notes to the annual financial statements For the year ended 31 December

Figures in million	2008	2007
	SA Rands	
1 REVENUE		
Revenue consists of the following principal categories:		
Gold income	**12,652**	9,971
By-products (note 2)	**144**	160
Dividends received from subsidiaries (note 29)	**538**	376
Dividend received from other investments (note 29)	**–**	16
Interest received (note 29)		
– loans and receivables	**4**	17
– cash and cash equivalents	**278**	129
	13,616	10,669
2 COST OF SALES		
Cash operating costs [1]	**6,322**	5,733
By-products (note 1)	**(144)**	(160)
	6,178	5,573
Other cash costs	**34**	29
Total cash costs	**6,212**	5,602
Retrenchment costs (note 7)	**72**	34
Rehabilitation and other non-cash costs	**98**	56
Production costs	**6,382**	5,692
Amortisation of tangible assets (notes 6, 9 and 29)	**1,903**	1,806
Total production costs	**8,285**	7,498
Inventory change	**11**	30
	8,296	7,528
[1] Cash operating costs comprises:		
– salaries and wages	**3,379**	2,960
– stores and other consumables	**1,603**	1,364
– fuel, power and water	**775**	666
– contractors	**103**	117
– services and other charges	**462**	626
	6,322	5,733
3 OTHER OPERATING (INCOME) EXPENSE		
Pension and medical defined benefit provisions	**(9)**	19
4 OPERATING SPECIAL ITEMS		
Impairment net of reversals of tangible assets (note 9)	**136**	–
ESOP costs resulting from rights offer (group note 11)	**76**	–
Loss (profit) on disposal and derecognition of land, mineral rights and tangible assets	**53**	(72)
Loss on disposal of investment	**38**	–
Profit on disposal of investment in Nufcor International Limited [1]	**(364)**	–
Insurance claim recovery	**(28)**	–
Recovery of exploration costs	**–**	(7)
	(89)	(79)

[1] On 27 June 2008, AngloGold Ashanti Limited sold its 50% interest in Nufcor International Limited, a London-based uranium marketing, trading and advisory business to Constellation Energy Commodities Group for net proceeds of R382m and realised a profit of R364m.

Figures in million	2008	2007
	SA Rands	
5 FINANCE COSTS AND UNWINDING OF OBLIGATIONS		
Finance costs on corporate bond [(1)]	**141**	214
Finance lease charges	**25**	16
Other	**6**	12
	172	242
Amounts capitalised (note 9)	**(38)**	(51)
	134	191
Unwinding of decommissioning obligation (note 24)	**41**	52
Unwinding of restoration obligation (note 24)	**17**	14
(note 29)	**192**	257

(1) Finance costs have been determined using the effective interest rate method.

6 PROFIT BEFORE TAXATION		
Profit before taxation is arrived at after taking account of:		
Auditors' remuneration		
– audit fees	**32**	24
– (Over) under provision prior year	**(1)**	18
– other assurance services	**11**	10
	42	52
Amortisation of tangible assets		
– owned assets	**1,887**	1,795
– leased assets	**16**	11
(notes 2, 9 and 29)	**1,903**	1,806
Grants for educational and community development	**24**	22
Operating lease charges	**111**	271

Figures in million	2008	2007
	SA Rands	
7 EMPLOYEE BENEFITS		
Employee benefits including executive directors' salaries and other benefits	**4,158**	3,625
Health care and medical scheme costs		
– current medical expenses	**326**	313
– defined benefit post-retirement medical expenses	**95**	92
Pension and provident plan costs		
– defined contribution	**263**	228
– defined benefit pension plan	**(26)**	(20)
Retrenchment costs (note 2)	**72**	34
Share-based payment expense [(1)]	**270**	216
Included in cost of sales, other operating expenses, operating special items and corporate administration and other expenses	**5,158**	4,488
Actuarial defined benefit plan expense analysis		
Defined benefit post-retirement medical		
– current service cost	**6**	6
– interest cost	**89**	86
	95	92
Defined benefit pension plan		
– current service cost	**49**	47
– interest cost	**139**	124
– expected return on plan assets	**(214)**	(191)
	(26)	(20)
Actual return on plan assets		
– South Africa defined benefit pension plan	**(61)**	185

Refer to the Remuneration report for details of directors' emoluments

(1) Details of the equity-settled share-based payment arrangements of the group have been disclosed in group note 11. These arrangements consist of awards by the company to employees of various group companies. The income statement expense of R270m (2007: R216m) for the company is only in respect of awards made to employees of the company.

Figures in million	2008	2007
	SA Rands	
8 TAXATION		
Current taxation		
Mining tax (1)	–	371
Non-mining tax (2)	**31**	175
Under provision prior year	**43**	47
(note 28)	**74**	593
Deferred taxation		
Temporary differences (1)	**(159)**	281
Unrealised non-hedge derivatives and other commodity contracts	**841**	(634)
Change in estimated deferred tax rate (3)	**62**	57
Change in statutory tax rate (4)	**(70)**	–
(note 26)	**674**	(296)
	748	297

Tax reconciliation

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

	% 2008	% 2007
Effective tax rate	**35**	37
Disallowable items	**5**	6
Dividends received	**(9)**	(21)
Taxable items not forming part of the income statement	**–**	2
Impact of prior year under provisions	**2**	7
Change in estimated deferred tax rate (3)	**3**	8
Change in statutory tax rate (4)	**(3)**	–
Other	**2**	3
Estimated corporate tax rate (4)	**35**	42

(1) Included in mining tax is taxation on the disposal of tangible assets of nil (2007: R21m) and included in temporary differences is a tax credit of R75m (2007: tax charge R6m). There is no mining tax charge in 2008 as the mining income was primarily offset by the non-mining losses from the accelerated non-hedge derivative close-outs.

(2) In South Africa the non-mining income is taxed at the higher non-mining tax rate of 35% (2007: 37%) as the company has elected to be exempt from STC. Companies who elected to be subject to STC are taxed at the lower company tax rate of 28% (2007: 29%) for non-mining taxation purposes.

(3) 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 future profitability when temporary differences will reverse. Depending on the profitability of the operations, the tax rate can consequently be significantly different from year to year. The change in the estimated deferred tax rate at which the temporary differences will reverse amounts to R62m (2007: R57m).

