employees and the company, and the seeking of shared growth solutions to build partnerships in areas of shared interest. Participation is restricted to those employees not eligible for participation in any other South African Share Incentive Plan.

The company also undertook an empowerment transaction with a Black Economic Empowerment investment vehicle, Izingwe Holdings (Proprietary) Limited (Izingwe).

In order to facilitate this transaction the company established a trust to acquire and administer the ESOP shares. AngloGold Ashanti allotted and issued free ordinary shares to the trust and also created, allotted and issued E ordinary shares to the trust for the benefit of employees. The company also created, allotted and issued E ordinary shares to Izingwe. The key terms of the E ordinary share are:

- AngloGold Ashanti will have the right to cancel the E ordinary shares, or a portion of them, in accordance with the ESOP and Izingwe cancellation formulae, respectively;
- the E ordinary shares will not be listed;
- the E ordinary shares which are not cancelled will be converted into ordinary shares; and
- the E ordinary shares will each be entitled to receive a dividend equal to one-half of the dividend per ordinary share declared by the company from time to time and a further one half is included in the strike price.

The award of free ordinary shares to the employees:

The fair value of each free share awarded in 2006 is R320. The fair value is equal to the market value at the date-of-grant. Dividends declared and paid to the trust will accrue and be paid to ESOP members, pro rata to the number of shares allocated to them.

- number of free shares awarded to employees: 928,590
- grant date: 13 December 2006
- vesting conditions: A fifth of the shares vest after three years' service and a further fifth vests in each subsequent year until fully vested.
- cancelled if not exercised: 1 November 2013
- number of free shares outstanding at end of period: 928,590
- income statement charge: \$1,7 million, R12 million

A total of 7,050 shares of deceased, retired or retrenched employees vested during December 2006 and will be transferred to employees in accordance with the rules of the scheme.

The award of E ordinary shares to employees

The average fair value of the E ordinary shares granted to employees on 13 December 2006 was R105 per share. Dividends declared in respect of the E ordinary shares will firstly be allocated to cover administration expenses of the trust, where after it will accrue and be paid to ESOP members, pro rata to the number of shares allocated to them. At each anniversary over a five year period commencing on the third anniversary of the award, the company will cancel the relevant number of E ordinary shares as stipulated by a cancellation formula. Any E ordinary shares remaining in that tranche will be converted to ordinary shares for the benefit of the employees. All unexercised awards will be cancelled on 1 May 2014.

Notes to the group financial statements *cont.*

For the year ended 31 December

	Number of shares	Weighted average exercise price SA Rands 2006
11 Share-based payments <i>cont.</i>		
E ordinary shares granted during the year and outstanding at end of year	2,785,770	289.00
E ordinary shares cancelled during the year	-	-
E ordinary shares converted during the year	-	-
Weighted average exercise price is calculated as the initial grant price of R288 plus interest factor less dividend apportionment. This value will change on a monthly basis to take account of employees leaving the company and those shares being reissued to new employees. The income statement charge for the year was \$1,7 million, R12 million.		
A total of 21,150 shares of deceased, retired or retrenched employees vested during December 2006 and ordinary shares will be issued in accordance with the rules of the scheme.		
The award of E ordinary shares to Izingwe		
The average fair value of the E ordinary shares granted to Izingwe on 13 December 2006 was R90 per share. Dividends declared in respect of the E ordinary shares will accrue and be paid to Izingwe, pro rata to the number of shares allocated to them. At each anniversary over a five year period commencing on the third anniversary of the award, Izingwe has a six month period to instruct the company to cancel the relevant number of E ordinary shares as stipulated by a cancellation formula. Any E ordinary shares remaining in that tranche will be converted to ordinary shares for the benefit of Izingwe. If no instruction is received at the end of the six month period the cancellation formula will be applied automatically.		
E ordinary shares granted during the year and outstanding at end of year	1,400,000	289.00
E ordinary shares cancelled during the year	-	-
E ordinary shares converted during the year	-	-
Weighted average exercise price is calculated as the initial grant price of R288 per share plus interest factor less dividend apportionment. The income statement charge for the year was \$19 million, R131 million (note 6).		
The fair value of each share granted for the ESOP and Izingwe schemes was estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option award and share price volatility. The expected term of award granted is derived from historical data on employee exercise behaviour for the ESOP award. Expected volatility is based on the historical volatility of our shares. These estimates involve inherent uncertainties and the application of management judgment. In addition, we are required to estimate the expected forfeiture rate and only recognise expense for those options expected to vest. As a result, if other assumptions had been used, our recorded share-based compensation expense could have been different from that reported. The Black-Scholes option-pricing model used the following assumption for the year ended 31 December 2006, weighted-average risk free interest rates of 7%; dividend yield of 2.3% and volatility of 36%.		

11 Share-based payments *cont.*

Bonus Share Plan (BSP)

The BSP is intended to provide effective incentives to eligible employees. An eligible employee is one who devotes substantially the whole of his working time to the business of AngloGold Ashanti, any subsidiary of AngloGold Ashanti or a company under the control of AngloGold Ashanti, unless the board of directors (the board) excludes such a company. An award in terms of the BSP may be made at any date at the discretion of the board. The board is required to determine a BSP award value and this will be converted to a 'share' amount based on the closing price of AngloGold Ashanti shares on the JSE on the last business day prior to the date of grant.

The AngloGold Ashanti Remuneration Committee has at their discretion, the right to pay dividends, or dividend equivalents, to the participants of the BSP. The fair value of each BSP awarded in 2006 is R308.00 (awarded in 2005: R197.50) per share, including dividends, or R286.75 (2005: R190.76) per share, excluding dividends. Having no history of any discretionary dividend payments, the higher fair value was used to determine the income statement expense. The fair value is equal to the award value determined by the board.

Accordingly for the awards made in 2005 the following information is available:

- number of BSPs awarded: 283,915
- number of BSPs outstanding at the beginning of the period: 271,945
- award value: R197.50 per share
- grant date: 4 May 2005
- vesting condition: three-years' service
- expire if not exercised by: 3 May 2015
- number of BSPs outstanding at the end of the period: 242,487
- income statement charge: \$2 million, R16 million (2005: \$2 million, R12 million)

During 2006, the rights to a total of 26,416 (2005: 11,682) shares were surrendered by the participants. A total of 4,182 (2005: 288) shares were allotted to deceased, retired or retrenched employees. A further 1,140 awards were issued to employees during the year.

Accordingly for the awards made in 2006 the following information is available:

- number of BSPs awarded: 252,970
- award value: R308 per share
- grant date: 8 March 2006
- vesting condition: three-years' service
- expire if not exercised by: 7 March 2016
- number of BSPs outstanding at the end of the period: 238,098
- income statement charge: \$3 million, R21 million

Up to 31 December 2006, the rights to a total of 14,805 shares were surrendered by the participants. A total of 67 shares were allotted to deceased, retired or retrenched employees.

Notes to the group financial statements *cont.*

For the year ended 31 December

11 Share-based payments *cont.*

Long-Term Incentive Plan (LTIP)

The LTIP is an equity settled share-based payment arrangement, intended to provide effective incentives for executives to earn shares in the company based on the achievement of stretched company performance conditions. Participation in the LTIP will be offered to executive directors, executive officers and selected senior management of participating companies. Participating companies include AngloGold Ashanti, any subsidiary of AngloGold Ashanti or a company under the control of AngloGold Ashanti unless the board excludes such a company. An award in terms of the LTIP may be granted at any date during the year that the board of AngloGold Ashanti determine and may even be more than once a year. The board is required to determine an LTIP award value and this will be converted to a 'share' amount based on the closing price of AngloGold Ashanti shares on the JSE on the last business day prior to the date of grant.

The AngloGold Ashanti remuneration committee has at their discretion, the right to pay dividends, or dividend equivalents to the participants of the LTIP. The fair value of each LTIP share awarded in 2006 is R327.00 (awarded in 2005: R197.50) per share, including dividends, or R304.44 (2005: R190.76) per share, excluding dividends. Having no history of any discretionary dividend payments, the higher fair value was used to determine the income statement expense. The fair value is equal to the award value determined by the board.

Accordingly for the award made in 2005, the following information is available:

The main performance conditions in terms of the LTIP are:

- up to 40% of an award will be determined by the performance of total shareholder returns (TSR) compared with that of a group of comparator gold-producing companies;
- up to 40% of an award will be determined by real growth (above US inflation) in an adjusted earnings per share over the performance period;
- up to 20% of an award will be dependent on the achievement of strategic performance measures which will be set by the Remuneration Committee; and
- three-years' service is required.

Further information:

- number of LTIPs outstanding at the beginning of the period: 363,500
- award value: R197.50 per share
- grant date: 4 May 2005
- vesting condition: based on stretched company performance and
- three-years' service
- expire if not exercised by: 3 May 2015
- number of LTIPs outstanding at the end of the year: 343,500
- income statement charge: \$3 million, R17 million (2005: \$0.5 million, R3 million)

During 2006, the rights to a total of 20,000 (2005: 5,000) LTIP shares were surrendered by the participants.

11 Share-based payments *cont.*

Accordingly for the award made in 2006, the following information is available:

The main performance conditions in terms of the LTIP are:

- up to 40% of an award will be determined by the performance of total shareholder returns (TSR) compared with that of a group of comparator gold-producing companies;
- up to 30% of an award will be determined by an adjusted earnings per share compared to a planned adjusted earnings per share over the performance period;
- up to 30% of an award will be dependent on the achievement of strategic performance measures which will be set by the Remuneration Committee; and
- three-years' service is required.

Further information:

- number of LTIPs awarded: 316,675
- award value: R327.00 per share
- grant date: 31 July 2006
- vesting condition: based on stretched company performance and;
- three-years' service
- expire if not exercised by: 31 July 2016
- number of LTIPs outstanding at the end of the year: 316,675
- income statement charge: \$1 million, R6 million

Performance-related share-based remuneration scheme – 1 May 2003

The options, if vested, may be exercised at the end of a three-year period commencing 1 May 2003. The share options were granted at an exercise price of R221.90. The performance condition applicable to these options was that the US dollar EPS must increase by at least 6% in real terms, after inflation, over the next three years, in order to vest. As none of the performance criteria were met, in the initial three years, the grantor decided to roll the scheme forward on a "roll over reset" basis, in February 2006, to be reviewed annually. The performance criteria of these options was achieved during 2006. The remaining weighted average contractual life of the options granted is 6.33 years. An employee would only be able to exercise his options after the date upon which he has received written notification from the directors that the previously specified performance criteria has been fulfilled.

Notes to the group financial statements *cont.*

For the year ended 31 December

Number of shares	Weighted average exercise price	Figures in million	Number of shares	Weighted average exercise price
SA Rands 2005			SA Rands 2006	
1,225,800	221.86	11 Share-based payments <i>cont.</i>	999,400	221.90
nil	nil	Options outstanding at the beginning of the year	nil	nil
224,000	221.70	Options granted during the year	112,000	221.90
2,400	221.90	Options lapsed during the year	1,500	221.90
nil	nil	Options exercised during the year	nil	nil
999,400	221.90	Options expired during the year	885,900	221.90
nil	nil	Options outstanding at the end of the year	885,900	221.90
		Options exercisable at the end of the year		
		<p>During the year 1,500 (2005: 2,400) options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside.</p> <p>The income statement charge for the year was \$10 million, R69 million (2005: nil).</p> <p>Performance-related share-based remuneration scheme – 1 November 2004</p> <p>The options, if vested, may be exercised at the end of a three-year period commencing 1 November 2004. The share options were granted at an exercise price of R228.00. The performance condition applicable to these options was that US dollar EPS must increase from the 2004 year by at least 6% in real terms, i.e. after inflation, over the next three years in order to vest. The performance criteria is expected to be met. The remaining weighted average contractual life of options granted is 7.84 years. An employee would only be able to exercise his options after the date upon which he has received written notification from the directors that the previously specified performance criteria has been fulfilled.</p>		

Number of shares	Weighted average exercise price	Figures in million	Number of shares	Weighted average exercise price
SA Rands 2005			SA Rands 2006	
1,149,300	228.00	<p>11 Share-based payments cont.</p> <p>Options outstanding at the beginning of the year</p> <p>Options granted during the year</p> <p>Options lapsed during the year</p> <p>Options exercised during the year</p> <p>Options expired during the year</p> <p>Options outstanding at the end of the year</p> <p>Options exercisable at the end of the year</p> <p>During the year, 1,300 (2005: 900) options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside in accordance with the scheme rules.</p> <p>The income statement charge for the year was \$9 million, R60 million (2005: nil).</p> <p>There are currently two share incentive schemes that fall outside the transitional provisions of IFRS 2, as the options were granted prior to 7 November 2002, the details of which are as follows:</p> <p>Performance-related share-based remuneration scheme – 1 May 2002</p> <p>The share options were granted at an exercise price of R299.50 per share. The performance condition applicable to these options was that US dollar EPS must increase by 7.5% for each of the three years. On 24 December 2002, AngloGold Ashanti underwent a share split on a 2:1 basis therefore the EPS target was reduced accordingly. As none of the performance criteria were met, in the initial three years, the grantor decided to roll the scheme forward on a “roll over reset” basis, to be reviewed annually. The performance criteria of these options were achieved during 2006. The remaining weighted average contractual life of options granted is 5.33 years. An employee would only be able to exercise his options after the date upon which he has received written notification from the directors that the previously specified performance criteria has been fulfilled.</p>	1,012,900	228.00
nil	nil		nil	nil
135,500	228.00		100,200	228.00
900	228.00		1,300	228.00
nil	nil		nil	nil
1,012,900	228.00		911,400	228.00
nil	nil		nil	nil

Notes to the group financial statements *cont.*

For the year ended 31 December

Weighted Number average of exercise shares price SA Rands 2005		Figures in million	Weighted Number average of exercise shares price SA Rands 2006	
		11 Share-based payments <i>cont.</i>		
1,050,800	299.50	Options outstanding at the beginning of the year	884,700	299.50
nil	nil	Options granted during the year	nil	nil
166,100	299.50	Options lapsed during the year	94,700	299.50
nil	nil	Options exercised during the year	1,500	299.50
nil	nil	Options expired during the year	nil	nil
884,700	299.50	Options outstanding at the end of the year	788,500	299.50
nil	nil	Options exercisable at the end of the year	788,500	299.50
		During the year, 1,500 options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside in accordance with the scheme rules.		
		Time-related share-based remuneration scheme – granted up to 30 April 2002		
		Except where the directors, in their sole and absolute discretion decide otherwise, a grantee may not exercise his options until after the lapse of a period calculated from the date on which the option was granted. The remaining weighted average contractual life of options granted is 3.6 years. The period in which and the extent to which the options vest and may be exercised are as follows:		
		– After two years – up to 20% of options granted		
		– After three years – up to 40% of options granted		
		– After four years – up to 60% of options granted		
		– After five years – up to 100% of options granted		
1,391,060	126.38	Options outstanding at the beginning of the year	864,710	126.91
nil	nil	Options granted during the year	nil	nil
54,400	122.00	Options lapsed during the year	1,600	211.00
471,950	125.91	Options exercised during the year	389,850	127.89
nil	nil	Options expired during the year	nil	nil
864,710	126.91	Options outstanding at the end of the year	473,260	125.82
758,150	124.12	Options exercisable at the end of the year	465,260	123.90

11 Share-based payments *cont.*

No grants were made with respect to the time related scheme options and performance related options during 2005 and 2006. The value of each option granted during 2002, 2003 and 2004 is estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option award and share price volatility. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination behaviour. Expected volatility is based on the historical volatility of our shares. These estimates involve inherent uncertainties and the application of management judgment. In addition, we are required to estimate the expected forfeiture rate and only recognise expense for those options expected to vest. As a result, if other assumptions had been used, the recorded share-based compensation expense could have been different from that reported.

