

Non-GAAP

disclosure For the year ended 31 December

From time to time, AngloGold Ashanti Limited may publicly disclose certain 'Non-GAAP financial measures' in the course of its financial presentations, earnings releases, earnings conference calls and otherwise.

The group utilises certain Non-GAAP performance measures and ratios in managing the business and may provide users of this financial information with additional meaningful comparisons between current results and results in prior operating periods. The Non-GAAP financial measures (headline earnings and gross profit) are used to adjust for fair value movements on the convertible bond as well as the highly volatile marked-to-market movements on unrealised non-hedge derivatives and other commodity contracts which can only be measured with certainty on settlement of the contracts. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the reported operating results or cash flow from operations or any other measure of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies use.

2007	2008	Figures in million	2008	2007
SA Rands			US Dollars	
		1. Headline (loss) earnings adjusted for the gain (loss) on unrealised non-hedge derivatives, other commodity contracts and fair value adjustment on convertible bond ⁽¹⁾ (adjusted headline earnings)		
(4,136)	(4,375)	Headline loss (group note 14)	(30)	(648)
7,202	(3,885)	(Gain) loss on unrealised non-hedge derivatives and other commodity contracts	(978)	1,083
(681)	1,219	Deferred tax on unrealised non-hedge derivatives and other commodity contracts	132	(100)
(89)	31	Associate's and equity accounted joint ventures share of loss (gain) on unrealised non-hedge derivatives and other commodity contracts in associates	4	(11)
8	(2)	Associate's and equity accounted joint ventures share of deferred tax on unrealised non-hedge derivatives and other commodity contracts	-	1
(333)	(185)	Fair value adjustment on option component of convertible bond	(25)	(47)
1,971	(7,197)	Headline (loss) earnings adjusted for the gain (loss) on unrealised non-hedge derivatives, other commodity contracts and fair value adjustment on convertible bond.	(897)	278

⁽¹⁾ Gain (loss) on unrealised non-hedge derivatives and other commodity contracts in the income statement comprises the change in fair value of all non-hedge derivatives and other commodity contracts.

– From the previous reporting date or date of recognition (if later) through to the current reporting date.

Headline (loss) earnings adjusted for the effect of unrealised non-hedge derivatives, other commodity contracts and fair value adjustment on convertible bond, is intended to illustrate earnings after adjusting for:

- The unrealised fair value change in contracts that are still open at the reporting date as well as the unwinding of the historic marked-to-market value of the positions settled in the period;
- The unrealised fair value change on the option component of the convertible bond amounted to \$25m, R185m (2007: \$47m, R333m); and
- The unrealised fair value change on the onerous uranium contracts.

Management considers this an important measure to investors as it is used by management in assessing the performance of the operations after removing certain accounting volatility that does not directly impact on the operations.

2007	2008	Figures in million	2008	2007
SA Rands			US Dollars	
		1. Headline (loss) earnings adjusted for the gain (loss) on unrealised non-hedge derivatives, other commodity contracts and fair value adjustment on convertible bond ⁽¹⁾ (adjusted headline earnings) (continued)		
700	(2,269)	Cents per share This calculation is based on adjusted headline loss of \$897m, R7,197m, (2007: adjusted headline earnings \$278m, R1,971m) and 317,203,948 (2007: 281,455,107) shares being the weighted average number of ordinary shares in issue during the financial year.	(283)	99
		2. Gross profit (loss) adjusted for the gain (loss) on unrealised non-hedge derivatives and other commodity contracts (adjusted gross profit)		
		Reconciliation of gross profit (loss) to gross profit (loss) adjusted for the gain (loss) on unrealised non-hedge derivatives and other commodity contracts		
(1,309)	939	Gross profit (loss)	594	(248)
7,202	(3,885)	(Gain) loss on unrealised non-hedge derivatives and other commodity contracts	(978)	1,083
5,893	(2,945)	Gross (loss) profit adjusted for the gain (loss) on unrealised non-hedge derivatives and other commodity contracts ⁽¹⁾	(384)	835
		Gross (loss) profit adjusted for the gain (loss) on unrealised non-hedge derivatives and other commodity contracts is intended to illustrate earnings after adjusting for:		
		– The unrealised fair value change in contracts that are still open at the reporting date as well as the unwinding of the historic marked-to-market value of the positions settled in the period; and		
		– The unrealised fair value change on the onerous uranium contracts.		
		Gross (loss) profit adjusted for the (gain) loss on unrealised non-hedge derivatives and other commodity contracts is analysed by origin as follows:		
2,845	(253)	South Africa	(55)	403
338	(260)	Argentina	(34)	48
960	(480)	Australia	(61)	137
987	472	Brazil	53	141
25	(1,210)	Ghana	(145)	3
101	222	Guinea	27	14
646	(252)	Mali	(34)	92
90	(12)	Namibia	(2)	13
52	(1,545)	Tanzania	(181)	6
518	155	USA	16	74
28	23	Other, including corporate and non-gold producing subsidiaries	4	4
6,590	(3,140)		(412)	935
(697)	195	Less equity accounted joint ventures	28	(100)
5,893	(2,945)		(384)	835