(4) Mining tax on mining income in South Africa is determined according to a formula based on profit and revenue from mining operations. The company has elected to be exempt from STC and is taxed at a higher rate of company tax for mining and non-mining income tax purposes.

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 mining income is carried forward as unredeemed capital to be deducted from future mining income. South Africa operates under two tax paying operations, Vaal River Operation and West Wits Operation. Under ring-fencing legislation, each operation is treated separately and deductions can only be utilised against income generated by the relevant tax operation.

The formula for determining the South African mining tax rate is:
$Y = 43 - 215/X$ (2007: $Y = 45 - 225/X$)
where Y is the percentage rate of tax payable and X is the ratio of mining profit net of any redeemable capital expenditure to mining revenue expressed as a percentage.
The maximum statutory mining tax rate is 43% (2007: 45%), non-mining statutory tax rate 35% (2007: 37%) and statutory company tax rate 28% (2007: 29%).

9 TANGIBLE ASSETS

Figures in million	Mine development costs	Mine infra-structure	Mineral rights and dumps	Land and buildings	Total
SA Rands					
Cost					
Balance at 1 January 2007	16,865	4,461	545	16	21,887
Additions					
– project expenditure	466	40	–	–	506
– stay-in-business expenditure	1,732	314	–	250	2,296
Disposals	(4)	(16)	–	(1)	(21)
Transfers and other movements (1)	(136)	(103)	–	–	(239)
Finance costs capitalised (note 5)	51	–	–	–	51
Balance at 31 December 2007	18,974	4,696	545	265	24,480
Accumulated amortisation					
Balance at 1 January 2007	6,731	2,505	166	1	9,403
Amortisation for the year (notes 2, 6 and 29)	1,600	167	28	11	1,806
Disposals	(2)	(3)	–	–	(5)
Transfers and other movements (1)	(96)	75	–	–	(21)
Balance at 31 December 2007	8,233	2,744	194	12	11,183
Net book value at 31 December 2007	10,741	1,952	351	253	13,297
Cost					
Balance at 1 January 2008	**18,974**	**4,696**	**545**	**265**	**24,480**
Additions					
– project expenditure	**559**	**19**	**–**	**–**	**578**
– stay-in-business expenditure	**1,951**	**240**	**–**	**–**	**2,191**
Disposals	**–**	**(2)**	**–**	**–**	**(2)**
Transfers and other movements (1)	**(56)**	**(1,017)**	**156**	**–**	**(917)**
Finance costs capitalised (note 5)	**38**	**–**	**–**	**–**	**38**
Balance at 31 December 2008	**21,466**	**3,936**	**701**	**265**	**26,368**
Accumulated amortisation					
Balance at 1 January 2008	**8,233**	**2,744**	**194**	**12**	**11,183**
Amortisation for the year (notes 2, 6 and 29)	**1,702**	**159**	**25**	**17**	**1,903**
Impairment (2)	**159**	**–**	**–**	**–**	**159**
Impairment reversal (2)	**(23)**	**–**	**–**	**–**	**(23)**
Transfers and other movements (1)	**(29)**	**(894)**	**56**	**–**	**(867)**
Balance at 31 December 2008	**10,042**	**2,009**	**275**	**29**	**12,355**
Net book value at 31 December 2008	**11,424**	**1,927**	**426**	**236**	**14,013**

Included in land and buildings are assets held under finance leases with a net book value of R218m (2007: R235m).

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 10.65% (2007: 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.

(1) Transfers and other movements comprise amounts from changes in estimates of decommissioning assets and asset reclassifications within the note and to assets held for sale.

Figures in million	2008	2007
	SA Rands	
9 TANGIBLE ASSETS (CONTINUED)		
(2) Impairments and impairment reversals include the following:		
Below 120 level at TauTona – mine development costs	**159**	–
Due to a change in the mine plan resulting from safety related concerns, a portion of the below 120 level development has been abandoned and will not generate future cash flows.		
East of Bank Dyke at TauTona – mine development cost	**(23)**	–
Due to a re-assessment in mine plan, the East of Bank Dyke access development has become economically viable based on the increased gold price and will generate future cash flows, as a result the impairment raised during 2005 has been partially reversed.		
(Note 4)	**136**	–
The impairment calculation methodology is included in group note 16.		
10 INVESTMENT IN ASSOCIATES		
The company has a 25% (2007: 25%) interest in Oro Group (Pty) Limited which is involved in the manufacture and wholesale of jewellery. The year-end of Oro Group (Pty) Limited is 31 March.		
The company has a 33.3% (2007: 33.3%) interest in the not-for-profit Margaret Water Company which is involved in the pumping of underground water in the Vaal River Region. The year end of Margaret Water Company is 31 March.		
The carrying value of the associates consist of:		
Unlisted shares at cost less impairments	**15**	15
Loans advanced [(1)]	**15**	15
	30	30
Directors' valuation of the unlisted associates	**30**	30
(1) The Oro loan bears interest at a rate determined by the Oro Group (Pty) Limited's board of directors and is repayable at their discretion.		
Summarised financial information of associates is as follows (not attributable):		
Balance sheet		
Non-current assets	**73**	63
Current assets	**348**	284
Total assets	**421**	347
Non-current liabilities	**95**	99
Current liabilities	**207**	145
Total liabilities	**302**	244
Net assets	**119**	103
Income statement		
Revenue	**475**	495
Costs and expenses	**(451)**	(481)
Taxation	**(8)**	(5)
Profit after taxation	**16**	9

Figures in million	2008	2007
	SA Rands	
11 INVESTMENT IN SUBSIDIARIES		
Shares at cost:		
Advanced Mining Software Limited	**2**	2
AGRe Insurance Company Limited	**14**	14
AngloGold Ashanti Americas Investments Limited	**849**	849
AngloGold Ashanti USA Incorporated	**2,722**	1,852
AngloGold Ashanti Holdings plc	**23,953**	13,823
AngloGold Namibia (Pty) Limited	**51**	–
AngloGold Offshore Investments Limited	**327**	313
Eastvaal Gold Holdings Limited	**917**	917
Nuclear Fuels Corporation of SA (Pty) Limited	**7**	7
Rand Refinery Limited [1]	**116**	116
Xinjiang Yunhai Mining Company Limited	**10**	7
Gansu Jinchanggou Mining Company Limited	**15**	–
	28,983	17,900

[1] The statutory year-end of Rand Refinery Limited is 30 September. The management accounts of Rand Refinery Limited have been included in the group's results for the year ended 31 December 2008.