The Black-Scholes option-pricing model used the following assumptions at grant date:

Risk-free interest rate

Dividend yield

Volatility factor of market share price

Weighted average expected life

Calculated fair value

	2002	2003	2004
Risk-free interest rate	11.00%	11.00%	8.18%
Dividend yield	4.27%	4.27%	2.27%
Volatility factor of market share price	0.390	0.390	0.300
Weighted average expected life	7 years	7 years	7 years
Calculated fair value	R100.20	R77.76	R94.65

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		12 Taxation		
		Current taxation		
182	1,370	Normal	201	29
2	13	Disposal of tangible assets (note 14)	2	-
347	49	Under provision prior year (note 35)	7	53
531	1,432		210	82
		Deferred taxation		
248	215	Temporary differences	30	38
(128)	(742)	Unrealised non-hedge derivatives and other commodity contracts	(106)	(21)
(19)	-	Taxation on contract termination fee at Geita Gold Mining Limited	-	(3)
(79)	56	Impairment and disposal of tangible assets (note 14)	8	(12)
(74)	271	Change in estimated deferred taxation ^{(1) (2)}	38	(12)
(695)	-	Change in statutory tax rate (note 33)	-	(107)
(747)	(200)		(30)	(117)
(216)	1,232		180	(35)

Notes to the group financial statements *cont.*

For the year ended 31 December

Figures in million	2006	2005
12 Taxation <i>cont.</i>		
Tax reconciliation		
A reconciliation of the current tax rate compared to that charged in the income statement is set out in the following table:		
	%	%
Estimated corporate tax rate ⁽¹⁾	37	37
Disallowable items	89	(32)
Foreign income tax allowances and rate differentials	(23)	(25)
Previously unrecognised tax assets	(39)	–
Change in estimated deferred tax rate ^{(2) (3)}	35	7
Change in statutory tax rate	–	67
Under (over) provision prior year	4	(33)
Other	4	1
Effective tax rate	107	22
⁽¹⁾ 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.		
⁽²⁾ In South Africa the mining operations are taxed on a variable rate that increases as profitability increases. The tax rate used to calculate deferred tax is based on the company's current estimate of what the future profitability and therefore future tax rate will be when temporary differences will reverse. Depending on aforementioned factors that will impact the profitability of the operations, the tax rate can then as a consequence be significantly different from year to year. During 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 \$59 million, R412 million (2005: \$12 million, R74 million).		
⁽³⁾ The Ghanaian taxation authorities have granted an extension on tax losses which would have been forfeited during the current year \$21 million, R141 million.		

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
1,484	1,943	12 Taxation cont.		
925	–	Unrecognised tax losses		
2,409	1,943	The unrecognised tax losses of the US operations which are available for offset against future profits earned in the USA.	277	234
		The unrecognised tax losses of the Ghanaian operations which are available for offset against future profits earned in Ghana.	–	146
			277	380
925	–	Analysis of tax losses		
1,484	1,943	Tax losses available to be used against future profits	–	146
2,409	1,943	– Utilisation required within one year	277	234
		– Utilisation in excess of five years	277	380
–	448	Unrecognised tax losses utilised		
		Assessed losses utilised during the year	64	–
		13 Discontinued operations		
		The Ergo reclamation surface operation, which forms part of the South African operations and is included under South Africa for segmental reporting, has reached the end of its useful life and the assets are no longer in use. After a detailed investigation of several options and scenarios, and based on management's decision reached on 1 February 2005, mining operations at Ergo ceased on 31 March 2005, with only site restoration obligations remaining. The environmental rehabilitation programme to restore the site continues until all the legal requirements have been met.		
		The group has reclassified the income statement results from the historical presentation to loss from discontinued operations in the consolidated income statement for all periods presented. The consolidated cash flow statement has been reclassified for discontinued operations for all periods presented.		

2005	2006	Figures in million	2006	2005
SA Cents			US Cents	
		14 Earnings per ordinary share cont.		
(391)	(211)	Diluted loss per ordinary share		
		– Continuing operations	(15)	(55)
		The calculation of diluted loss per ordinary share is based on losses attributable to equity shareholders of \$42 million, R575 million (2005: \$146 million, R1,036 million) and 272,808,217 (2005: 264,635,634) shares being the diluted number of ordinary shares. In 2005 and 2006, no adjustment is made since the effect is anti-dilutive.		
(83)	(4)	– Discontinued operations	(1)	(14)
		The calculation of diluted loss per ordinary share is based on losses attributable to equity shareholders of \$2 million, R12 million (2005: \$36 million, R219 million) and 272,808,217 (2005: 264,635,634) shares being the diluted number of ordinary shares. In 2005 and 2006, no adjustment was made since the effect is anti-dilutive.		
		In calculating the diluted number of ordinary shares outstanding for the year, the following were taken into consideration:		
		Ordinary Shares	272,214,937	264,230,586
		E Ordinary Shares ⁽¹⁾	194,954	–
		Time Related Options (TRO) ⁽²⁾	398,326	405,048
		Weighted average number of shares	272,808,217	264,635,634
		Dilutive potential of share options ⁽³⁾	–	–
		Diluted number of ordinary shares	272,808,217	264,635,634
		⁽¹⁾ As E ordinary shares participate in the profit available to ordinary shareholders, these shares were included in basic earnings per share.		
		⁽²⁾ Employee compensation awards, are included in basic earnings per share from the date that all necessary conditions have been satisfied and it is virtually certain that shares will be issued as a result of employees exercising their options.		
		⁽³⁾ The calculation of diluted earnings per share did not assume the effect of 854,643 (2005: 601,315) shares issuable on share options as their effects are anti-dilutive for this period.		
		The calculation of diluted earnings per share did not assume the effect of 15,384,615 (2005: 15,384,615) shares issuable upon the exercise of convertible bonds as their effects are anti-dilutive for this period.		

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		14 Earnings per ordinary share <i>cont.</i>		
		Headline loss		
		The loss attributable to equity shareholders has been adjusted by the following to arrive at headline loss:		
(1,255)	(587)	Loss attributable to equity shareholders	(44)	(182)
125	-	Impairment of intangible assets (notes 6 and 17)	-	20
300	44	Impairment of tangible assets (notes 6 and 16)	6	44
(39)	(376)	Profit on disposal of assets (note 6)	(54)	(5)
		Taxation on items above		
2	13	- current portion (note 12)	2	-
(79)	56	- deferred portion (note 12)	8	(12)
11	-	Impairment of investment in associates	-	2
219	12	Net loss from discontinued operations (note 13)	2	36
(716)	(838)	Headline loss	(80)	(97)
		Cents per share		
		Headline loss removes items of a capital nature from the calculation of earnings per share, calculated in accordance with circular 7/2002 issued by the South African Institute of Chartered Accountants (SAICA).		
		The calculation of headline loss per ordinary share is based on headline losses of \$80 million, R838 million (2005: \$97 million, R716 million) and 272,808,217 (2005: 264,635,634) shares being the weighted average number of ordinary shares in issue during the year.		
(271)	(307)		(29)	(37)

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
		15 Dividends		
		Ordinary shares		
476	-	No. 97 of 180 SA cents per ordinary share was declared on 26 January 2005 and paid on 25 February 2005 (30 US cents per share).	-	80
450	-	No. 98 of 170 SA cents per ordinary share was declared on 27 July 2005 and paid on 26 August 2005 (26 US cents per share).	-	69
-	164	No. 99 of 62 SA cents per ordinary share was declared on 9 February 2006 and paid on 10 March 2006 (10 US cents per share).	26	-
-	578	No. 100 of 210 SA cents per ordinary share was declared on 26 July 2006 and paid on 25 August 2006 (29 US cents per share).	81	-
926	742	(note 28)	107	149
		No. 101 of 240 SA cents per ordinary share was declared on 12 February 2007 and will be paid on 16 March 2007 (approximately 33 US cents per share). The actual rate of payment will depend on the exchange rate on the date of currency conversion.		
		No. E1 of 120 SA cents per E ordinary share was declared on 12 February 2007 and will be paid on 16 March 2007 (approximately 17 US cents per share). The actual rate of payment will depend on the exchange rate on the date of currency conversion.		

Notes to the group financial statements *cont.*

For the year ended 31 December

16 Tangible assets

Figures in million	Mine development costs	Mine infrastructure	Mineral rights and dumps	Exploration and evaluation assets	Land	Total
US Dollars						
Cost						
Balance at 1 January 2005	4,816	2,182	1,248	35	24	8,305
Additions						
– project expenditure	225	29	–	–	–	254
– stay-in-business expenditure	392	57	1	1	1	452
Disposals	(50)	(9)	–	(3)	(1)	(63)
Transfers and other movements ⁽¹⁾	17	69	(25)	–	3	64
Finance costs capitalised (note 7)	16	–	–	–	–	16
Translation	(288)	(84)	(6)	–	–	(378)
Balance at 31 December 2005	5,128	2,244	1,218	33	27	8,650
Accumulated amortisation						
Balance at 1 January 2005	1,358	951	106	2	–	2,417
Amortisation for the year (notes 4, 9 and 36)	324	148	29	2	–	503
Impairments (notes 6 and 14)	35	9	–	–	–	44
Impairments reversal (note 13)	–	(17)	–	–	–	(17)
Disposals	(50)	(5)	–	(3)	–	(58)
Transfers and other movements ⁽¹⁾	(2)	–	(9)	–	–	(11)
Translation	(96)	(51)	11	–	–	(136)
Balance at 31 December 2005	1,569	1,035	137	1	–	2,742
Net book value at 31 December 2005	3,559	1,209	1,081	32	27	5,908
Cost						
Balance at 1 January 2006	5,128	2,244	1,218	33	27	8,650
Additions						
– project expenditure	293	8	2	–	–	303
– stay-in-business expenditure	405	97	–	–	2	504
Disposals	(2)	(14)	(3)	(2)	(2)	(23)
Transfers and other movements ⁽¹⁾	(66)	173	(31)	–	–	76
Finance costs capitalised (note 7)	10	–	–	–	–	10
Translation	(191)	(71)	(1)	–	(1)	(264)
Balance at 31 December 2006	5,577	2,437	1,185	31	26	9,256
Accumulated amortisation						
Balance at 1 January 2006	1,569	1,035	137	1	–	2,742
Amortisation for the year (notes 4, 9 and 36)	466	107	23	1	–	597
Impairments (notes 6 and 14)	2	4	–	–	–	6
Disposals	(1)	(3)	–	(1)	–	(5)
Transfers and other movements ⁽¹⁾	(92)	62	(1)	–	–	(31)
Translation	(66)	(39)	(2)	–	–	(107)
Balance at 31 December 2006	1,878	1,166	157	1	–	3,202
Net book value at 31 December 2006	3,699	1,271	1,028	30	26	6,054

16 Tangible assets cont.

Figures in million	Mine development costs	Mine infrastructure	Mineral rights and dumps	Exploration and evaluation assets	Land	Total
SA Rands						
Cost						
Balance at 1 January 2005	27,186	12,319	7,044	198	138	46,885
Additions						
– project expenditure	1,433	186	–	–	–	1,619
– stay-in-business expenditure	2,495	365	8	4	7	2,879
Disposals	(327)	(61)	(4)	(19)	(4)	(415)
Transfers and other movements ⁽¹⁾	99	441	(156)	–	27	411
Finance costs capitalised (note 7)	102	–	–	–	–	102
Translation	1,548	991	839	23	6	3,407
Balance at 31 December 2005	32,536	14,241	7,731	206	174	54,888
Accumulated amortisation						
Balance at 1 January 2005	7,672	5,361	602	9	1	13,645
Amortisation for the year (notes 4, 9 and 36)	2,061	941	188	13	–	3,203
Impairments (notes 6 and 14)	243	57	–	–	–	300
Impairments reversal (note 13)	–	(115)	–	–	–	(115)
Disposals	(318)	(31)	–	(18)	–	(367)
Transfers and other movements ⁽¹⁾	(12)	–	(56)	–	–	(68)
Translation	311	352	140	–	–	803
Balance at 31 December 2005	9,957	6,565	874	4	1	17,401
Net book value at 31 December 2005	22,579	7,676	6,857	202	173	37,487
Cost						
Balance at 1 January 2006	32,536	14,241	7,731	206	174	54,888
Additions						
– project expenditure	1,977	55	14	–	–	2,046
– stay-in-business expenditure	2,745	660	–	–	11	3,416
Disposals	(13)	(98)	(20)	(11)	(11)	(153)
Transfers and other movements ⁽¹⁾	(427)	1,171	(210)	–	(3)	531
Finance costs capitalised (note 7)	71	–	–	–	–	71
Translation	2,153	1,036	783	22	14	4,008
Balance at 31 December 2006	39,042	17,065	8,298	217	185	64,807
Accumulated amortisation						
Balance at 1 January 2006	9,957	6,565	874	4	1	17,401
Amortisation for the year (notes 4, 9 and 36)	3,167	730	152	10	–	4,059
Impairments (notes 6 and 14)	13	28	–	–	3	44
Disposals	(7)	(20)	–	(9)	–	(36)
Transfers and other movements ⁽¹⁾	(620)	422	(9)	–	(3)	(210)
Translation	634	442	90	1	–	1,167
Balance at 31 December 2006	13,144	8,167	1,107	6	1	22,425
Net book value at 31 December 2006	25,898	8,898	7,191	211	184	42,382

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

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of \$15 million, R105 million (2005: \$22 million, R140 million).

Leased assets are pledged as security for the related finance lease.

The carrying value of assets encumbered by project finance amounts to \$12 million, R85 million (2005: nil).

The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 8.23% (2005: 10.65%).

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.

	2006	2005												
<p>16 Tangible assets cont.</p> <p>Impairment calculation cont.</p> <p>Annual life of mine plans which take into account the following:</p> <ul style="list-style-type: none"> - proven and probable ore reserves included in pages 90 to 94; - value beyond proven and probable reserves (including exploration potential) determined using the gold price assumption referred to above; - a real pre-tax discount rate adjusted for country risk and project risk for cash flows relating to mines not yet in commercial production and deep level mining projects based on the discount rate applicable to the long-term US dollar market rates; - foreign currency cash flows are translated at estimated forward exchange rates and then discounted using appropriate discount rates for that currency; - cash flows used in impairment calculations are based on life of mine plans which exceed five years for the majority of the mines; and - variable operating cash flows are increased at local Consumer Price Index rates. <p>Real pre-tax discount rates applied in impairment calculations on assets which had impairment indicators or on cash generating units which had significant allocated goodwill are as follows:</p> <table border="0"> <tr> <td>South Africa</td> <td style="text-align: right;">6.3 to 7.4%</td> <td style="text-align: right;">6.0%</td> </tr> <tr> <td>Ghana</td> <td style="text-align: right;">5.9 to 7.9%</td> <td style="text-align: right;">6.5 to 8.5%</td> </tr> <tr> <td>Australia</td> <td style="text-align: right;">5.4 to 5.9%</td> <td style="text-align: right;">5.4 to 6.3%</td> </tr> <tr> <td>Tanzania</td> <td style="text-align: right;">7.1%</td> <td style="text-align: right;">6.5%</td> </tr> </table> <p>Based on a real pre-tax discount rate of 6.5% in 2005 at Bibiani the calculated recoverable amount did not support the carrying values and an impairment charge to write the assets down to a recoverable amount was recognised in the income statement.</p> <p>The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and forward gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.</p>	South Africa	6.3 to 7.4%	6.0%	Ghana	5.9 to 7.9%	6.5 to 8.5%	Australia	5.4 to 5.9%	5.4 to 6.3%	Tanzania	7.1%	6.5%		
South Africa	6.3 to 7.4%	6.0%												
Ghana	5.9 to 7.9%	6.5 to 8.5%												
Australia	5.4 to 5.9%	5.4 to 6.3%												
Tanzania	7.1%	6.5%												

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		<p>16 Tangible assets <i>cont.</i></p> <p>Impairment calculation <i>cont.</i></p> <p>Should management's estimate of the future not reflect actual events, further impairments may be identified. The factors affecting the estimates include:</p> <ul style="list-style-type: none"> - changes in proved and probable Ore Reserves as well as value beyond proven and probable reserves; - the grade of Ore Reserves as well as value beyond proven and probable reserves may vary significantly from time to time; - differences between actual commodity prices and commodity price assumptions; - unforeseen operational issues at mine sites; and - changes in capital, operating mining, processing and reclamation costs and foreign exchange rates. <p>Based on an analysis carried out by the group, the carrying value and value in use of cash generating units that are most sensitive to gold price, ounces, costs and discount rate assumptions are:</p>		
Carrying value	Value in use	2006	Carrying value	Value in use
10,760	11,065	Obuasi	1,537	1,580
782	880	Tau Lekoa	112	126
		2005		
9,391	10,095	Obuasi	1,480	1,591
4,045	4,221	Moab Khotsong	638	665
656	816	Tau Lekoa	103	129

		Figures in million			
2005	2006			2006	2005
SA Rands				US Dollars	
		16 Tangible assets cont.			
		Should any of the assumptions used change adversely and the impact is not mitigated by a change in other factors, this could result in an impairment of the above assets.			
		The above cash generating units do not have goodwill allocated to them.			
		It is impracticable to disclose the extent of the possible effects of changes in the assumptions for the future gold price and hence life of mine plans at 31 December 2006 because these assumptions and others used in impairment testing of tangible assets and goodwill are inextricably linked. In addition, for those mines with a functional currency other than the US dollar, movements in the US dollar exchange rate will also be a critical factor in determining life of mine and production plans.			
		Therefore it is possible that outcomes within the next financial year that are different from the assumptions used in the impairment testing process for goodwill and tangible assets could require a material adjustment to the carrying amounts disclosed at 31 December 2006.			
		17 Intangible assets			
		Goodwill			
		Net carrying value			
2,188	2,366	Balance at beginning of year		373	387
178	373	Translation		18	(14)
2,366	2,739	Balance at end of year		391	373
		Goodwill has been allocated to its respective cash generating units (CGUs) where it is tested for impairment as part of the CGU (note 16).			

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		17 Intangible assets <i>cont.</i>		
		Net carrying amount allocated to each of the cash generating units:		
700	836	Sunrise Dam	119	110
700	836	Boddington	119	110
692	763	Geita Gold Mining Limited	109	109
134	148	Morila Limited	21	21
90	100	AngloGold Ashanti Brasil Mineração	15	15
50	56	Serra Grande Company Limited	8	8
2,366	2,739		391	373
		Royalty and tax rate concession		
		Cost		
277	312	Balance at beginning of year	49	49
35	32	Translation	-	-
312	344	Balance at end of year	49	49
		Accumulated amortisation		
7	145	Balance at beginning of year	23	1
13	13	Amortisation (notes 4 and 36)	2	2
125	-	Impairments ⁽¹⁾ (notes 6 and 14)	-	20
-	16	Translation	-	-
145	174	Balance at end of year	25	23
167	170	Net book value	24	26
2,533	2,909	Total intangible assets	415	399
		The government of Ghana agreed to a concession on the royalty payments by maintaining a rate of 3% for 15 years from 2004.		
		⁽¹⁾ The above impairment relates to the tax rate concession which was granted at a rate of 30% for the Ashanti business combination in 2004. During 2005, the corporate tax rate in Ghana was revised down to 25% and the tax rate concession was fully impaired.		

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		18 Investments in associates		
		– The group 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. Equity accounting is based on results to 30 September 2006.		
		– The group has a 29.9% (2005: 29.9%) interest in Trans-Siberian Gold plc (listed on the London Stock Exchange), which is involved in the exploration and development of gold mines. The year-end of Trans-Siberian Gold plc is 31 December. Equity accounting is based on results to 30 September 2006.		
		The carrying value of associates consists of:		
21	218	Shares at carrying value brought forward	35	5
2	(15)	Share of retained (loss) earnings brought forward	(3)	–
23	203		32	5
(17)	(6)	Share of associates' loss (note 8)	(1)	(3)
		Transfer of Trans-Siberian Gold plc from other investments (note 19)	–	14
92	–		–	15
93	–	Additional investment acquired in Trans-Siberian Gold plc	–	1
12	18	Translation	–	1
203	215		31	32
20	85	Loans advanced ⁽¹⁾	12	3
223	300		43	35
		⁽¹⁾ Loans advanced consist of \$10 million, R70 million (2005: nil) to Trans-Siberian Gold plc and \$2 million, R15 million to Oro Group (Proprietary) Limited (2005: \$3 million).		
		The TSG loan bears interest at LIBOR + 4% and is convertible into equity under certain circumstances at the option of the borrower.		
		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.		

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		18 Investments in associates <i>cont.</i>		
		The carrying value consists of the following:		
		Ordinary share capital		
15	20	Oro Group (Pty) Ltd	3	2
188	195	Trans-Siberian Gold plc	28	30
203	215		31	32
		Loans advanced		
20	15	Oro Group (Pty) Ltd	2	3
–	70	Trans-Siberian Gold plc	10	–
223	300		43	35
100	63	Market value of listed associate ⁽¹⁾	9	16
		The group's effective share of certain balance sheet items of its associates at 30 September 2006 is as follows:		
80	117	Non-current assets	17	13
109	97	Current assets	14	17
189	214	Total assets	31	30
29	50	Non-current liabilities	7	5
31	30	Current liabilities	4	5
60	80	Total liabilities	11	10
129	134	Net assets	20	20
		Reconciliation of the carrying value of investments in associates with net assets:		
129	134	Net assets	20	20
94	101	Goodwill	14	15
223	235		34	35
–	70	Loan advanced to Trans-Siberian Gold plc	10	–
–	(5)	Repayment of Oro Group (Pty) Ltd shareholders' loan	(1)	–
223	300	Carrying value	43	35
		⁽¹⁾ The market value at 31 December 2006 is less than the amount determined as value in use. The recoverable amount (higher of value in use and fair value less cost to sell) of the Trans-Siberian Gold plc investment exceeds its carrying amount which is determined using the equity method as allowed by IAS 28.33. Accordingly, no impairment was recognised.		

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
		19 Other investments		
		Listed investments – available-for-sale		
		Balance at beginning of year	15	29
167	97	Additions	76	2
15	512	Disposals	(57)	(2)
(13)	(388)	Transfer to investments in associates ⁽¹⁾ (note 18)	–	(15)
(98)	–	Fair value adjustment on transfer to investment in associate (note 18)	–	1
6	–	Fair value adjustments	11	1
11	77	Translation	(1)	(1)
9	12	Balance at end of year	44	15
97	310	Market value of listed investments	44	15
97	310	Available-for-sale listed investments consist of investments in ordinary shares, associated purchase warrants and options.		
		⁽¹⁾ With effect from 31 May 2005, AngloGold Ashanti increased its equity interest in Trans-Siberian Gold plc. to 29.9%.		
		The available-for-sale investments primarily consists of:		
–	91	Nufcor Uranium Limited	13	–
–	101	International Tower Hill Mines Limited	14	–
		Various listed investments held by Environmental Rehabilitation Trust Fund	11	9
59	80	Other	6	6
38	38		44	15
97	310			
		Listed investments – held to maturity		
		Balance at beginning of year	19	18
103	118	Interest earned	1	2
15	6	Translation	(2)	(1)
–	–	Balance at end of year	18	19
118	124	Rehabilitation Trust Fund administered by RMB Private Bank comprising:		
		Corporate bonds and notes	13	15
93	90	Government bonds	5	4
25	34		18	19
118	124			

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		19 Other investments <i>cont.</i>		
		Unlisted investments available-for-sale		
3	2	Balance at beginning of year	-	-
(1)	-	Disposals	-	-
2	2	Balance at end of year	-	-
		Available-for-sale unlisted investments primarily consist of The Chamber of Mines Building Company Limited.		
		Unlisted investments – held to maturity		
335	428	Balance at beginning of year	68	60
68	52	Additions	7	10
-	(74)	Disposal	(11)	-
21	36	Interest earned	5	4
4	6	Translation	(5)	(6)
428	448	Balance at end of year	64	68
428	448	Directors' valuation of unlisted investments	64	68
		Additions to unlisted investments consist of contributions to the Environmental Rehabilitation Trust Fund and Environmental Protection Bond. These investments are collateral for certain of the group's environmental obligations.		
		Disposals from unlisted investments consist of withdrawals from the Environmental Rehabilitation Trust Fund. These withdrawals are for rehabilitation work.		
		Unlisted investments – held to maturity include:		
		Corporate notes – Rehabilitation Trust Fund administered by RMB Private Bank	52	57
365	367	Environmental Protection Bond – fixed-term deposit required by legislation	9	8
49	64	Other	3	3
14	17			
428	448		64	68
645	884	Total other investments	126	102
645	884	Total valuation (note 39)	126	102

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		20 Interest in joint ventures		
		The group's effective share of income, expenses, assets and liabilities of joint ventures, which is included in the consolidated financial statements, is as follows:		
		Income statement		
1,504	2,146	Gold income	317	236
(1,002)	(1,101)	Expenses	(161)	(158)
502	1,045	Operating profit	156	78
4	9	Interest received	1	1
(33)	(46)	Finance costs	(7)	(5)
473	1,008	Profit before taxation	150	74
(79)	(219)	Taxation	(34)	(12)
394	789	Profit after taxation	116	62
		Balance sheet		
		Non-current assets		
932	832	Tangible assets	119	147
134	148	Intangible assets	21	21
-	91	Other investments	13	-
235	485	Inventories	69	37
-	161	Trade and other receivables	23	-
-	74	Deferred taxation	11	-
		Current assets		
558	702	Inventories	100	88
336	204	Trade and other receivables	29	53
76	170	Cash and cash equivalents	24	12
2,271	2,867	Total assets	409	358
1,542	1,957	Equity	280	243
		Non-current liabilities		
70	59	Interest-bearing borrowings	8	11
197	248	Provisions and deferred taxation	35	31
		Current liabilities		
165	184	Interest-bearing borrowings	26	26
297	419	Trade and other payables	60	47
2,271	2,867	Total equity and liabilities	409	358
		Refer to page 292 for a list of joint ventures.		

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
		21 Inventories		
		Current portion of inventories		
378	464	Gold in process	66	60
72	292	Gold on hand	42	11
483	621	Ore stockpiles	89	76
254	345	Heap-leach inventory	49	40
318	455	By-products ⁽¹⁾	65	50
1,505	2,177	Total metal inventories	311	237
937	1,247	Consumable stores	178	148
2,442	3,424		489	385
		Non-current portion of inventories		
736	1,048	Heap-leach inventory	150	116
391	922	Ore stockpiles	132	61
44	24	By-products ⁽¹⁾	3	7
1,171	1,994	Total metal inventories	285	184
11	12	Consumable stores	2	2
1,182	2,006		287	186
3,624	5,430	Total inventories ⁽²⁾	776	571
		⁽¹⁾ Uranium by-products of \$7 million, R50 million (2005: \$10 million, R64 million) are pledged to bankers in support of an inventory repurchase programme (note 30).		
		⁽²⁾ The amount of the write-down of by-products, gold in process and gold on hand to net realisable value, and recognised as an expense is \$4 million, R28 million (2005: nil). This expense is included in cost of sales which is disclosed in note 4.		
		22 Other non-current assets		
		Unsecured		
51	267	AngloGold Ashanti Pension Fund (asset) (note 32)	38	8
16	17	Defined benefit post-retirement medical asset for Rand Refinery employees (note 32)	2	2
1	1	Retiree Medical Plan for Nufcor South Africa employees (note 32)	-	-
68	285		40	10

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
68	285	22 Other non-current assets cont.	40	10
		Unsecured non-current assets		
		Loans and receivables		
38	-	Loans to joint venture partners – bearing interest at LIBOR + 2% per annum repayable in full by December 2006	-	6
26	24	Other non-interest bearing loans and receivables – repayable on various dates	4	5
12	9	Other interest-bearing loan – repayable over 5 years at South African prime bank overdraft rates less 2%	1	2
144	318		45	23
43	5	Less: Current portion of other non-current assets included in current assets	1	7
101	313		44	16
		23 Trade and other receivables		
		Non-current		
-	18	Trade debtor	3	-
27	38	Prepayments and accrued income	5	4
97	329	Recoverable tax, rebates, levies and duties ⁽¹⁾	47	16
-	20	Other debtors	3	-
124	405		58	20
		Current		
645	291	Trade debtors	41	102
347	407	Prepayments and accrued income	58	55
2	14	Interest receivable	2	-
530	543	Recoverable tax, rebates, levies and duties ⁽¹⁾	77	83
-	6	Amounts due from related parties	1	-
29	39	Other debtors	6	5
1,553	1,300		185	245
1,677	1,705	Total trade and other receivables	243	265
		Current trade debtors are non-interest bearing and are generally on terms less than 90 days.		
		The non-current trade debtor is interest bearing and repayable over four years.		
		There is no concentration of credit risk with respect to trade receivables, as the group has a number of internationally dispersed customers.		

Notes to the group financial statements *cont.*

For the year ended 31 December

23 Trade and other receivables *cont.*

There is a concentration of risk in respect of recoverable value added tax and fuel duties from the Malian and the Tanzanian governments.