In terms of IAS 27, the Environmental Rehabilitation Trust Fund is deemed to be a subsidiary (note 15).

12 INVESTMENT IN JOINT VENTURE		
Nufcor International Limited	**–**	18

On 27 June 2008, AngloGold Ashanti Limited sold its 50% interest in Nufcor International Limited to Constellation Energy Commodities Group.

13 OTHER INVESTMENTS		
Unlisted investments		
Available-for-sale		
Balance at beginning of year [1]	**2**	2
Balance at end of year	**2**	2

Available-for-sale unlisted investments consist primarily of the Chamber of Mines Building Company Limited

Held-to-maturity		
Balance at beginning of year	**14**	14
Balance at end of year	**14**	14
Total other investments (note 32)	**16**	16
Directors' valuation of unlisted investments	**16**	16

The investment held-to-maturity consists of the Gold of Africa Museum.

[1] There is no active market for the unlisted equity investments and fair value cannot be reliably measured. The unlisted equity investments are carried at cost. The company does not intend to sell the investments in the foreseeable future.

Figures in million	2008	2007
	SA Rands	
14 INVENTORIES		
Work in progress		
– gold in process	**277**	240
Finished goods		
– gold doré/bullion	**4**	15
– by-products	**202**	68
Total metal inventories	**483**	323
Mine operating supplies	**186**	153
	669	476

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 nil (2007: R139m). This expense is included in cost of sales which is disclosed in note 2.

Figures in million	2008	2007
15 INVESTMENT IN ENVIRONMENTAL REHABILITATION TRUST FUND		
Balance at beginning of year	**294**	309
Contributions	**–**	5
Rehabilitation expenditure reclaimed	**–**	(20)
Balance at end of year	**294**	294

The fund is managed by Rand Merchant Bank and mainly invested in government long bonds and other fixed-term deposits.

Figures in million	2008	2007
16 INTRA-GROUP BALANCES		
Advanced Mining Software Limited	**(18)**	(6)
AngloGold Ashanti Americas Investments Limited	**(66)**	(48)
AngloGold Ashanti Australia Limited	**12**	4
AngloGold Ashanti Brasil Mineração Ltda	**21**	9
AngloGold Ashanti (Ghana) Limited	**109**	23
AngloGold Ashanti Health (Pty) Limited	**22**	29
AngloGold Ashanti Holdings plc	**(709)**	(511)
AngloGold Ashanti (Iduapriem) Limited	**17**	3
AngloGold Ashanti North America Inc	**13**	2
AngloGold Namibia (Pty) Limited	**4**	1
AngloGold Offshore Investments Limited	**(6)**	–
AngloGold South America Limited	**(256)**	(184)
Ashanti Goldfields Kilo Scarl	**9**	6
Cerro Vanguardia S.A.	**2**	1
Eastvaal Gold Holdings Limited	**(606)**	(604)
Erongo Holdings Limited	**–**	(13)
Gansu Jinchanggou Mining Company Limited	**(5)**	–
Geita Gold Mining Limited	**41**	11
Masakhisane Investment Limited	**1**	5
Mineração Serra Grande S.A.	**–**	3
Nuclear Fuels Corporation of SA (Pty) Limited	**58**	(44)
Societé Ashanti Goldfields de Guinée S.A.	**38**	21
Société d'Exploitation des Mines d'or de Sadiola S.A.	**2**	–
	(1,317)	(1,292)
Included on the balance sheet as follows:		
Non-current assets	**388**	198
Non-current liabilities	**(1,705)**	(1,490)
	(1,317)	(1,292)

During 2008, loans to the joint ventures of R3m (2007: R2m) were reallocated to trade and other receivables (note 18).

Figures in million	2008	2007
	SA Rands	
17 OTHER NON-CURRENT ASSETS		
AngloGold Ashanti Pension Fund (note 25)	–	244
Loans and receivables		
Loan repayable between 31 December 2009 and 31 December 2011 bearing interest at 3% per annum	7	4
Other non-interest bearing loans and receivables – repayable on various dates	3	2
	10	250
18 TRADE AND OTHER RECEIVABLES		
Non-current		
Other debtors	140	–
Amounts due from related parties (note 16)	3	2
	143	2
Current		
Trade debtors	24	20
Prepayments and accrued income	192	85
Interest receivable	10	7
Recoverable tax, rebates, levies and duties	72	115
Amounts due from related parties	40	43
Other debtors	48	26
	386	296
Total trade and other receivables	529	298

Current trade debtors are non-interest bearing and are generally on terms less than 90 days.

19 CASH AND CASH EQUIVALENTS		
Cash and deposits on call	528	783
Money market instruments	930	500
(note 32)	1,458	1,283
20 NON-CURRENT ASSETS HELD FOR SALE		
Effective 30 June 2005, the investment in the Weltevreden mining rights was classified as held for sale. This investment was previously recognised as a tangible asset. A sale agreement was concluded subject to conditions precedent to sell Weltevreden's rights to Aflease Gold on 15 June 2005. On 19 December 2005, Aflease was acquired by SXR Uranium One (formerly Southern Cross Inc.) and the sale agreement was amended to recognise this change. During the quarter ended 30 June 2008, the investment in the Weltevreden mining rights with a net book value of R100m (2007: R100m) was reclassified from assets held for sale to tangible assets held for use because the conditions precedent in the sale agreement were not fulfilled and AngloGold Ashanti had no current prospective buyers to complete negotiations within a 12-month period.	–	100

Figures in million	2008	2007
	SA Rands	
21 SHARE CAPITAL AND PREMIUM		
Share capital		
Authorised		
400,000,000 ordinary shares of 25 SA cents each	**100**	100
4,280,000 E ordinary shares of 25 SA cents each	**1**	1
2,000,000 A redeemable preference shares of 50 SA cents each	**1**	1
5,000,000 B redeemable preference shares of 1 SA cent each	**–**	–
	102	102
Issued and fully paid		
353,483,410 (2007: 277,457,471) ordinary shares of 25 SA cents each	**88**	69
3,966,941 (2007: 4,140,230) E ordinary shares of 25 SA cents each	**1**	1
2,000,000 (2007: 2,000,000) A redeemable preference shares of 50 SA cents each	**1**	1
778,896 (2007: 778,896) B redeemable preference shares of 1 SA cent each	**–**	–
	90	71
Share premium		
Balance at beginning of year	**23,253**	22,976
Ordinary shares issued	**14,927**	283
E ordinary shares cancelled	**(22)**	(6)
Balance at end of year	**38,158**	23,253
Share capital and premium	**38,248**	23,324

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 Mining Right 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 Mining Right Area, after redemption in full of the B preference shares 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 Mining Right 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 Mining Right Area.