⁽¹⁾ Recoverable tax, rebates, levies and duties includes the following:

Recoverable value added tax due from the Malian government amounts to \$34 million, R237 million at 31 December 2006 (31 December 2005: \$25 million, R159 million). The last audited value added tax return was for the period ended 31 December 2005 and at the balance sheet date \$19 million, R131 million (2005: \$12 million, R76 million) was still outstanding, \$15 million, R107 million (2005: \$13 million, R83 million) is still subject to audit. The accounting processes for the unaudited amount are in accordance with the processes advised by the Malian government in terms of the previous audits. The Government of Mali is a shareholder in all of the group's entities in Mali and protocol agreements governing repayments of certain of these amounts have been signed. All payments as scheduled in terms of the protocol agreements have been recovered up to December 2006. The amounts outstanding have been discounted to their present value at a rate of 5%.

Reimbursable fuel duties from the Malian government amounts to \$11 million, R73 million at 31 December 2006 (31 December 2005: \$13 million, R82 million). Fuel duties are required to be submitted, before 31 January of the following year and are subject to authorisation by, firstly, the Department of Mining, and secondly, the Customs and Excise authorities. The Customs and Excise department has approved \$5m, R34 million (2005: \$7 million, R44 million) which is still outstanding, while \$6 million, R39 million (2005: \$6 million, R38 million) is still subject to authorisation. The accounting processes for the unauthorised amount are in accordance with the processes advised by the Malian government in terms of the previous authorisations. The government of Mali is a shareholder in all of the group's entities in Mali and protocol agreements governing repayments of certain of these amounts have been signed. All payments as scheduled in terms of the protocol agreements have been recovered up to December 2006. With effect from February 2006, fuel duties are no longer payable to the Malian government. The amounts outstanding have been discounted to their present value at a rate of 5%.

Reimbursable value added tax due from the Tanzanian government amounts to \$14 million, R97 million at 31 December 2006 (31 December 2005: \$9 million, R55 million). The last audited value added tax return was for the period ended 31 May 2006 and at 31 December 2006 \$9 million, R63 million (31 December 2005: \$8 million, R48 million) was still outstanding and \$5 million, R34 million (31 December 2005: \$1 million, R7 million) is still subject to audit. The accounting processes for the unaudited amount are in accordance with the processes advised by the Tanzanian government in terms of the previous audits. The amounts outstanding have been discounted to their present value at a rate of 5%.

Reimbursable fuel duties from the Tanzanian government amounts to \$18 million, R128 million at 31 December 2006 (31 December 2005: \$6 million, R42 million). Fuel duty claims are required to be submitted after consumption of the related fuel and are subject to authorisation by the Customs and Excise authorities. Claims for the refund of fuel duties amounting to \$12 million, R83 million (31 December 2005: \$3 million, R21 million) have been lodged with the Customs and Excise authorities, which is still outstanding, whilst claims for refund of \$6 million, R45 million (31 December 2005: \$3 million, R21 million) have not yet been submitted. The accounting processes for the unauthorised amount are in accordance with the processes advised by the Tanzanian government in terms of the previous authorisations. The amounts outstanding have been discounted to their present value at a rate of 5%.

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
16	15	24 Cash restricted for use	2	3
2	31	Cash restricted by the prudential solvency requirements	5	-
-	23	Cash balances held by the Environmental Rehabilitation Trust Fund	3	-
28	-	Cash balances held by the Boddington Joint Venture	-	4
6	6	The group was restricted from utilising available funds in Geita Management Company Limited, up to a maximum of \$25 million in respect of outstanding hedges ⁽¹⁾	1	1
52	75	Other	11	8
		(note 39)		
		⁽¹⁾ Restrictions lifted by counterparties during 2006.		
1,020	2,649	25 Cash and cash equivalents	378	161
308	818	Cash and deposits on call	117	48
1,328	3,467	Money market instruments	495	209
		(note 39)		
		26 Non-current assets held for sale		
		Effective 30 June 2005, the investment in the Weltevreden mining rights of US\$15 million, R100 million (2005: US\$16 million, 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. 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 as full settlement of the purchase price.		
		Arising from the sale of Bibiani, effective 1 December 2006, to Central African Gold plc (CAG), the group decided to apply \$3 million, R23 million of the partial proceeds to an investment in 15,825,902 CAG shares. Subsequent to this decision, local regulators have required that the 15,825,902 shares in CAG must be sold within 90 days of 28 December 2006.		
100	123		18	16

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands	SA Rands		US Dollars	US Dollars
		27 Share capital and premium		
		Share capital		
		Authorised		
100	100	400,000,000 ordinary shares of 25 SA cents each	14	16
-	1	4,280,000 E ordinary shares of 25 SA cents each	-	-
1	1	2,000,000 A redeemable preference shares of 50 SA cents each	-	-
-	-	5,000,000 B redeemable preference shares of 1 SA cent each	-	-
101	102		14	16
		Issued and fully paid		
66	69	276,236,153 (2005: 264,938,432) ordinary shares of 25 SA cents each	10	10
-	1	4,185,770 (2005: nil) E ordinary shares of 25 SA cents each	-	-
1	1	2,000,000 (2005: 2,000,000) A redeemable preference shares of 50 SA cents each	-	-
-	-	778,896 (2005: 778,896) B redeemable preference shares of 1 SA cent each	-	-
67	71		10	10
		Less Treasury Shares:		
(1)	(1)	2,778,896 (2005: 2,778,896) A and B redeemable preference shares held within the group	-	-
-	-	928,590 (2005: nil) ordinary shares held within the group ⁽¹⁾	-	-
-	(1)	2,785 770 (2005: nil) E ordinary shares held within the group ⁽¹⁾	-	-
66	69		10	10
		⁽¹⁾ These shares relate to the Black Economic Empowerment transactions more fully described in note 11 and as a result participate in dividends declared by the group.		

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
		27 Share capital and premium cont.		
		Share premium		
19,233	19,293	Balance at beginning of year	3,045	3,405
60	3,330	Ordinary shares issued	550	9
-	353	E ordinary shares issued	50	-
-	-	Translation	(363)	(369)
19,293	22,976	Balance at end of year	3,282	3,045
(312)	(312)	Redeemable preference shares held within the group	(45)	(53)
-	(297)	Ordinary shares held within the group	(43)	-
-	(353)	E ordinary shares held within the group	(50)	-
18,981	22,014		3,144	2,992
19,047	22,083		3,154	3,002
		Share capital and premium		
		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; and		
		- 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; and		
		- 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.		

Notes to the group financial statements *cont.*

For the year ended 31 December

28 Retained earnings and other reserves

Figures in million	Retained earnings ⁽¹⁾	Non-distributable reserves ⁽²⁾	Foreign currency translation reserve	Actuarial gains (losses) ⁽³⁾	Other comprehensive income ⁽⁴⁾	Total
US Dollars						
Balance at December 2004 as previously reported	286	24	(317)	(22)	(184)	(213)
Change in comparative data (note 40)	(13)					(13)
As restated	273	24	(317)	(22)	(184)	(226)
Actuarial losses recognised				(27)		(27)
Deferred taxation thereon (note 33)				11		11
Loss attributable to equity shareholders	(182)					(182)
Dividends (note 15)	(149)					(149)
Net loss on cash flow hedges removed from equity and reported in income					17	17
Net loss on cash flow hedges					(200)	(200)
Deferred taxation on cash flow hedges (note 33)					58	58
Gain on available-for-sale financial assets					2	2
Share-based payment for share awards					2	2
Translation		(2)	251	2	44	295
Balance at December 2005	(58)	22	(66)	(36)	(261)	(399)
Actuarial gains recognised				42		42
Deferred taxation thereon (note 33)				(15)		(15)
Loss attributable to equity shareholders	(44)					(44)
Dividends (note 15)	(107)					(107)
Net loss on cash flow hedges removed from equity and reported in income					215	215
Net loss on cash flow hedges					(227)	(227)
Deferred taxation on cash flow hedges (note 33)					25	25
Gain on available-for-sale financial assets					12	12
Deferred taxation on available-for-sale financial assets (note 33)					(2)	(2)
Share-based payment for share awards and BEE transaction					48	48
Translation		(2)	307	3	(25)	283
Balance at December 2006	(209)	20	241	(6)	(215)	(169)

28 Retained earnings and other reserves cont.

Figures in million	Retained earnings ⁽¹⁾	Non-distributable reserves ⁽²⁾	Foreign currency translation reserve	Actuarial gains (losses) ⁽³⁾	Other comprehensive income ⁽⁴⁾	Total
SA Rands						
Balance at December 2004 as previously reported	3,379	138	(3,552)	(122)	(1,040)	(1,197)
Change in comparative data (note 40)	(83)					(83)
As restated	3,296	138	(3,552)	(122)	(1,040)	(1,280)
Actuarial losses recognised				(173)		(173)
Deferred taxation thereon (note 33)				68		68
Loss attributable to equity shareholders	(1,255)					(1,255)
Dividends (note 15)	(926)					(926)
Net loss on cash flow hedges removed from equity and reported in income					387	387
Net loss on cash flow hedges					(1,272)	(1,272)
Deferred taxation on cash flow hedges (note 33)					377	377
Gain on available-for-sale financial assets					16	16
Deferred taxation on available-for-sale financial assets (note 33)					1	1
Share-based payment for share awards					15	15
Translation			1,642		(139)	1,503
Balance at December 2005	1,115	138	(1,910)	(227)	(1,655)	(2,539)
Actuarial gains recognised				283		283
Deferred taxation thereon (note 33)				(102)		(102)
Loss attributable to equity shareholders	(587)					(587)
Dividends (note 15)	(742)					(742)
Net loss on cash flow hedges removed from equity and reported in income					1,264	1,264
Net loss on cash flow hedges					(1,592)	(1,592)
Deferred taxation on cash flow hedges (note 33)					167	167
Gain on available-for-sale financial assets					78	78
Deferred taxation on available-for-sale financial assets (note 33)					(15)	(15)
Share-based payment for share awards and BEE transaction					338	338
Translation			2,346	1	(88)	2,259
Balance at December 2006	(214)	138	436	(45)	(1,503)	(1,188)

⁽¹⁾ \$286 million, R2,004 million (2005: \$297 million, R1,881 million) of retained earnings arising at the joint venture operations and certain subsidiaries may not be remitted without third party shareholder consent.

⁽²⁾ Non-distributable reserves comprise a surplus on disposal of company shares of \$20 million, R141 million (2005: \$22 million, R141 million) and other transfers.

⁽³⁾ With the adoption of IAS 19 revised, actuarial gain (loss) is accounted for through equity reserves. The actuarial gain (loss) arises from a change in assumption parameters and the difference between the actual and expected return on plan assets.

⁽⁴⁾ 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, fair value gains or losses on available-for-sale financial assets and the equity item for share-based payments.

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
327	374	29 Minority interests	59	58
146	202	Balance at beginning of year	30	23
(125)	(171)	Profit for the year	(25)	(20)
		Dividends paid		
4	10	Net loss on cash flow hedges removed from equity and reported in income	2	1
(9)	(12)	Net loss on cash flow hedges	(2)	(2)
31	33	Translation	(2)	(1)
374	436	Balance at end of year	62	59
		30 Borrowings		
		Unsecured		
5,867	6,656	Convertible Bonds ⁽¹⁾	951	925
		Semi-annual coupons are paid at 2.375% per annum. The bonds were issued on 27 February 2004 and are convertible at the holders' option into ADSs up to February 2009, and are dollar-based. The bonds are convertible at a price of \$65.00 per ADS.		
		If the bonds have not been converted by 20 February 2009, they will be redeemed at par on 27 February 2009. AngloGold Ashanti Holdings plc has the option of calling an early redemption of all the bonds three years after their issuance, if the price of the ADSs exceeds 130% of the conversion price for more than 20 days during any period of 30-consecutive trading days.		
2,062	2,066	Corporate Bond ⁽²⁾	295	325
		Semi-annual coupons are paid at 10.5% per annum. The bond is repayable on 28 August 2008 and is rand-based.		
2,927	1,271	Syndicated loan facility (\$700 million)	181	461
		Interest charged at LIBOR plus 0.4% per annum. This US dollar-based loan is repayable in January 2008 and is subject to debt covenant arrangements for which no default event occurred.		
124	151	FirstRand (Ireland) plc (formerly RMB International (Dublin) Limited)	22	20
		Interest charged at LIBOR plus 0.82% per annum. Loan is of a short-term nature, has no fixed repayment date and is US dollar-based.		

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		30 Borrowings cont.		
28	13	Bank Belgoise Interest charged at LIBOR plus 1.5% per annum. Loan is repayable in 24 equal monthly instalments commencing October 2005 and is US dollar-based.	2	4
13	10	Government of Mali Interest charged at LIBOR plus 2% per annum. Loan is repayable by December 2015 and is US dollar-based.	1	2
4	-	Precious Fields Estates Company Ltd Annuity based repayments expired in October 2006. Loan is US dollar-based.	-	1
3	-	Investec Interest charged at 6.5% per annum. Loan is repayable in half-yearly instalments which terminated in June 2006 and is US dollar-based.	-	1
818	-	Local money-market short-term borrowings Short-term borrowings at market related rates are rand-based.	-	129
3	57	Bank overdraft Bank overdraft at market related rates is Ghanaian Cedi-based (2005: rand-based)	8	-
11,849	10,224	Total unsecured borrowings	1,460	1,868
		Secured		
		Finance leases		
66	55	Senstar Capital Corporation Interest charged at an average rate of 6.77% per annum. Loans are repayable in monthly instalments terminating in November 2009 and are US dollar-based. The equipment financed is used as security for these loans.	8	10
30	27	Rolls Royce Interest is charged at a variable rate of approximately 20% per annum, based on the lease contract. Loan is repayable in monthly instalments terminating in March 2010 and is US dollar-based. The equipment financed is used as security for these loans.	4	5
-	15	Terex Africa (Proprietary) Limited Interest charged at a rate of 9.0% per annum. Loan is repayable in January 2008 and is US dollar-based. The equipment financed is used as security for this loan.	2	-

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
6	5	30 Borrowings <i>cont.</i>		
		Kudu Finance Company	1	1
		Interest charged at LIBOR plus 2% per annum. Loan is repayable in monthly instalments terminating in December 2010 and is US dollar-based. The equipment financed is used as security for this loan.		
64	50	Other loans	7	10
		Nulux Nukem Luxembourg GmbH		
		Uranium sale and repurchase agreement, US dollar-based, with repurchases commencing in December 2006 and terminating in December 2008. Rate of finance is 5.42% per annum. Uranium inventory is secured against this contract.		
12,015	10,376	Total borrowings	1,482	1,894
1,190	413	Less: Current portion of borrowings included in current liabilities	59	188
10,825	9,963	Total long-term borrowings	1,423	1,706
		Amounts falling due		
1,190	413	Within one year	59	188
65	3,321	Between one and two years	475	10
10,757	6,632	Between two and five years	947	1,696
3	10	After five years	1	-
12,015	10,376	(note 39)	1,482	1,894
		Currency		
		The currencies in which the borrowings are denominated are as follows:		
9,132	8,253	US dollars	1,179	1,440
2,883	2,066	SA rands	295	454
-	57	Ghanaian Cedi	8	-
12,015	10,376	(note 39)	1,482	1,894

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
		30 Borrowings cont.		
		Undrawn facilities		
		Undrawn borrowing facilities as at 31 December 2006 are as follows:		
1,555	3,641	Syndicated loan (\$700 million) – US dollar	520	245
–	350	FirstRand Bank Limited – US dollar	50	–
266	294	Amalgamated Banks of South Africa Limited – US dollar	42	42
–	14	Nedbank Limited – US dollar	2	–
49	–	Citibank, N.A. – US dollar	–	8
35	25	FirstRand (Ireland) plc (formerly RMB International (Dublin) Limited) – US dollar	4	5
–	260	Standard Bank of SA Limited – SA rand	37	–
107	220	FirstRand Bank Limited – SA rand	31	17
45	48	Nedbank Limited – SA rand	7	7
30	30	Amalgamated Banks of South Africa Limited – SA rand	4	5
20	20	Commerzbank AG – SA rand	3	3
–	10	ABN Amro Bank N.V. – SA rand	1	–
232	553	Australia and New Zealand Banking Group Limited – Australian dollar	79	37
–	46	ABN Amro Bank N.V. – Euro	7	–
2,339	5,511		787	369
		(1) Convertible Bonds		
6,345	7,001	Senior unsecured fixed-rate bonds	1,000	1,000
529	401	Less: unamortised discount and bond issue costs	57	83
5,816	6,600		943	917
51	56	Add: accrued interest	8	8
5,867	6,656		951	925
		(2) Corporate Bond		
2,000	2,000	Senior unsecured fixed-rate bond	286	315
11	7	Less: unamortised discount and bond issue costs	1	2
1,989	1,993		285	313
73	73	Add: accrued interest	10	12
2,062	2,066		295	325

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		31 Environmental rehabilitation and other provisions		
		Environmental rehabilitation obligations		
		Provision for decommissioning		
566	908	Balance at beginning of year	143	100
–	(19)	Adjustments due to disposal of assets	(3)	–
282	245	Change in estimates ⁽¹⁾	36	44
21	38	Unwinding of decommissioning obligation (note 7)	6	3
–	(2)	Utilised during the year	–	–
39	55	Translation	(7)	(4)
908	1,225	Balance at end of year	175	143
		Provision for restoration		
658	1,235	Balance at beginning of year	194	117
–	(17)	Adjustments due to disposal of assets	(2)	–
149	11	Charge to income statement	2	23
408	(33)	Change in estimates ⁽¹⁾	(5)	64
40	71	Unwinding of restoration obligation (note 7)	10	6
(65)	(67)	Utilised during the year	(10)	(10)
45	100	Translation	(3)	(6)
1,235	1,300	Balance at end of year	186	194
		Other provisions		
70	122	Balance at beginning of year	19	13
72	137	Charge to income statement	20	11
(36)	(29)	Utilised during the year	(4)	(6)
16	30	Translation	2	1
122	260	Balance at end of year	37	19
		Other provisions comprise the following:		
119	186	Provision for labour and civil claim court settlements in South America ⁽²⁾	26	19
3	6	Provision for employee compensation claims in Australia ⁽³⁾	1	–
–	60	Provision for onerous uranium contracts ⁽⁴⁾	9	–
–	8	Provision for long-term management incentives in Nufcor International Limited	1	–
122	260		37	19
2,265	2,785	Total environmental rehabilitation and other provisions	398	356
		⁽¹⁾ 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. These provisions are anticipated to unwind beyond the end of the life of mine.		
		⁽²⁾ Comprises claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases, government fiscal claims relating to levies and surcharges and closure costs of old tailings operations. The liability is anticipated to unwind over the next two to five-year period.		
		⁽³⁾ Comprises workers compensation claims filed by employees in Australia with regard to work-related incidents. The liability is anticipated to unwind over the next three to five-year period.		
		⁽⁴⁾ Relates to onerous uranium forward sale contracts in Nufcor International Limited. The amount indicates the estimated cost of exiting the contracts and has resulted from the market price increased above the contracted sales price. The onerous contracts have maturities up to 2011.		

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits		
		Defined benefit plans		
		The group has made provision for pension provident and medical schemes covering substantially all employees. The retirement schemes consist of the following:		
(51)	(267)	AngloGold Ashanti Pension Fund (asset)	(38)	(8)
1	5	Ashanti Retired Staff Pension Plan	1	–
58	62	Obuasi Mines Staff Pension Scheme	9	9
		Post-retirement medical scheme for AngloGold Ashanti South African employees	156	185
1,172	1,094	Post-retirement medical scheme for Rand Refinery employees (asset)	(2)	(2)
(16)	(17)	Retiree Medical Plan for North American employees	2	2
12	13	Supplemental Employee Retirement Plan (SERP) for North America (USA) Inc employees	1	1
6	7	Retiree Medical Plan for Nufcor South Africa employees (asset)	–	–
(1)	(1)	Sub-total	129	187
1,181	896	Transferred to other non-current assets (note 22)		
		AngloGold Ashanti Pension Fund	38	8
51	267	Retiree Medical Plan for Nufcor South Africa employees	–	–
1	1	Post-retirement medical scheme for Rand Refinery employees	2	2
16	17			
1,249	1,181		169	197
		AngloGold Ashanti Pension Fund		
		The plan is evaluated by independent actuaries on an annual basis as at 31 December of each year. The valuation as at 31 December 2006 was completed at the beginning of 2007 using the projected unit credit method. In arriving at their conclusions, the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pension as well as returns on investments.		
		A formal statutory valuation is required by legislation every three years. The previous statutory valuation was carried out with an effective date of 31 December 2005, and was completed in June of 2006. The next statutory valuation will have an effective date no later than 31 December 2008.		
		All South African pension funds are governed by the Pension Funds Act of 1956 as amended.		

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits <i>cont.</i>		
		Information with respect to the AngloGold Ashanti Pension Fund is as follows:		
		Change in benefit obligation		
1,219	1,408	Balance at beginning of year	222	216
40	50	Current service cost	7	6
88	108	Interest cost	16	14
13	12	Participants' contributions	2	2
200	84	Actuarial loss	12	31
(152)	(94)	Benefits paid	(14)	(24)
-	-	Translation	(21)	(23)
1,408	1,568	Balance at end of year	224	222
		Change in plan assets		
1,150	1,459	Balance at beginning of year	230	204
106	146	Expected return on plan assets	22	16
260	272	Actuarial gain	40	41
82	40	Company contributions	6	13
13	12	Participants' contributions	2	2
(152)	(94)	Benefits paid	(14)	(24)
-	-	Translation	(24)	(22)
1,459	1,835	Fair value of plan assets at end of year	262	230
51	267	Funded status at end of year	38	8
51	267	Net amount recognised (note 22)	38	8
		Pension benefit obligation		
1,408	1,568	Benefit obligation	224	222
1,459	1,835	Fair value of plan assets	262	230
		Components of net periodic benefit cost		
40	50	Current service cost	7	6
88	108	Interest cost	16	14
(106)	(146)	Expected return on assets	(22)	(16)
22	12	Net periodic benefit cost	1	4
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	8.00%	7.75%
		Rate of compensation increase ⁽¹⁾	5.50%	5.00%
		Expected long-term return on plan assets	10.50%	10.14%
		Pension increase	4.28%	4.05%
		⁽¹⁾ The short-term compensation rate increase is 6% (2005: 5%) and the long-term compensation rate increase is 5.5% (2005: 5%).		

2005	2006	Figures in million	2006	2005												
		<p>32 Provision for pension and post-retirement benefits cont.</p> <p>The expected long-term return on plan assets is determined using the after tax yields of the various asset classes as a guide.</p> <p>Plan assets</p> <p>AngloGold Ashanti's pension plan asset allocations at the end of the year, by asset category, are as follows:</p> <p>Asset category</p> <table> <tr> <td>Equity securities</td> <td>68%</td> <td>69%</td> </tr> <tr> <td>Debt securities</td> <td>28%</td> <td>30%</td> </tr> <tr> <td>Other</td> <td>4%</td> <td>1%</td> </tr> <tr> <td></td> <td>100%</td> <td>100%</td> </tr> </table> <p>Investment policy</p> <p>The Trustees have adopted a long-term horizon in formulating the Fund's investment strategy, which is consistent with the term of the Fund's liabilities. The investment strategy aims to provide a reasonable return relative to inflation across a range of market conditions.</p> <p>The Trustees have adopted different strategic asset allocations for the assets backing pensioner and active member liabilities. The strategic asset allocation defines what proportion of the Fund's assets should be invested in each major asset class. The Trustees have then selected specialist investment managers to manage the assets in each asset class according to specific performance mandates instituted by the Trustees.</p> <p>The Trustees have also put in place a detailed Statement of Investment Principles that sets out the Fund's overall investment philosophy and strategy.</p> <p>Fund returns are calculated on a monthly basis, and the performance of the managers and Fund as a whole is formally reviewed by the Fund's Investment Sub-Committee at least every six months.</p>	Equity securities	68%	69%	Debt securities	28%	30%	Other	4%	1%		100%	100%		
Equity securities	68%	69%														
Debt securities	28%	30%														
Other	4%	1%														
	100%	100%														

Notes to the group financial statements *cont.*

For the year ended 31 December

32 Provision for pension and post-retirement benefits *cont.*

Figures in million	Number of shares	2006		2005	
		Percentage of total assets	Fair value	Percentage of total assets	Fair value
US Dollars					
Related parties					
Investments held in related parties are summarised as follows:					
Equity securities					
Anglo American	40,400	0.8%	2	11.9%	27
AngloGold Ashanti Limited	32,960	0.6%	2	0.8%	2
Fellow subsidiaries of Anglo American plc group to April 2006 ⁽¹⁾					
Anglo Platinum Group				13.5%	31
The Tongaat-Hulett Group				1.1%	3
			<u>4</u>		<u>63</u>
Other investments exceeding 5% of total plan assets					
Bonds					
RSA 2015 Government Bonds 13.5%			–	5.4%	18
RSA 2010 Government Bonds 13%			–	7.8%	12
			<u>–</u>		<u>30</u>
No investment exceeded 5% of total plan assets in 2006.					
SA Rands					
Related parties					
Investments held in related parties are summarised as follows:					
Equity securities					
Anglo American	40,400	0.8%	14	11.9%	174
AngloGold Ashanti Limited	32,960	0.6%	11	0.8%	11
Fellow subsidiaries of Anglo American plc group to April 2006 ⁽¹⁾					
Anglo Platinum Group				13.5%	198
The Tongaat-Hulett Group				1.1%	15
			<u>25</u>		<u>398</u>
Other investments exceeding 5% of total plan assets					
Bonds					
RSA 2015 Government Bonds 13.5%			–	5.4%	113
RSA 2010 Government Bonds 13%			–	7.8%	79
			<u>–</u>		<u>192</u>
No investment exceeded 5% of total plan assets in 2006.					
Cash flows					
Contributions					
The company expects to contribute \$6 million, R40 million (2006: \$7 million, R46 million) to its pension plan in 2007.					
⁽¹⁾ 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.					

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits cont.		
		Estimated future benefit payments		
		The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	96	2007	14	
	94	2008	13	
	92	2009	13	
	91	2010	13	
	90	2011	13	
	1,105	Thereafter	158	
		South American Brasil Fundambrás pension plan		
		On 30 November 1998, the defined benefit fund was converted to a defined contribution fund with an actuarial net liability of \$6 million, R51 million. This liability was revised annually by Mercer, the plan's actuary. The transfer of funds was approved by the governmental SPC agency and the actuarial net liability of \$10 million, R61 million was funded and transferred to a defined contribution plan on 30 September 2005.		
		Information with respect to the South American Brasil Fundambrás pension plan is as follows:		
		Change in benefit obligation		
126	-	Balance at beginning of year	-	22
13	-	Interest cost	-	2
3	-	Actuarial loss	-	1
(160)	-	Settlements and curtailments	-	(25)
(6)	-	Benefits paid	-	(1)
24	-	Translation	-	1
-	-	Balance at end of year	-	-
		Change in plan assets		
86	-	Fair value of plan assets at beginning of year	-	15
8	-	Expected return on plan assets	-	1
(99)	-	Settlements and curtailments	-	(15)
(6)	-	Benefits paid	-	(1)
11	-	Translation	-	-
-	-	Fair value of plan assets at end of year	-	-
		Components of net periodic benefit cost		
13	-	Interest cost	-	2
(8)	-	Expected return on plan assets	-	(1)
5	-	Net periodic benefit cost	-	1

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits <i>cont.</i>		
		Cash flows		
		Contributions		
		No company or participant contributions were made to this fund. The fund has been discontinued and the fund assets transferred to a defined contribution fund.		
		Estimated future benefit payments		
		There are no future benefit payments as the fund was terminated on 30 September 2005.		
		Ashanti Retired Staff pension plan		
		The pension scheme provides a retirement benefit to former Ashanti employees that were based at the former London office. The scheme is closed to new members and participants are either retired or are deferred members. The plan is evaluated by actuaries on an annual basis using the projected unit credit funding method. No contributions are made to the plan and it is funded with a shortfall of \$1 million, R5 million (2005: \$0.2 million, R1 million).		
		Information with respect to the Ashanti Retired Staff pension plan is as follows:		
		Change in benefit obligation		
20	22	Balance at beginning of year	3	3
1	1	Interest cost	–	–
2	5	Actuarial loss	1	–
(1)	5	Translation	1	–
22	33	Balance at end of year	5	3
		Change in plan assets		
18	21	Fair value of plan assets at beginning of year	3	3
1	2	Expected return on plan assets	–	–
2	1	Actuarial gain	–	–
–	4	Translation	1	–
21	28	Fair value of plan assets at end of year	4	3
(1)	(5)	Unfunded status at end of year	(1)	–
(1)	(5)	Net amount recognised	(1)	–
		Pension benefit obligation		
22	33	Benefit obligation	5	3
21	28	Fair value of plan assets	4	3
		Components of net periodic benefit cost		
1	1	Interest cost	–	–
(1)	(2)	Expected return on plan assets	–	–
–	(1)	Net periodic benefit cost	–	–

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits cont.		
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	5.00%	5.00%
		Expected long-term return on plan assets	6.13%	6.07%
		Pension increase	2.50%	2.50%
		The expected long-term return on plan assets is determined using the after tax return of domestic bonds and fixed-term investments.		
		Plan assets		
		The Ashanti Retired Staff defined benefit pension plan asset allocations as at the end of the year, by asset category are as follows:		
		Asset category		
		Equity securities	55%	51%
		Debt securities	40%	41%
		Property	1%	2%
		Cash	4%	6%
			100%	100%
		Investment policy		
		The general policy of the fund is to select investments that will achieve an optimal return on the plan assets.		
		No investments are made in related party entities.		
		Cash flows		
		Contributions		
		No contributions are made to this fund since the fund is closed to new members and the current members are retired or deferred.		
		Estimated future benefit payments		
		The following benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	-	2007	-	
	-	2008	-	
	-	2009	-	
	-	2010	-	
	-	2011	-	
	33	Thereafter	5	