The Moab Mining Right Area consists of the Moab Khotsong mine operations.
The B preference shares will only be redeemable from any net proceeds remaining after the disposal of assets (Moab Mining Right Area) following permanent cessation of mining activities. The maximum redemption price will be R250 per share.

In the event of any surplus remaining after the redemption in full of the B preference shares, the A preference shares will be redeemable at such value as would cover the outstanding surplus.

22 RETAINED EARNINGS AND OTHER RESERVES

Figures in million	Retained earnings	Non-distributable reserves (1)	Actuarial gains (losses)	Other comprehensive income (2)	Total
SA Rands					
Balance at December 2006	(3,610)	141	(51)	(1,014)	(4,534)
Actuarial loss recognised			(95)		(95)
Net loss on cash flow hedges removed from equity and reported in gold sales				649	649
Net loss on cash flow hedges				(695)	(695)
Hedge ineffectiveness				31	31
Share-based payment for share awards				222	222
Deferred issuance cost from ESOP Share Trust establishment				(22)	(22)
Deferred taxation on items above			35	(1)	34
Profit for the year	413				413
Dividends (group note 15)	(919)				(919)
Preference dividends	(31)				(31)
Balance at December 2007	(4,147)	141	(111)	(830)	(4,947)
Actuarial loss recognised			**(347)**		**(347)**
Net loss on cash flow hedges removed from equity and reported in gold sales				**1,009**	**1,009**
Net loss on cash flow hedges				**(596)**	**(596)**
Hedge ineffectiveness				**20**	**20**
Share-based payment for share awards				**157**	**157**
Deferred taxation on items above (note 26)			**123**	**(190)**	**(67)**
Profit for the year	**1,613**				**1,613**
Dividends (group note 15)	**(324)**				**(324)**
Preference dividends	**(376)**				**(376)**
Balance at December 2008	**(3,234)**	**141**	**(335)**	**(430)**	**(3,858)**

(1) Non-distributable reserves comprise a surplus on disposal of company shares of R141m (2007: R141m).

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

Figures in million	2008	2007
	SA Rands	
23 BORROWINGS		
Unsecured		
Corporate Bond [1]	–	2,070
Semi-annual coupons were paid at 10.5% per annum. The bond was repaid on 28 August 2008 and was rand-based.		
Secured		
Finance leases		
Turbine Square Two (Proprietary) Limited	**254**	249
The leases are capitalised at an implied interest rate of 9.8% per annum. Lease payments are due in monthly instalments terminating in March 2022 and are rand-based. The buildings financed are used as security for these loans.		
Vehicle leases	**1**	1
Interest is charged at a rate of 15.5% per annum. Loans are repayable in monthly instalments terminating in February 2011 and are rand-based. The vehicles financed are used as security for these loans.		
Total borrowings (note 32)	**255**	2,320
Current portion of borrowings included in current liabilities	**(2)**	(2,072)
Total long-term borrowings	**253**	248
Amounts falling due		
Within one year	**2**	2,072
Between two and five years	**107**	83
After five years	**146**	165
(note 32)	**255**	2,320
Undrawn facilities		
There were no undrawn borrowing facilities as at 31 December 2008 (2007: nil).		
[1] Corporate Bond		
Senior unsecured fixed-rate bond	–	2,000
Unamortised discount and bond issue costs	–	(3)
	–	1,997
Accrued interest	–	73
	–	2,070

Figures in million	2008	2007
	SA Rands	

24 ENVIRONMENTAL REHABILITATION PROVISIONS

	2008	2007
Provision for decommissioning		
Balance at beginning of year	**493**	642
Change in estimates [(1)]	**(75)**	(198)
Unwinding of decommissioning obligation (note 5)	**41**	52
Utilised during the year	**(2)**	(3)
Balance at end of year	**457**	493
Provision for restoration		
Balance at beginning of year	**389**	445
Charge to income statement	**72**	25
Change in estimates [(1)]	**(19)**	(17)
Unwinding of restoration obligation (note 5)	**17**	14
Utilised during the year	**(19)**	(78)
Balance at end of year	**440**	389
Total environmental rehabilitation provisions	**897**	882

[(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 expected to unwind beyond the end of the life of mine.

25 PROVISION FOR PENSION AND POST-RETIREMENT BENEFITS

Defined benefit plans

The company has made provision for pension, provident and medical schemes covering substantially all employees. The retirement schemes consist of the following:

	2008	2007
AngloGold Ashanti Limited Pension Fund (asset) (group note 30)	**100**	(244)
Post-retirement medical scheme for AngloGold Ashanti Limited's South African employees (group note 30)	**1,070**	1,121
	1,170	877
Transferred to other non-current assets (note 17)		
AngloGold Ashanti Limited Pension Fund	**–**	244
	1,170	1,121