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits <i>cont.</i>		
		Obuasi Mines Staff Pension Scheme		
		The scheme provides monthly payments in Ghanaian currency (indexed to the US dollar) to retirees until death. The benefits under the scheme are based on the years of service and the compensation levels of the covered retirees. The scheme is closed to new members and all the scheme participants are retired. The scheme is unfunded and accordingly, no assets related to the scheme are recorded. The scheme is evaluated by actuaries on an annual basis.		
		Information with respect to the Obuasi Mines Staff Pension Scheme is as follows:		
		Change in benefit obligation		
60	58	Balance at beginning of year	9	11
3	-	Interest cost	-	-
(7)	7	Actuarial loss (gain)	1	(1)
(5)	(7)	Benefits paid	(1)	(1)
7	4	Translation	-	-
58	62	Balance at end of year	9	9
(58)	(62)	Unfunded status at end of year	(9)	(9)
(58)	(62)	Net amount recognised	(9)	(9)
		Pension benefit obligation		
58	62	Benefit obligation	9	9
		Components of net periodic benefit cost		
3	-	Interest cost	-	-
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	5.0%	4.0%
		Rate of compensation increase	N/A	N/A
		Pension increase	4.5%	3.0%

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits cont.		
		Cash flows		
		Contributions		
		No contributions are made to this fund since the fund is closed to new members and the current members are all retired.		
		Estimated future benefit payments		
		The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	7	2007	1	
	7	2008	1	
	7	2009	1	
	7	2010	1	
	7	2011	1	
	27	Thereafter	4	
		Post-retirement medical scheme for AngloGold Ashanti South African employees		
		The provision for post-retirement medical funding represents the provision for health care benefits for employees and retired employees and their registered dependants.		
		The post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The actuarial method used is the projected unit credit funding method. This scheme is unfunded. The last valuation was performed as at 31 December 2006.		
		Information with respect to the defined benefit liability is as follows:		
		Change in benefit obligation		
924	1,172	Benefit obligation at beginning of year	185	164
7	7	Current service cost	1	1
80	88	Interest cost	13	12
30	35	Participants' contributions	5	5
(105)	(112)	Benefits paid	(17)	(16)
236	(96)	Actuarial (gain) loss	(14)	37
-	-	Translation	(17)	(18)
1,172	1,094	Balance at end of year	156	185
(1,172)	(1,094)	Unfunded status at end of year	(156)	(185)
(1,172)	(1,094)	Net amount recognised	(156)	(185)

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands	US Dollars			
		32 Provision for pension and post-retirement benefits <i>cont.</i>		
		Components of net periodic benefit cost		
7	7	Current service cost	1	1
80	88	Interest cost	13	12
87	95	Net periodic benefit cost	14	13
		The assumptions used in calculating the above amounts at year end are:		
		Discount rate	8.00%	7.75%
		Expected increase in health care costs	4.75%	5.00%
		Assumed health care cost trend rates at 31 December:		
		Health care cost trend assumed for next year	4.75%	5.00%
		Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75%	5.00%
		Year that the rate reaches the ultimate trend	N/A	N/A
1% point increase		Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% point change in assumed health care cost trend rates would have the following effect:	1% point increase	
	10	Effect on total service and interest cost	1	
	111	Effect on post-retirement benefit obligation	16	
1% point decrease			1% point decrease	
	(9)	Effect on total service and interest cost	(1)	
	(95)	Effect on post-retirement benefit obligation	(14)	
		Cash flows		
		Contributions		
		AngloGold Ashanti expects to contribute \$25 million, R178 million (2006: \$13 million, R82 million) to the post-retirement medical plan in 2007.		
		Estimated future benefit payments		
		The following medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	77	2007	11	
	79	2008	11	
	80	2009	11	
	81	2010	12	
	81	2011	12	
	696	Thereafter	99	

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits cont.		
		Post-retirement medical scheme for Rand Refinery employees		
		The Rand Refinery Retiree Medical Plan (Medipref) is a non-contributory defined benefit plan in respect of certain past qualifying employees. The accumulated post-employment medical aid obligation was determined by independent actuaries in September 2006 using the projected unit credit funding method. Movements that could impact the valuation between the interim date and the date of the balance sheet have been considered. The plan is fully funded and is evaluated by independent actuaries on an annual basis.		
		Information with respect to the post-retirement medical plan and obligation for the Rand Refinery Ltd past employees is as follows:		
		Change in benefit obligation		
16	16	Balance at beginning of year	3	3
1	1	Interest cost	-	-
-	(1)	Actuarial gain	-	-
(1)	(1)	Benefits paid	-	-
-	-	Translation	(1)	-
16	15	Balance at end of year	2	3
		Change in plan assets		
30	32	Fair value of plan assets at beginning of year	5	5
3	2	Expected return on plan assets	-	-
-	(1)	Actuarial loss	-	-
(1)	(1)	Benefits paid	-	-
-	-	Translation	(1)	-
32	32	Fair value of plan assets at end of year	4	5
16	17	Funded status at end of year	2	2
16	17	Net amount recognised (note 22)	2	2
		Components of net periodic benefit cost		
1	1	Interest cost	-	-
(3)	(2)	Expected return on plan assets	-	-
(2)	(1)	Net periodic benefit cost	-	-

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits <i>cont.</i>		
		Assumptions		
		Assumptions used at year end are as follows:		
		Discount rate	8.50%	7.75%
		Expected increase in health care costs	6.50%	5.75%
		Expected return on plan assets	7.77%	7.26%
		Assumed health care cost trend rates at 31 December:		
		Health care cost trend assumed for next year	6.50%	5.75%
		Rate to which the cost trend is assumed to decline (the ultimate trend rate)	6.50%	5.75%
		Year that the rate reaches the ultimate trend	N/A	N/A
	1% point increase	Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% point change in assumed health care cost trend rates would have the following effect:	1% point increase	
	-	Effect on total service and interest cost	-	
	1	Effect on post-retirement benefit obligation	-	
	1% point decrease		1% point decrease	
	-	Effect on total service and interest cost	-	
	(1)	Effect on post-retirement benefit obligation	-	
		Plan assets		
		The asset allocation of the Rand Refinery post retirement medical fund as at the end of the year, by asset category, is as follows:		
		Asset category		
		Debt securities	76%	75%
		Cash	24%	25%
			100%	100%
		No investments are made in related party entities.		
		Cash flows		
		Contributions		
		Rand Refinery Limited does not make a contribution to the scheme as the scheme is closed to new members and the current members are retired.		

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits cont.		
		Estimated future benefit payments		
		The following medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	1	2007	-	
	1	2008	-	
	1	2009	-	
	2	2010	-	
	2	2011	-	
	10	Thereafter	2	
		Retiree Medical Plan for North American employees		
		AngloGold Ashanti USA provides health care and life insurance benefits for certain retired employees under the AngloGold North America Retiree Medical Plan (the Retiree Medical Plan). With effect from 31 December 1999, no additional employees were eligible to receive post-retirement benefits under the Retiree Medical Plan. Curtailment accounting was applied at 31 December 1999.		
		The Retiree Medical Plan is a non-contributory defined benefit plan. This plan is evaluated by independent actuaries on an annual basis. It was last evaluated by independent actuaries in September 2006 who took into account reasonable long-term estimates of increases in health care costs and mortality rates in determining the obligations of AngloGold Ashanti USA under the Retiree Medical Plan. The evaluation of the Retiree Medical Plan reflected liabilities of \$2 million, R13 million (2005: \$2 million, R12 million). The Retiree Medical Plan is an unfunded plan. The Retiree Medical Plan is evaluated using the projected unit credit funding method. The company does not share in future cost increases and therefore the rate of compensation increase is not applicable.		

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits <i>cont.</i>		
		Information with respect to the Retiree Medical Plan is as follows:		
		Change in benefit obligation		
11	12	Balance at beginning of year	2	2
1	1	Interest cost	-	-
(1)	(1)	Benefit paid	-	-
1	1	Translation	-	-
12	13	Balance at end of year	2	2
(12)	(13)	Unfunded status at end of year	(2)	(2)
(12)	(13)	Net amount recognised	(2)	(2)
		Net periodic pension and post-retirement benefit costs include:		
1	1	Interest cost	-	-
1	1	Net periodic benefit cost	-	-
		Assumptions used in calculating benefit obligations at the end of the year are as follows:		
		Discount rate	5.0%	5.5%
		Benefits are fixed and independent from inflation and consequently health care increases are not relevant.		
		Cash flows		
		Contributions		
		No contributions are made to this fund since the fund is closed to new members and the current members are all retired.		
		Estimated future benefit payments		
		The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	-	2007	-	
	-	2008	-	
	-	2009	-	
	-	2010	-	
	-	2011	-	
	13	Thereafter	2	

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		<p>32 Provision for pension and post-retirement benefits cont.</p> <p>Supplemental Employee Retirement Plan for North America (USA) Inc. employees</p> <p>Certain former employees of Minorco (USA) Inc. were covered under the Minorco (USA) Inc. Supplemental Employee Retirement Plan (The SERP), a non-contributory defined benefit plan. The SERP was last evaluated by independent actuaries in September 2006 who took into account long-term estimates of inflation and mortality rates in determining the obligation of AngloGold Ashanti USA under the SERP. This evaluation of the SERP reflected plan liabilities of \$1 million, R7 million (2005: \$1 million, R6 million). The SERP is an unfunded plan and is evaluated by actuaries on an annual basis using the projected unit credit funding method.</p> <p>Information with respect to the SERP is as follows:</p> <p>Change in benefit obligation</p>		
6	6	Balance at beginning and end of year	1	1
-	-	Interest cost	-	-
-	(1)	Benefit paid	-	-
-	2	Translation	-	-
6	7	Balance at end of year	1	1
(6)	(7)	Unfunded status at end of year	(1)	(1)
(6)	(7)	Net amount recognised	(1)	(1)
		<p>There is no net periodic pension and post-retirement cost during 2005 and 2006. The discount rate used to determine the benefit obligation at 31 December was 5% (2005: 5.5%).</p> <p>No contributions are made to this fund since the fund is closed to new members and the current members are all retired.</p> <p>Estimated future benefit payments</p> <p>The pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid after 2011 and amount to \$1 million, R7 million.</p>		

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		32 Provision for pension and post-retirement benefits <i>cont.</i>		
		Nuclear Fuels South Africa (NUFCOR) – Retiree Medical Plan for Nufcor South African employees		
		The Nufcor South Africa Retiree Medical Plan (Mascom) is a defined benefit plan in respect of certain past qualifying employees. The accumulated post-employment medical aid obligation was determined by independent actuaries in September 2006 using the projected unit credit funding method. Movements that could impact the valuation between the interim date and the date of the balance sheet have been considered. The plan is fully funded.		
		Information with respect to the Retiree Medical Plan for Nufcor South Africa employees is as follows:		
		Change in benefit obligation		
		Balance at beginning of year	-	-
		Benefit paid	-	-
		Actuarial loss	-	-
2	2	Balance at end of year	-	-
(1)	(1)			
1	1			
2	2			
		Change in plan assets		
		Fair value of plan assets at beginning of year	-	-
		Expected return on plan assets	-	-
		Employee contributions	-	-
		Benefits paid	-	-
2	3	Fair value of plan assets at end of year	-	-
1	1	Funded status at end of year	-	-
1	-	Net amount recognised (note 22)	-	-
(1)	(1)			
		Components of net periodic benefit cost		
		Expected return on plan assets	-	-
		Assumptions		
		Assumptions used at year end are as follows:		
		Discount rate	8.50%	7.75%
		Expected increase in health care costs	6.50%	5.75%
		Expected return on plan assets	8.50%	7.75%
		Assumed health care cost trend rates at 31 December:		
		Health care cost trend assumed for next year	6.50%	5.75%
		Rate to which the cost trend is assumed to decline (the ultimate trend rate)	6.50%	5.75%
		Year that the rate reaches the ultimate trend	N/A	N/A

2005	2006	Figures in million	2006	2005
		<p>32 Provision for pension and post-retirement benefits cont.</p> <p>Cash flows</p> <p>Contributions No contributions are made to this fund since the fund is closed to new members and the current members are all retired.</p> <p>Estimated future benefit payments The medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid after 2011 and amount to \$0.1 million, R1 million.</p> <p>Plan assets The asset allocation of the Nufcor South Africa post-retirement medical fund as at the end of the year, by asset category, is as follows:</p> <p>Asset category Unit trust investment funds No investments are made in related party entities.</p> <p>Defined Contribution Funds Contributions to the various retirement schemes are fully expensed during the year in which they are funded and the cost of contributing to retirement benefits for the year amounted to \$40 million, R274 million (2005: \$31 million, R199 million).</p> <p>Australia The region contributes to the Australian Retirement Fund for the provision of benefits to employees and their dependants on retirement, disability or death. The fund is a multi-industry national fund with defined contribution arrangements. Contribution rates by the operation on behalf of employees varies, with minimum contributions, meeting compliance requirements under the Superannuation Guarantee legislation. Members also have the option of contributing to approved personal superannuation funds. The contributions by the operation are legally enforceable to the extent required by the Superannuation Guarantee legislation and relevant employment agreements. The cost to the group of all these contributions amounted to \$2 million, R14 million (2005: \$2 million, R12 million).</p>	<p>100%</p> <p>100%</p>	

Notes to the group financial statements *cont.*

For the year ended 31 December

32 Provision for pension and post-retirement benefits *cont.*

Ghana and Guinea

AngloGold Ashanti mines in Ghana and Guinea contribute to provident plans for their employees which are defined contribution plans. The funds are administered by boards of Trustees and invest mainly in Ghana and Guinea governments' treasury instruments, fixed term deposits and other projects. The cost of these contributions were \$3 million, R21 million (2005: \$3 million, R20 million).

Mali (Sadiola, Yatela and Morila)

The Malian operations do not have retirement schemes for employees. All employees (local and expatriate) contribute towards the Government social security fund, and the company also makes a contribution towards this fund. On retirement, Malian employees are entitled to a retirement benefit from the Malian government. Expatriate employees are reimbursed only their contributions to the social security fund. AngloGold Ashanti seconded employees in Mali remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold Ashanti. The cost to the group of all these contributions amounted to \$1 million, R6 million (2005: \$2 million, R12 million).

Namibia (Navachab)

Navachab employees are members of a defined contribution provident fund. The fund is administered by the Old Mutual insurance company. Both the company and the employees make contributions to this fund. AngloGold Ashanti seconded employees at Navachab remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold Ashanti. The cost to the group of all these contributions amounted to \$1 million, R7 million (2005: \$1 million, R6 million).

North America

AngloGold Ashanti USA sponsors a 401(k) savings plan whereby employees may contribute up to 60% of their salary, of which up to 5% is matched at a rate of 150% by AngloGold Ashanti USA. AngloGold Ashanti USA's contributions were \$2 million, R11 million (2005: \$2 million, R13 million).

South Africa

South Africa contributes to various industry-based pension and provident retirement plans which covers substantially all employees and are defined contribution plans. These plans are all funded and the assets of the schemes are held in administrated funds separately from the group's assets. The cost of providing these benefits amounted to \$29 million, R201 million (2005: \$20 million, R130 million).

South America

The AngloGold Ashanti South America region operates defined contribution arrangements for their employees in Brazil. These arrangements are funded by the operations (basic plan) and operations/employees (optional supplementary plan). A PGBL fund, similar to the American 401(k) type of plan, started in December 2001. Administered by Bradesco Previdencia e Seguros (which assume the risk for any eventual actuarial liabilities), this is the only private pension plan sponsored by the group. Contributions amounted to \$2 million, R14 million (2005: \$1 million; R6 million).

32 Provision for pension and post-retirement benefits *cont.*

Tanzania (Geita)

Geita does not have a retirement scheme for employees. Tanzanian nationals contribute to the National Social Security Fund (NSSF) or the Parastatal Provident Fund (PPF), depending on the employee's choice, and the company also makes a contribution on the employee's behalf to the same fund. On leaving the group, employees may withdraw their contribution from the fund. From July 2005, the company has set up a supplemental provident fund which is administered by the Parastatal Provident Fund (PPF) with membership available to permanent National employees on a voluntary basis. The company makes no contribution towards any retirement schemes for contracted expatriate employees. AngloGold Ashanti employees seconded in Tanzania remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold Ashanti. The company contributes to the National Social Security Fund (NSSF) on behalf of expatriate employees. On termination of employment the company may apply for a refund of contributions from the NSSF.

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		33 Deferred taxation		
		Deferred taxation relating to temporary differences is made up as follows:		
		Liabilities		
9,391	11,293	Tangible assets	1,613	1,480
115	107	Inventories	15	18
189	639	Derivatives	91	30
312	120	Other	17	49
10,007	12,159		1,736	1,577
		Assets		
914	1,215	Provisions	173	144
1,099	2,321	Derivatives	331	173
841	1,117	Tax assets	160	132
112	216	Other	31	18
2,966	4,869		695	467
7,041	7,290	Net deferred taxation liability	1,041	1,110
		Included in the balance sheet as follows:		
279	432	Deferred tax assets	62	44
7,320	7,722	Deferred tax liabilities	1,103	1,154
7,041	7,290	Net deferred taxation liability	1,041	1,110

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands	SA Rands		US Dollars	US Dollars
		33 Deferred taxation <i>cont.</i>		
		The movement on the deferred tax balance is as follows:		
7,615	7,041	Balance at beginning of year	1,110	1,349
(1)	15	Taxation on fair value adjustments (note 28)	2	–
(747)	(200)	Income statement charge (note 12)	(30)	(117)
19	(18)	Discontinued operations (note 13)	(2)	3
(377)	(167)	Taxation on other comprehensive income (note 28)	(25)	(58)
(68)	102	Taxation on actuarial gain (loss) (note 28)	15	(11)
600	517	Translation	(29)	(56)
7,041	7,290	Balance at end of year	1,041	1,110
		No provision has been made for South African income tax or foreign tax that may result from future remittances of undistributed earnings of foreign subsidiaries or foreign corporate joint ventures because it is expected that such earnings will not be distributed as a dividend in the foreseeable future. Unrecognised taxable temporary differences pertaining to undistributed earnings totalled \$353 million, R2,471 million at 31 December 2006 (2005: \$282 million, R1,791 million).		
		34 Trade, other payables and deferred income		
		Non-current		
		Deferred income	21	14
87	150		21	14
87	150			
		Current		
1,374	2,040	Trade creditors	292	216
911	1,172	Accruals	167	144
31	–	Amounts due to related parties	–	5
36	136	Deferred income	19	6
321	289	Unearned premiums on normal sale exempted contracts	41	51
140	64	Other creditors	9	20
2,813	3,701		528	442
2,900	3,851	Total trade, other payables and deferred income	549	456
		Current trade and other payables are non-interest bearing and are normally settled within 60 days.		

		Figures in million			
2005	2006			2006	2005
SA Rands				US Dollars	
		35 Taxation			
368	710	Balance at beginning of year		112	65
(188)	(968)	Payments during the year		(143)	(30)
531	1,432	Provision during the year (note 12)		210	82
8	17	Discontinued operations (note 13)		2	2
(9)	43	Translation		(5)	(7)
710	1,234	Balance at end of year		176	112
		36 Cash generated from operations			
(1,106)	859	Profit (loss) before taxation		168	(158)
		Adjusted for:			
1,744	4,590	Movement on non-hedge derivatives and other commodity contracts		627	262
3,203	4,059	Amortisation of tangible assets (notes 4, 9 and 16)		597	503
		Finance costs and unwinding of decommissioning and restoration obligations (note 7)		123	108
690	822	Deferred stripping		(75)	(24)
(153)	(528)	Interest receivable (note 3)		(32)	(25)
(155)	(218)	Operating special items		22	68
444	161	Amortisation of intangible assets (notes 4 and 17)		2	2
13	13	Fair value adjustment on option component of convertible bond		(16)	32
211	(137)	Environmental rehabilitation and other expenditure		(22)	41
265	(160)	Termination of employee benefit plan		-	(10)
(61)	-	Other non-cash movements		27	(18)
(113)	213	Movements in working capital		(140)	(108)
(714)	(875)				
4,268	8,799			1,281	673
		Movements in working capital:			
(1,086)	(1,852)	Increase in inventories		(211)	(123)
(46)	(27)	Decrease (increase) in trade and other receivables		19	23
418	1,004	Increase (decrease) in trade and other payables		52	(8)
(714)	(875)			(140)	(108)

Notes to the group financial statements *cont.*

For the year ended 31 December

37 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	
US Dollars				
Significant shareholder Anglo American for the year	1	-	5	1
Fellow subsidiaries of the Anglo American group to 20 April 2006 ⁽¹⁾				
Anglo Coal – a division of Anglo Operations Limited	-	-	1	-
Boart Longyear Limited – mining services ⁽²⁾	-	-	5	-
Haggie Steel Wire Rope Operations ⁽³⁾	1	-	8	1
Mondi Limited – timber	5	-	16	2
Scaw Metals – a division of Anglo Operations Limited – steel and engineering	1	-	6	1
The Tongaat-Hulett Group Limited	-	-	-	-
Joint ventures of AngloGold Ashanti Limited				
BGM Management Company Pty Ltd	-	-	-	-
Société d' Exploitation des Mines d' Or de Sadiola S.A.	(2)	(1)	-	-
Société d' Exploitation des Mines d' Or de Yatela S.A.	(1)	-	-	-
Société des Mines de Morila S.A.	(2)	-	(2)	-
SA Rands				
Significant shareholder Anglo American for the year	7	-	30	7
Fellow subsidiaries of the Anglo American group to 20 April 2006 ⁽¹⁾				
Anglo Coal – a division of Anglo Operations Limited	1	-	4	2
Boart Longyear Limited – mining services ⁽²⁾	-	-	30	-
Haggie Steel Wire Rope Operations ⁽³⁾	7	-	50	6
Mondi Limited – timber	30	-	105	11
Scaw Metals – a division of Anglo Operations Limited – steel and engineering	9	-	40	4
The Tongaat-Hulett Group Limited	-	-	1	-
Joint ventures of AngloGold Ashanti Limited				
BGM Management Company Pty Ltd	-	-	1	-
Société d' Exploitation des Mines d' Or de Sadiola S.A.	(14)	(2)	(3)	1
Société d' Exploitation des Mines d' Or de Yatela S.A.	(10)	(2)	3	-
Société des Mines de Morila S.A.	(14)	(2)	(10)	-

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

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

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

⁽³⁾ 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 \$18 million, R121 million (2005: \$13 million, R79 million). This total comprised short-term employee benefits of \$13 million, R90 million (2005: \$11 million, R69 million); post-employment benefits of less than \$1 million, R1 million, (2005: \$1 million, R7 million); and share-based payments of \$5 million, R31 million (2005: \$1 million, R3 million).

Shareholders

The major shareholders of the company are detailed on page 134 and 326.

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		38 Contractual commitments and contingencies		
		Operating leases		
		At 31 December 2006, the group 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		
209	304	- One year	43	33
163	181	- Between one and two years	26	26
127	76	- Between two and five years	11	20
2	5	- After five years	1	-
501	566		81	79
		Finance leases		
		The group has finance leases for plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments are as follows:		
Present value of payments	Minimum payments		Minimum payments	Present value of payments
	2006		2006	
35	45	Within one year	7	5
67	80	Within one year but not more than five years	11	10
-	-	More than five years	-	-
102	125	Total minimum lease payments	18	15
-	23	Less: amounts representing finance charges	3	-
102	102	Present value of minimum lease payments	15	15
2005			2005	
28	44	Within one year	7	5
77	96	Within one year but not more than five years	15	12
2	2	More than five years	-	-
107	142	Total minimum lease payments	22	17
-	35	Less: amounts representing finance charges	5	-
107	107	Present value of minimum lease payments	17	17

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		38 Contractual commitments and contingencies <i>cont.</i>		
		Capital commitments		
		<i>Acquisition of tangible assets</i>		
1,182	2,475	Contracted for	354	186
4,597	5,120	Not contracted for	731	725
5,779	7,595	Authorised by the directors	1,085	911
		Allocated for:		
		Project expenditure		
1,204	2,572	– within one year	367	190
671	1,855	– thereafter	265	106
1,875	4,427		632	296
		Stay-in-business expenditure		
3,628	2,925	– within one year	418	572
276	243	– thereafter	35	43
3,904	3,168		453	615
50	124	Share of underlying capital commitments of joint ventures	18	8
		Purchase obligations		
		Contracted for		
1,221	1,920	– within one year	274	192
1,288	1,327	– thereafter	190	203
2,509	3,247		464	395
990	906	Share of underlying purchase obligations of joint ventures	129	156
		Purchase obligations represent contractual obligations for the purchase of mining contract services, power, supplies, consumables, inventories, explosives and activated carbon.		
		To service the above capital commitments, purchase obligations and other operational requirements, the group is dependent on existing cash resources, cash generated from operations and borrowing facilities.		
		Cash generated from operations is subject to operational, market and other risks. Distributions from operations may be subject to foreign investment, 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 group'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 group believes that these facilities can be refinanced on similar terms to those currently in place.		

		Figures in million			
2005	2006			2006	2005
SA Rands				US Dollars	
		38 Contractual commitments and contingencies cont.			
		Contingent liabilities			
		AngloGold Ashanti's contingent liabilities at 31 December 2006 are detailed below:			
		<p>Water pumping cost – South Africa – The group 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 group's Vaal River operations.</p> <p>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.</p> <p>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 group'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.</p> <p>Should the proposed arrangement not be acceptable to the courts and/or regulatory authorities, the proposal may have to be amended. Due to the 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.</p> <p>The group has identified a number of groundwater pollution sites at its current operations in South Africa. The group 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.</p>			
-	-			-	-
-	-			-	-

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		<p>38 Contractual commitments and contingencies <i>cont.</i></p> <p>Contingent liabilities <i>cont.</i></p> <p>Sales tax on gold deliveries – Brazil – Mineração Serra Grande S.A.(MSG), the operator of the Crixas mine in Brazil, has received two tax assessments from the State of Goiás related to payments of sales taxes on gold deliveries for export: one for the period between February 2004 and June 2005 and the other for the period between July 2005 and May 2006. The tax authorities maintain that whenever a taxpayer exports gold mined in the State of Goiás through a branch located in a different Brazilian State, it must obtain an authorisation from the Goiás State Treasury by means of a Special Regime Agreement (<i>Termo de Acordo re Regime Especial – TARE</i>). The MSG operation is co-owned with Kinross Gold Corporation. AGA manages the operation and its attributable share of the first assessment is approximately \$29 million, R203 million. In May 2006 MSG signed the TARE, which authorised the remittance of gold to the company's branch in Minas Gerais specifically for export purposes. In November 2006 the administrative council's second chamber ruled in favour of MSG and fully cancelled the tax liability related to the first period. The State of Goiás may still appeal to the full board of the State of Goiás tax administrative council. The second assessment was issued by the State of Goiás in October 2006 on the same grounds as the first assessment, and the attributable share of the assessment is approximately \$18 million, R126 million. AGA believes both assessments are in violation of Federal legislation on sales taxes.</p> <p>Morro Velho is involved in a dispute with the tax authorities, as a result of an erroneous duplication of a shipping invoice between two states in Brazil, tax authorities are claiming that VAT is payable on the second invoice.</p>		
185	329		47	29
–	32		5	–

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		38 Contractual commitments and contingencies cont.		
		Contingent liabilities cont.		
		VAT Disputes – Brazil – MSG received a tax assessment in October 2003 from the State of Minas Gerais related to sales taxes on gold allegedly returned from the branch in Minas Gerais to the company head office in the State of Goiás. The tax administrators rejected the company's appeal against the assessment. The company is now dismissing the case at the judicial sphere. The company's attributable share of the assessment is approximately \$6 million, R39 million.	6	6
35	39			
		Social security payments – Brazil – AngloGold Ashanti Brazil is being accused of failing to pay certain required payments towards the social security system in Brazil during the period 1997 to 2004. Legislation is unclear on whether the contributions are actually due and payable. The amount involved is approximately \$2 million, R11 million.	2	2
10	11			
		A group of employees of Mining and Building Contractors (MBC), the Obuasi underground developer, are claiming to be employees of the group. If successful there is the risk of some employees claiming rights to share options.	3	3
16	20			
		The group has a potential liability at Navachab in Namibia to pay capital costs of the water pipeline and electricity supply to the mine in case of mine closure prior to 2019. Based on current life-of-mine business plans, the group believes the likelihood of this potential liability being realised to be more than remote but less than likely.	-	-
1	2			

Notes to the group financial statements *cont.*

For the year ended 31 December

2005	2006	Figures in million	2006	2005
SA Rands			US Dollars	
		38 Contractual commitments and contingencies <i>cont.</i>		
		Guarantees		
		<i>Financial guarantees</i>		
		The group has provided surety in favour of the lender in respect of gold loan facilities to wholly-owned subsidiaries of Oro Group (Proprietary) Limited, an associate of the group. The group has a total maximum liability, in terms of the suretyships of R100 million, \$14 million. The suretyship agreements have a termination notice period of 90 days. The group receives a fee from the associate for providing the surety and has provided for non-performance.		
100	100		14	16
		<i>Hedging guarantees</i>		
		AngloGold Ashanti Limited and its wholly-owned subsidiary AngloGold Ashanti Holdings plc have issued hedging guarantees to several counterparty banks in which they have guaranteed the due performance by the Geita Management Company Limited (GMC) of its obligations under or pursuant to the hedging agreements entered into by GMC, and to the payment of all money owing or incurred by GMC as and when due. This guarantee remains in force until no sum remains to be paid under the hedging agreements and the Bank has irrevocably recovered or received all sums payable to it under the hedging agreements. The maximum potential amount of future payments is all monies due, owing or incurred by GMC under or pursuant to the hedging agreements. At 31 December 2006 the marked-to-market valuation of the GMC hedge book was negative \$290 million, R2,032 million of which \$249 million, R1,741 million was raised on the balance sheet and the remainder treated under the NPNS exemption.		
1,090	2,032		290	172
		The group, together with its wholly-owned subsidiary, AngloGold Ashanti Holdings plc, has provided guarantees to several counterparty banks for the hedging commitments of its wholly owned subsidiary Ashanti Treasury Services Limited (ATS). At 31 December 2006, the marked-to-market valuation of the ATS hedge book was negative \$1,047 million, R7,334 million, of which \$251 million, R1,756 million was raised on the balance sheet while the remainder was treated under the NPNS exemption.		
4,591	7,334		1,047	723
		The group has issued gold delivery guarantees to several counterparty banks in which it guarantees the due performance of its subsidiaries AngloGold Ashanti USA Inc., AngloGold South America Limited and Cerro Vanguardia S.A. under their respective gold hedging agreements.		