Company Annual Financial Statements 2008

Figures in million	2008	2007
	SA Rands	
26 DEFERRED TAXATION		
Deferred taxation relating to temporary differences is made up as follows:		
Liabilities		
Tangible assets	**4,965**	4,940
Inventories	**103**	92
Other	**4**	10
	5,072	5,042
Assets		
Provisions	**790**	671
Derivatives	**1,220**	2,359
Tax losses	**340**	13
Other	**98**	111
	2,448	3,154
Net deferred taxation liability	**2,624**	1,888
The movement on the deferred tax balance is as follows:		
Balance at beginning of year	**1,888**	2,197
Income statement charge (note 8)	**674**	(296)
Discontinued operations (group note 13)	**(5)**	21
Taxation on cash flow hedges and hedge ineffectiveness (note 22)	**178**	(5)
Taxation on actuarial gain (note 22)	**(123)**	(35)
Taxation on cost of ESOP Share Trust establishment (note 22)	**12**	6
Balance at end of year	**2,624**	1,888
27 TRADE AND OTHER PAYABLES		
Trade creditors	**540**	588
Accruals	**702**	647
Unearned premiums on normal sale exempted contracts	**234**	225
	1,476	1,460
Trade and other payables are non-interest bearing and are normally settled within 60 days.		
28 TAXATION		
Balance at beginning of year	**591**	561
Payments during the year	**(53)**	(565)
Provisions during the year (note 8)	**74**	593
Discontinued operations (group note 13)	**17**	2
Balance at end of year	**629**	591

Figures in million	2008	2007
	SA Rands	

29 CASH GENERATED FROM OPERATIONS

	2008	2007
Profit before taxation	**2,163**	703
Adjusted for:		
Movement on non-hedge derivatives and other commodity contracts	**1,511**	1,616
Amortisation of tangible assets (notes 2, 6 and 9)	**1,903**	1,806
Finance costs and unwinding of obligations (note 5)	**192**	257
Interest receivable (note 1)	**(282)**	(146)
Dividends receivable from other investments and subsidiaries (note 1)	**(538)**	(392)
Operating special items	**(89)**	(72)
Environmental rehabilitation and other expenditure	**35**	(29)
Foreign currency translation on intergroup loans	**289**	(22)
Other non-cash movements	**157**	213
Movements in working capital	**(87)**	54
	5,254	3,988
Movements in working capital:		
Increase in inventories	**(193)**	(68)
Increase in trade and other receivables	**(57)**	(65)
Increase in trade and other payables	**163**	187
	(87)	54

30 RELATED PARTIES

	2008	2007
Material related party transactions were as follows:		
Sales and services rendered to related parties		
Joint ventures	**95**	104
Associates	–	5
Subsidiaries	**346**	264
Purchases and services acquired from related parties		
Associates	**15**	–
Subsidiaries	**334**	302
Outstanding balances arising from sale of goods and services and other loans due by related parties		
Joint ventures	**35**	37
Associates	**22**	21
Subsidiaries	**373**	181
Outstanding balances arising from purchases of goods and services and other loans owed to related parties		
Subsidiaries	**1,705**	1,490

Amounts owed to related parties are unsecured and non-interest bearing.

Management fees, royalties, interest and net dividends from subsidiaries amounts to R174m (2007: R342m). This consists mainly of dividends received from AngloGold Ashanti Offshore Investments Limited of R102m. In 2007, dividends of R326m were received from AngloGold Ashanti Holdings plc.

The group has refining arrangements with various refineries around the world including Rand Refinery Limited (Rand Refinery) in which it holds a 53% interest. Rand Refinery refines all of the group's South African gold production and some of the group's African (excluding South Africa) gold production. Rand Refinery charges AngloGold Ashanti a refining fee.

Figures in million	2008	2007
	SA Rands	
30 RELATED PARTIES (CONTINUED)		
Doubtful debts expensed during the year amounted to R12m (2007: R4m).		
Details of guarantees to associates are included in note 31.		
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 180 to 197).		
Compensation to key management personnel included the following:		
– short-term employee benefits	79	133
– post-employment benefits	2	8
– share-based payments	3	54
	84	195
31 CONTRACTUAL COMMITMENTS AND CONTINGENCIES		
Operating leases		
At 31 December 2008, the company was committed to making the following payments in respect of operating leases for among others, hire of plant and equipment and land and buildings. Certain contracts contain renewal options and escalation clauses for various periods of time.		
Expiry:		
– within one year	127	44
– between one and two years	17	–

Finance leases

The company has finance leases for buildings and motor vehicles. The building leases have terms of renewal but no purchase options and escalation clauses. The motor vehicle leases have no purchase option and have escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments are as follows:

	Minimum payments	Present value of payments
	2008	
Within one year	25	25
Within one year but not more than five years	26	25
More than five years	467	208
Total minimum lease payments	518	258
Amounts representing finance charges	(260)	–
Present value of minimum lease payments	258	258

31 CONTRACTUAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

Finance leases (continued)

	Minimum payments	Present value of payments
	2007	
Within one year	20	2
Within one year but not more than five years	101	4
More than five years	411	244
Total minimum lease payments	532	250
Amounts representing finance charges	(282)	–
Present value of minimum lease payments	250	250

Figures in million	2008	2007
	SA Rands	
Capital commitments		
Acquisition of tangible assets		
Contracted for	**254**	428
Not contracted for	**5,201**	4,916
Authorised by the directors	**5,455**	5,344
Allocated to:		
Project expenditure		
– within one year	**1,646**	667
– thereafter	**658**	2,120
	2,304	2,787
Stay-in-business expenditure		
– within one year	**2,742**	2,279
– thereafter	**409**	278
	3,151	2,557
Purchase obligations		
Contracted for		
– within one year	**87**	261

Company Annual Financial Statements 2008

31 CONTRACTUAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

Purchase obligations represent contractual obligations for the purchase of mining contract services, supplies, consumables, inventories, explosives and activated carbon.

To service these capital commitments, purchase obligations and other operational requirements, the company is dependent on existing cash resources, cash generated from operations and borrowing facilities.

Cash generated from operations is subject to operational, market and other risks. Distributions from operations may be subject to foreign investment, exchange control laws and regulations and the quantity of foreign exchange available in offshore countries. In addition, distributions from joint ventures are subject to the relevant board approval.

The credit facilities and other finance arrangements contain financial covenants and other similar undertakings. To the extent that external borrowings are required, the company's covenant performance indicates that existing financing facilities will be available to meet the commitments detailed above. To the extent that any of the financing facilities mature in the near future, the company believes that sufficient measures are in place to ensure that these facilities can be refinanced.