39 Financial risk management activities

In the normal course of its operations, the group is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the group may enter into transactions which make use of both on- and off-balance sheet derivatives. The group does not acquire, hold or issue derivatives for trading purposes. The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. The board has approved and monitors this risk management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.

Controlling risk in the group

The Executive Committee and the Treasury Committee are responsible for risk management activities within the group. 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 group are defined as follows:

- Safeguarding the group 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 group 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 group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the units functional currency. The gold market is predominately priced in US dollars which exposes the group to the risk that fluctuations in the SA rand/US dollar, Brazilian real/US dollar, Argentinian peso/US dollar and Australian dollar/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 group's core business activities. Forward-sales contracts and call and put options are used by the group 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 group maintains the ability, to benefit from increases in the spot gold price for the majority of future gold production. At year end, the volume of outstanding forward sales contracts was 122,133kg (2005: 159,783kg).

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 a negative \$373 million, R2,614 million (2005: negative \$338 million, R2,142 million).

Notes to the group financial statements *cont.*

For the year ended 31 December

39 Financial risk management activities *cont.*

Net delta open hedge position as at 31 December 2006

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

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

Year	2007	2008	2009	2010	2011	2012-2016	Total
US Dollar/Gold							
Forward contracts							
Amount (kg)	19,622	22,817	21,738	14,462	12,931	24,308	115,878
\$/oz	\$301	\$314	\$316	\$347	\$397	\$418	\$347
Forward contracts (Long)							
Amount (kg)	12,957 ⁽¹⁾						12,957
\$/oz	\$639						\$639
Put options purchased							
Amount (kg)	1,455						1,455
\$/oz	\$292						\$292
Put options sold							
Amount (kg)	19,259	11,555	3,748	1,882	1,882	5,645	43,971
\$/oz	\$612	\$587	\$530	\$410	\$420	\$440	\$559
Call options purchased							
Amount (kg)	14,252	6,503					20,755
\$/oz	\$398	\$432					\$409
Call options sold							
Amount (kg)	47,779	46,776	41,148	32,036	36,188	51,294	255,221
\$/oz	\$475	\$466	\$473	\$458	\$492	\$564	\$491

39 Financial risk management activities cont.

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

Year	2007	2008	2009	2010	2011	2012-2016	Total
Rand/Gold							
Forward contracts							
Amount (kg)	2,138		933				3,071
R/kg	R91,299		R116,335				R98,769
Call options sold							
Amount (kg)	311		2,986	2,986	2,986		9,269
R/kg	R108,123		R202,054	R216,522	R230,990		R212,885
Australian Dollar/Gold							
Forward contracts							
Amount (kg)	7,465	2,177	3,390	3,111			16,143
A\$/oz	A\$669	A\$656	A\$649	A\$683			A\$666
Put options purchased							
Amount (kg)	4,977						4,977
A\$/oz	A\$826						A\$826
Put options sold							
Amount (kg)	5,910						5,910
A\$/oz	A\$800						A\$800
Call options purchased							
Amount (kg)	3,732	3,110	1,244	3,111			11,197
A\$/oz	A\$668	A\$680	A\$694	A\$712			A\$686
Call options sold							
Amount (kg)	6,532						6,532
A\$/oz	A\$847						A\$847
Total net gold							
Delta (kg) ⁽²⁾	(36,687)	(54,993)	(62,616)	(45,773)	(46,952)	(68,991)	(316,012)
Delta (oz) ⁽²⁾	(1,179,513)	(1,768,063)	(2,013,148)	(1,471,634)	(1,509,540)	(2,218,109)	(10,160,007)
The total net delta tonnage of the hedge of the group at 31 December 2005 was 10.84 Moz or 337t.							
⁽¹⁾ Indicates a long position resulting from forward purchase contracts. The group enters into forward purchase contracts as part of its strategy to actively manage and reduce the size of the hedge book.							
⁽²⁾ 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.							
Year	2007	2008	2009	2010	2011	2012-2016	Total
US Dollar/Silver							
Put options purchased							
Amount (kg)	43,545	43,545					87,090
\$/oz	\$7.40	\$7.66					\$7.53
Put options sold							
Amount (kg)	43,545	43,545					87,090
\$/oz	\$5.93	\$6.19					\$6.06
Call options sold							
Amount (kg)	43,545	43,545					87,090
\$/oz	\$8.40	\$8.64					\$8.52

Notes to the group financial statements *cont.*

For the year ended 31 December

39 Financial risk management activities *cont.*

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

Year	2007	2008	2009	2010	2011	2012-2016	Total
Rand/US Dollar (000)							
Put options purchased							
Amount (\$)	15,000						15,000
R per \$	R7.61						R7.61
Put options sold							
Amount (\$)	40,000						40,000
R per \$	R7.08						R7.08
Call options sold							
Amount (\$)	55,000						55,000
R per \$	R7.34						R7.34
Australian Dollar (000)							
Forward contracts							
Amount (\$)	73,518	20,000					93,518
\$ per A\$	\$0.76	\$0.73					\$0.75
Put options purchased							
Amount (\$)	10,000						10,000
\$ per A\$	\$0.76						\$0.76
Put options sold							
Amount (\$)	10,000						10,000
\$ per A\$	\$0.78						\$0.78
Call options sold							
Amount (\$)	10,000						10,000
\$ per A\$	\$0.75						\$0.75

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 group'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.

The marked-to-market value of all derivatives, irrespective of accounting designation, making up the hedge position was negative \$2.9 billion (negative R20.32 billion) as at 31 December 2006 (as at 31 December 2005: negative \$1.94 billion, negative R12.32 billion). These values were based on a gold price of \$636.30 per ounce, exchange rates of \$1 = R7.001 and A\$1 = \$0.7886 and the prevailing market interest rates and volatilities at 31 December 2006. The values as at 31 December 2005 were based on a gold price of \$517.00 per ounce, exchange rates of \$1=R6.305 and A\$1=\$0.7342 and the prevailing market interest rates and volatilities at that date.

39 Financial risk management activities cont.

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the group receives cash from the proceeds of its gold sales and is required to fund working capital requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market-related returns while minimising risks. The group is able to actively source financing at competitive rates.

The group has sufficient undrawn borrowing facilities available to fund working capital requirements.

Cash and short-term loans advanced

Maturity date	Currency	Fixed rate investment		Floating rate investment	
		amount million	Effective rate %	amount million	Effective rate %
All less than one year	USD	35	5.1	64	4.5
	ZAR	513	8.5	837	7.8
	AUD	–	–	52	6.0
	BRL	–	–	35	13.2
	ARS	–	–	13	9.5
	NAD	134	8.3	–	–

Borrowing maturity profile (note 30)

Currency	Within one year		Between one and two years		Between two and five years		After five years		Total Borrowings amount million
	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	
	\$	41	5.8	189	5.9	948	2.4	1	
ZAR	73 ⁽¹⁾	–	1,993	10.5	–	–	–	–	2,066
GHC	73,692	19.0	–	–	–	–	–	–	73,692

Interest-rate risk

Currency	Fixed for less than one year		Fixed for between one and two years		Fixed for greater than three years		Total Borrowings amount million
	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	
	\$	211	6.2	964	2.4	4	
ZAR	73 ⁽¹⁾	–	1,993	10.5	–	–	2,066
GHC	73,692	19.0	–	–	–	–	73,692

⁽¹⁾ 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 fixed until the maturity of the instrument. The other financial instruments of the group that are not included in the tables above are non-interest bearing and are therefore not subject to interest rate risk.

Notes to the group financial statements *cont.*

For the year ended 31 December

39 Financial risk management activities *cont.*

Credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timeously. The group minimises credit risk by ensuring that credit risk is spread over a number of counterparts. These counterparts are financial and banking institutions of good credit quality. Where possible, management tries to ensure that netting agreements are in place. The combined maximum credit risk exposure at the balance sheet date is \$655 million, R4,591 million (2005: \$713 million, R4,523 million) on a contract by contract basis. Credit risk exposure netted by counter parties amounts to \$68 million, R477 million (2005: \$18 million, R115 million). No set-off is applied to the balance sheet due to the different maturity profiles of assets and liabilities.

Trade debtors mainly comprise banking institutions purchasing gold bullion. Normal market settlement terms are two working days. No impairment was recognised as the principal debtors continue to be in a sound financial position.

The group does not generally obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of counterparts. The group's reserves and financial strength has allowed it to arrange unmarginated credit lines of up to ten years with counterparties.

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 group's financial instruments as at 31 December 2006 are as follows:

Type of instrument

Figures in million

	2006		2005	
	Carrying amount	Fair value	Carrying Amount	Fair Value
US Dollars				
<i>Financial assets</i>				
Other investments (note 19)	126	126	102	102
Other non-current assets	5	5	13	13
Trade and other receivables	56	55	107	107
Cash restricted for use (note 24)	11	11	8	8
Cash and cash equivalents (note 25)	495	495	209	209
<i>Financial liabilities</i>				
Borrowings (note 30)	1,482	1,551	1,894	1,915
Trade and other payables	468	468	385	385
Derivatives	1,364	2,975	749	2,029

39 Financial risk management activities cont.

Type of instrument cont.

Figures in million	2006		2005	
	Carrying amount	Fair value	Carrying Amount	Fair Value
SA Rands				
<i>Financial assets</i>				
Other investments (note 19)	884	884	645	645
Other non-current assets	33	32	76	75
Trade and other receivables	387	385	676	676
Cash restricted for use (note 24)	75	75	52	52
Cash and cash equivalents (note 25)	3,467	3,467	1,328	1,328
<i>Financial liabilities</i>				
Borrowings (note 30)	10,376	10,859	12,015	12,147
Trade and other payables	3,276	3,276	2,456	2,456
Derivatives	9,545	20,826	4,751	12,873

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 liabilities are shown.

Figures in million	2006			
	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total
US Dollars				
Derivative (liabilities) assets comprise the following:				
Commodity option contracts	(516)	-	(1,056)	(1,572)
Foreign exchange option contracts	-	-	(12)	(12)
Forward sale commodity contracts	(1,061)	(375)	108	(1,328)
Forward foreign exchange contracts	-	2	2	4
Gold interest rate swaps	(34)	-	39	5
Sub-total hedging	(1,611)	(373)	(919)	(2,903)
Option component of convertible bonds	-	-	(72)	(72)
All derivatives	(1,611)	(373)	(991)	(2,975)

39 Financial risk management activities cont.

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

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

Borrowings

The fair values of listed fixed rate debt and the convertible bonds are shown at their 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 group 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 group uses volatility inputs supplied by leading market participants (international banks). The group believes that no other possible alternative would result in significantly different fair value estimations.

Derivative maturity profile

Figures in million

	2006		
	Total	Assets	Liabilities
US Dollars			
Amounts to mature within one year of balance sheet date	1,087	(649)	1,736
Amounts to mature between one and two years	117	(6)	123
Amounts to mature between two and five years	160	-	160
Total	1,364	(655)	2,019
SA Rands			
Amounts to mature within one year of balance sheet date	7,606	(4,546)	12,152
Amounts to mature between one and two years	822	(45)	867
Amounts to mature between two and five years	1,117	-	1,117
Total	9,545	(4,591)	14,136
		2005	
US Dollars			
Amounts to mature within one year of balance sheet date	399	(675)	1,074
Amounts to mature between one and two years	117	(30)	147
Amounts to mature between two and five years	233	(8)	241
Total	749	(713)	1,462
SA Rands			
Amounts to mature within one year of balance sheet date	2,534	(4,280)	6,814
Amounts to mature between one and two years	745	(188)	933
Amounts to mature between two and five years	1,472	(55)	1,527
Total	4,751	(4,523)	9,274

Notes to the group financial statements *cont.*

For the year ended 31 December

39 Financial risk management activities *cont.*

Summary of contracted uranium sales as at 31 December 2006

The group has the following forward pricing uranium commitments against future production:

Year	lbs '000 ⁽¹⁾	Average contracted price (\$/lbs) ⁽²⁾
2007	1,503	\$16.47
2008	1,869	\$21.99
2009	919	\$29.91
2010 – 2013	1,976	\$35.37

Great Noligwa, Kopanang and Tau Lekoa produced 1.38 million pounds of uranium oxide in 2006.

⁽¹⁾ Certain contracts allow the buyer to adjust the purchase quantity within a specified range.

⁽²⁾ Certain contracts are subject to market related price adjustment mechanisms. In these cases the price disclosed indicates the previous periodic price reset.

40 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	US Dollars
Environmental rehabilitation and other expenditure	368	57
Other non-cash movements	(368)	(57)

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.

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, irrespective of the year of occurrence.

As a result of the revised assessment criteria, AngloGold Ashanti identified an adjustment necessary to the balance sheet, principally to trade and other payables and deferred income. 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 follows. Opening retained earnings for 2005 have been reduced by \$13 million, R83 million which is the amount of the adjustment relating to periods prior to 2005. The net effect on the income statement was \$1 million, R7 million.

Figures in million

	SA Rands	US Dollars
Income statement		
Reduction in costs of sales	11	2
Increase in taxation	(4)	(1)
Effect on profit attributable to equity shareholders	7	1
Balance sheet		
Assets		
Increase in tangible assets	23	3
Increase in inventories	6	1
Decrease in trade and other receivables	(36)	(5)
Liabilities		
Decrease in deferred taxation	(33)	(5)
Increase in trade, other payables and deferred income	102	15
Equity		
Decrease in retained earnings	(76)	(11)
There are no cash flow effects.		
	2006	2005
41 Exchange rates		
Rand/US dollar average for the year	6.77	6.37
Rand/US dollar closing	7.00	6.35
BRL/US dollar average for the year	2.18	2.44
BRL/US dollar closing	2.14	2.35
Pesos/US dollar average for the year	3.08	2.92
Pesos/US dollar closing	3.06	3.03
Rand/Australian dollar average for the year	5.10	4.85
Rand/Australian dollar closing	5.53	4.65
Australian dollar/US dollar average for the year	1.33	1.31
Australian dollar/US dollar closing	1.27	1.36