Figures in million	Contingency or guarantee 2008	Liabilities included on balance sheet 2008	Contingency or guarantee 2007	Liabilities included on balance sheet 2007
SA Rands				
Contingent liabilities				
Groundwater pollution – South Africa (1)	**–**	**–**	–	–
Deep groundwater pollution – South Africa (2)	**–**	**–**	–	–
Soil and Sediment pollution – South Africa (3)	**–**	**–**	–	–
Guarantees				
Financial guarantees				
Convertible bond (4)	**9,455**	**–**	6,810	–
Syndicated loan facility (5)	**–**	**61**	3,556	92
Oro Africa (6)	**100**	**–**	100	–
Hedging guarantees (7)				
Geita Management Company (8)	**3,129**	**–**	3,539	–
Ashanti Treasury Services (9)	**9,335**	**–**	10,176	–
AngloGold South America (10)	**1,142**	**–**	1,501	–
AngloGold (USA) Trading Company (10)	**1,667**	**–**	2,610	–
Cerro Vanguardia S.A. (10)	**267**	**–**	542	–
	25,095	**61**	28,834	92

(1) AngloGold Ashanti Limited has identified a number of groundwater pollution sites at its current operations in South Africa and has investigated a number of different technologies and methodologies that could possibly be used to remediate the groundwater pollution. The geology of the area is typified by a dolomite rock formation that is prone to solution cavities. Polluted process water from the operations has percolated from pollution sources to this rock formation and has been transported three dimensionally, creating pollution plumes in the dolomite aquifer. Numerous scientific, technical and legal reports have been produced and the remedying of the polluted soil and groundwater is the subject of a continued research programme between the University of the Witwatersrand and AngloGold Ashanti. Subject to the technology being developed as a proven remediation technique, no reliable estimate can be made for the obligation.

(2) AngloGold Ashanti has identified a flooding and future pollution risk posed by deep groundwater, due to the interconnected nature of operations in the West Wits and Vaal River operations. AngloGold Ashanti is involved in Task Teams and other structures to find long term sustainable solutions for this risk, together with industry partners and government. There is too little foundation for the accurate estimate of a liability and thus no reliable estimate can be made for the obligation.

31 CONTRACTUAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

(3) AngloGold Ashanti identified offsite pollution impacts in the West Wits Area. This can be attributed to a long period of gold and uranium mining activity by a number of mining companies, as well as millennia of weathering of natural reef outcrops in the catchment areas. Investigations are underway to confirm, quantify and, if necessary, address these impacts. It is however too early in the process to make an estimate of the liability.

(4) The company has guaranteed all payments and other obligations of AngloGold Ashanti Holdings plc regarding the convertible bonds issued during 2004, with a maturity date of 27 February 2009, and a fixed coupon of 2.375% payable semi-annually. The bonds issued amounted to $1,000m, R9,455m. The company obligations regarding the guarantee will be direct, unconditional and unsubordinated.

(5) The company has guaranteed all payments and other obligations of the wholly owned subsidiaries AngloGold Ashanti Holdings plc, AngloGold Ashanti Australia Limited and AngloGold Ashanti USA Inc. regarding the $1,150m syndicated loan facility.

(6) The company has provided surety in favour of the lender in respect of gold loan facilities with two wholly owned subsidiaries of Oro Group (Proprietary) Limited, an associate of the company. The company has a total maximum liability, in terms of the suretyships, of R100m. The suretyship agreements have a termination notice period of 90 days.

(7) The difference between the amounts stated above under guarantees and contingencies, and liabilities included on balance sheet, is the NPSE hedges which are covered by guarantees but not included on the balance sheet. Included in amounts stated are NPSE accounted contracts fair valued at R6,326m (2007: R7,857m).

(8) The company, together with AngloGold Ashanti Holdings plc, has issued hedging guarantees to several counterparty banks in which they have guaranteed the due performance of the Geita Management Company Limited regarding its obligations under or pursuant to hedging arrangements entered into. Refer group note 36.

(9) The company, together with AngloGold Ashanti Holdings plc, has provided guarantees to several counterparty banks for the hedging commitment of Ashanti Treasury Services Limited. Refer group note 36.

(10) The group has issued gold delivery guarantees to several counterparty banks in which it guarantees the due performance of its subsidiaries AngloGold USA Trading Company, AngloGold South America Limited and Cerro Vanguardia S.A. under their respective gold hedging agreements.

32 FINANCIAL RISK MANAGEMENT ACTIVITIES

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

Controlling risk in the company

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

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

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

Gold price, foreign exchange risk and cash flow hedging

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

32 FINANCIAL RISK MANAGEMENT ACTIVITIES (CONTINUED)

Gold price, foreign exchange risk and cash flow hedging (continued)

A number of products, including derivatives, are used to manage the gold price and foreign exchange risks that arise out of the company's core business activities. Forward sales contracts and call and put options are used by the company to manage these risks. At year-end, the volume of outstanding forward sales contracts was nil (2007: 4,521kg). The volume of outstanding net call options sold was 60,761kg (2007: 104,437kg) and the volume of outstanding net put options sold was 11,182kg (2007: 21,167kg).

As the company does not enter into financial instruments for trading purposes, the risks inherent to financial instruments are always offset by the underlying risk being hedged. The company further manages such risks by ensuring that the level of hedge cover does not exceed the company life of mine and that no basis risk exists.

Cash flow hedges

The company's cash flow hedges consist of commodity and foreign exchange forward contracts that are used to protect against exposures to variability in future commodity and foreign exchange cash flows. The amounts and timing of future cash flows are projected for each portfolio of financial assets and liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate principal cash flows across all portfolios over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity (other comprehensive income), and are transferred to earnings when the forecast transactions affect the income statement.

The cash flow hedge forecast transactions are expected to occur over the next two 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 gains and losses on ineffective portions of such derivatives are recognised immediately in the income statement. During the year to 31 December 2008, a loss of R20m (2007: R31m) was recognised in loss on non-hedge derivatives and other commodities in the income statement due to hedge ineffectiveness.

Non-hedge derivatives

Figures in million	2008	2007
SA Rands		
Loss on non-hedge derivatives and other commodity contracts is summarised as follows:		
Loss on non-hedge derivatives and other commodities	**(1,743)**	(1,308)
Unrealised gain on other commodity physical borrowings	**74**	23
Provision reversed for loss on future deliveries and other commodities	**37**	80
Loss on non-hedge derivatives and other commodity contracts per the income statement	**(1,632)**	(1,205)

The loss on non-hedge derivatives and other commodity contracts was R1,632m in 2008 compared to a loss of R1,205m in the previous year. The loss is as a result of the revaluation of non-hedge derivatives resulting from changes in the prevailing spot gold price, exchange rates, interest rates, volatilities and credit risk compared to the previous year. The realised loss as a result of accelerated settlement of non-hedge derivatives was R3,882m in 2008 and is due to the hedge close-outs that were effected during the year.

Net open hedge position as at 31 December 2008

The marked-to-market value of all derivatives, irrespective of accounting designation, making up the hedge position was R8.03bn as at 31 December 2008 (as at 31 December 2007: R10.57bn). These values were based on a gold price of \$872 per ounce, an exchange rate of \$1 = R9.4550 and the prevailing market interest rates and volatilities at 31 December 2008. The values as at 31 December 2007 were based on a gold price of \$836 per ounce, an exchange rate of \$1 = R6.8104 and the market interest rates and volatilities prevailing at that date.

32 FINANCIAL RISK MANAGEMENT ACTIVITIES (CONTINUED)

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

Summary: All open contracts in the company's commodity hedge position as at 31 December 2008

Year	2009	2010	2011	2012	2013	2014-2016	Total	2007
US Dollar/Gold								
Forward contracts								
Amount (kg)	(10,030) [1]	(311) [1]	715	1,882	1,882	1,882	(3,980) [1]	3,588
$/oz	$710	$2,187	$418	$500	$510	$520	$657	($583) [2]
Put options sold								
Amount (kg)	2,488		3,048	1,882	1,882	1,882	11,182	21,167
$/oz	$680		$533	$430	$440	$450	$519	$528
Call options sold								
Amount (kg)	12,752	11,197	19,129	4,899	6,392	6,392	60,761	95,479
$/oz	$410	$369	$458	$536	$546	$559	$458	$439
Rand/Gold								
Forward contracts								
Amount (kg)	(1,866) [1]						(1,866) [1]	933
R/kg	R157,213						R157,213	R116,335
Call options sold								
Amount (kg)							–	8,958
R/kg								R216,522
Total net gold								
Delta (kg) [3]	3	(10,622)	(17,644)	(5,933)	(7,163)	(7,136)	(48,495)	(101,816)
Delta (oz) [3]	106	(341,502)	(567,273)	(190,753)	(230,299)	(229,421)	(1,559,142)	(3,273,420)

The open delta hedge position of the company at 31 December 2007 was 3.27Moz or 102t.

(1) Indicates a long position resulting from forward purchase contracts.
(2) Indicates a net short position where the contractual value of the total short position is less than the contractual value of the total long position.
(3) 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 2008.

Summary: All open contracts in the company’s currency hedge position as at 31 December 2008

Year	2009	2010	2011	2012	2013	2014-2016	Total	2007
Rand/US Dollar (000)								
Forward contracts								
Amount ($)							–	35,000
R per $								R6.94
Put options purchased								
Amount ($)	30,000						30,000	120,000
R per $	R11.56						R11.56	R6.98
Put options sold								
Amount ($)	50,000						50,000	120,000
R per $	R9.52						R9.52	R6.65
Call options sold								
Amount ($)	50,000						50,000	135,000
R per $	R11.61						R11.61	R7.35

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

32 FINANCIAL RISK MANAGEMENT ACTIVITIES (CONTINUED)

Net open hedge position as at 31 December 2008 (continued)

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

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

Interest rate and liquidity risk
Refer note 37 in the group financial statements.

The following are the contractual maturities of financial liabilities, including interest payments.

Non-derivative financial liabilities

		Within one year		Between one and two years		Between two and five years		Greater than five years	
		Million	Effective rate %	Million	Effective rate %	Million	Effective rate %	Million	Effective rate %
2008	**Currency**								
Borrowings	ZAR	**25**	**10.7**	**25**	**9.9**	**84**	**9.8**	**383**	**9.8**
Trade and other payables	ZAR	**1,242**		**–**		**–**		**–**	
2007	**Currency**								
Borrowings	ZAR	2,229	10.5	22	9.9	78	9.9	411	9.8
Trade and other payables	ZAR	1,198		–		–		–	
	USD in ZAR equivalent	37		–		–		–	

The following are the undiscounted forecast principal cash flows arising from all on balance sheet derivative contracts (cash flow hedges and non-hedges).

Derivative financial assets and (liabilities)

Figures in million	Within one year	Between one and two years	Between two and five years	After five years	Total
SA Rands					
At 31 December 2008					
Cash inflows from assets	**1,735**	**356**	**130**	**–**	**2,221**
Cash outflows from liabilities	**(1,052)**	**(481)**	**(2,844)**	**(1,029)**	**(5,406)**
Net cash inflows (outflows)	**683**	**(125)**	**(2,714)**	**(1,029)**	**(3,185)**
At 31 December 2007					
Cash inflows from assets	811	354	98	–	1,263
Cash outflows from liabilities	(1,377)	(1,712)	(2,975)	(1,860)	(7,924)
Net cash outflows	(566)	(1,358)	(2,877)	(1,860)	(6,661)

32 FINANCIAL RISK MANAGEMENT ACTIVITIES (CONTINUED)

Credit risk

Refer note 37 in the group financial statements.

The combined maximum credit risk exposure of the company is as follows:

Figures in million	2008	2007
SA Rands		
Foreign exchange option contracts	**52**	26
Forward sale commodity contracts	**2,115**	1,209
Forward foreign exchange contracts	**–**	1
Gold interest rate swaps	**–**	3
All derivatives	**2,167**	1,239
Other investments (note 13)	**14**	16
Other non-current assets	**10**	6
Trade and other receivables	**430**	96
Cash restricted for use	**8**	7
Cash and cash equivalents (note 19)	**1,458**	1,283
Total financial assets	**4,087**	2,647
Financial guarantees	**9,555**	10,466
Hedging guarantees	**9,214**	10,511
Total	**22,856**	23,624

The company has trade and other receivables that are past due totalling R130m and an impairment totalling R7m. Trade and other receivables mainly arise due to intergroup transactions. No impairment was recognised as the principal debtors continue to be in a sound financial position.

Fair value of financial instruments

The estimated fair values of financial instruments are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the company's financial instruments as at 31 December 2008 are as follows:

Type of instrument

Figures in million	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Financial assets				
Other investments (note 13)	**16**	**16**	16	16
Other non-current assets	**10**	**10**	6	6
Trade and other receivables	**430**	**430**	96	96
Cash restricted for use	**8**	**8**	7	7
Cash and cash equivalents (note 19)	**1,458**	**1,458**	1,283	1,283
Derivatives (4)	**2,167**	**2,167**	1,239	1,239
Financial liabilities				
Borrowings (note 23)	**255**	**255**	2,320	2,308
Trade and other payables	**1,242**	**1,242**	1,235	1,235
Derivatives (4)	**5,419**	**10,467**	7,277	12,099

(4) Carrying amounts represent on-balance sheet derivatives and fair value includes off-balance sheet normal sale exempted contracts.

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

32 FINANCIAL RISK MANAGEMENT ACTIVITIES (CONTINUED)

Fair value of financial instruments

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 equity investments classified as available-for-sale are carried at fair value while fixed income investments and other non-current assets are carried at amortised cost. The fair value of fixed income investments and other non-current assets has been calculated using market interest rates.

Borrowings

The fair value of listed fixed rate debt is shown at its closing market value as at 31 December 2008. 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, interest rates and credit risk as at 31 December 2008. The fair value amounts for derivatives 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 on balance sheet are carried at fair value.

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

Derivative assets (liabilities) comprise the following:

	Assets				Liabilities			
	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total
Figures in million	2008				2008			
Commodity option contracts	–	–	–	–	(5,048) [5]	–	(3,224)	(8,272)
Foreign exchange option contracts	–	–	52	52	–	–	(38)	(38)
Forward sale commodity contracts	–	–	2,115	2,115	–	(909)	(1,248)	(2,157)
All derivatives	–	–	2,167	2,167	(5,048)	(909)	(4,510)	(10,467)

[5] Deliverable call options sold.

32 FINANCIAL RISK MANAGEMENT ACTIVITIES (CONTINUED)

Derivative assets (liabilities) comprise the following (continued):

	Assets				Liabilities			
	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total
Figures in million	2007				2007			
Commodity option contracts	–	–	–	–	(4,822) (5)	–	(4,671)	(9,493)
Foreign exchange option contracts	–	–	26	26	–	–	(26)	(26)
Forward sale commodity contracts	–	21	1,188	1,209	–	(1,367)	(1,208)	(2,575)
Forward foreign exchange contracts	–	–	1	1	–	–	(1)	(1)
Gold interest rate swaps	–	–	3	3	–	–	(4)	(4)
All derivatives	–	21	1,218	1,239	(4,822)	(1,367)	(5,910)	(12,099)

The derivative assets (liabilities) are stated after taking into consideration the impact of credit risk totalling R549m at 31 December 2008 (2007: nil).

(5) Deliverable call options sold.

Sensitivity analysis
Derivatives

A principal part of the company's management of risk is to monitor the sensitivity of derivative positions in the hedge book to changes in the underlying factors,viz. commodity price, foreign exchange rate and interest rates under varying scenarios.

The following table discloses the approximate sensitivities of the US dollars marked-to-market value of the hedge book to key underlying factors at 31 December 2008 (actual changes in the timing and amount of the following variables may differ from the assumed changes below).

The table sets out the impact on the marked-to-market value of the hedge book of an incremental parallel fall or rise in the respective yield curves at the beginning of each month, quarter or year (as is appropriate) from 1 January 2008. The yield curves match the maturity dates of the individual derivative positions in the hedge book. These figures incorporate the impact of any option features in the underlying exposures.

SA Rands	Change in rate (+)	Normal sale exempted (million)	Cash flow hedge accounted (million) 2008	Non-hedge accounted (million)	Total change in fair value (million)	Total change in fair value (million) 2007
Currency (R/$)	**Spot(+1)**	**–**	**(10)**	**17**	**7**	(231)
Gold price ($/oz)	**Spot(+200)**	**(1,977)**	**(365)**	**(622)**	**(2,964)**	(4,458)
ZAR interest rate (%)	**IR(+1.5)**	**–**	**(1)**	**–**	**(1)**	(37)

SA Rands	Change in rate (-)	Normal sale exempted (million)	Cash flow hedge accounted (million) 2008	Non-hedge accounted (million)	Total change in fair value (million)	Total change in fair value (million) 2007
Currency (R/$)	**Spot(-1)**	**–**	**12**	**(38)**	**(26)**	197
Gold price ($/oz)	**Spot(-200)**	**1,930**	**365**	**449**	**2,744**	4,179
ZAR interest rate (%)	**IR(-1.5)**	**–**	**1**	**–**	**1**	36

IR represents interest rate

Interest rate risk on other financial assets and liabilities (excluding derivatives)

Refer note 37 in the group financial statements.

33 CAPITAL MANAGEMENT

Capital is managed on a group basis only and not on a company basis. Refer note 38 in the group financial statements.

34 RECENT DEVELOPMENTS

AngloGold Ashanti to sell Tau Lekoa mine

On 17 February 2009, AngloGold Ashanti announced that it has agreed to sell with effect from 1 January 2010 (or after), the Tau Lekoa mine together with the adjacent Weltevreden and Goedgenoeg project areas to Simmer and Jack Mines Limited (Simmers) for an aggregate consideration of:

- R600 million less an offset up to a maximum of R150 million for unhedged free cash flow(1) generated by the Tau Lekoa mine in the period between 1 January 2009 and 31 December 2009 as well as an offset for unhedged free cash flow(1) generated by the Tau Lekoa mine in the period between 1 January 2010 and the effective date of the sale. Simmers shall endeavour to settle the full amount in cash, however it may issue to AngloGold Ashanti ordinary shares in Simmers up to a maximum value of R150 million with the remainder being payable in cash; and
- a royalty (Royalty), determined at 3% of the net revenue (being gross revenue less state royalties) generated by the Tau Lekoa mine and any operations as developed at Weltevreden and Goedgenoeg. The Royalty will be payable quarterly for each quarter commencing from 1 January 2010 until the total production from the assets upon which the Royalty is paid is equal to 1.5 million ounces and provided that the average quarterly rand price of gold is equal to or exceeds R180,000/kg (in 1 January 2010 terms).

(1) Net cash inflow from operating activities less stay-in-business capital expenditure.