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2007	2008	Figures in million	2008	2007
SA Rands			US Dollars	
		3. Loss on non-hedge derivatives and other commodity contracts is summarised as follows:		
		Group:		
2,033	(1,275)	(Loss) gain on realised non-hedge derivatives	(155)	291
–	(253)	Realised loss on other commodity contracts	(32)	–
–	(8,634)	Realised loss on accelerated settlement of non-hedge derivatives	(1,088)	–
(7,305)	3,774	Gain (loss) on unrealised non-hedge derivatives	965	(1,099)
23	74	Unrealised gain on other commodity physical borrowings	8	3
80	37	Provision reversed for loss on future deliveries and other commodities	5	13
(5,169)	(6,277)	Loss on non-hedge derivatives and other commodity contracts per the income statement	(297)	(792)
		Company:		
506	95	Gain on realised non-hedge derivatives	9	74
–	(253)	Realised loss on other commodity contracts	(32)	–
–	(3,882)	Realised loss on accelerated settlement of non-hedge derivatives	(489)	–
(1,814)	2,297	Gain (loss) on unrealised non-hedge derivatives	434	(278)
23	74	Unrealised gain on other commodity physical borrowings	8	3
80	37	Provision reversed for loss on future deliveries and other commodities	5	13
(1,205)	(1,632)	Loss on non-hedge derivatives and other commodity contracts per the income statement	(65)	(188)
		4. Price received		
21,101	29,774	Gold income per income statement	3,619	3,002
(889)	(1,078)	Adjusted for minority interests	(131)	(127)
20,212	28,696		3,488	2,875
2,033	(1,275)	(Loss) gain on realised non-hedge derivatives	(155)	291
–	(8,634)	Realised loss on accelerated settlement of non-hedge derivatives	(1,088)	–
1,951	1,568	Associates' and equity accounted joint ventures share of gold income including realised non-hedge derivatives	185	278
24,196	20,355		2,430	3,444
170,265	155,954	Attributable gold sold – kg and oz (000)	5,014	5,474
142,107	130,522	Revenue price per unit – R/kg and \$/oz	485	629

2007	2008	Figures in million	2008	2007
SA Rands			US Dollars	
12,889	17,405	5. Total costs	2,113	1,836
(246)	(741)	Total cash costs (group note 4)	(90)	(34)
1,070	1,538	Adjusted for minority interests and non-gold producing companies	187	152
13,713	18,202	Associate's and equity accounted joint ventures share of total cash costs	2,210	1,954
131	72	Total cash costs adjusted for minority interests and non-gold producing companies	9	19
422	218	Retrenchment costs (group note 4)	28	61
3,980	4,620	Rehabilitation and other non-cash costs (group note 4)	560	567
14	21	Amortisation of tangible assets (group note 4)	2	2
(146)	(209)	Amortisation of intangible assets (group note 4)	(25)	(21)
186	343	Adjusted for minority interests and non-gold producing companies	40	27
18,300	23,267	Associates' and equity accounted joint ventures share of production costs	2,824	2,609
170,365	154,958	Total production costs adjusted for minority interests and non-gold producing companies	4,982	5,477
80,490	117,462	Gold produced – kg and oz (000)	444	357
107,415	150,149	Total cash cost per unit – R/kg and \$/oz	567	476
(3,360)	(16,709)	Total production cost per unit – R/kg and \$/oz		
3,980	4,620	6. EBITDA		
14	21	Operating loss per the income statement	(1,220)	(542)
6	14,792	Amortisation of tangible assets (group note 4)	560	567
–	1,080	Amortisation of intangible assets (group note 4)	2	2
–	42	Impairment net of reversals of tangible assets (group notes 6, 14 and 16)	1,493	1
7,202	(3,885)	Impairment of intangible assets (group notes 14 and 17)	109	–
–	253	Impairment of investments (group notes 14 and 19)	6	–
–	8,634	(Gain) loss on unrealised non-hedge derivatives and other commodity contracts (note 3)	(978)	1,083
(56)	(381)	Loss on realised other commodity contracts (note 3)	32	–
–	(19)	Realised loss on accelerated settlement of non-hedge derivatives (note 3)	1,088	–
–	(14)	Profit on disposal and abandonment of assets (group note 6)	(52)	(7)
802	820	Nufcor Uranium Trust contributions by other members (group note 6)	(3)	–
30	(17)	Profit on disposal of investment in associate (group note 6)	(2)	–
8,618	9,237	Share of associates' EBITDA	98	115
		Discontinued operations (EBITDA component) (group note 13)	(2)	5
			1,131	1,224

Management considers EBITDA to be an important measure to investors as it is used by the suppliers of funding as a requirement for the calculation of compliance with debt covenants being net debt to EBITDA (covenant threshold 3:1). Net debt to EBITDA for 2008 is 1.13:1 (2007: 1.08:1).

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2007	2008	Figures in million	2008	2007
SA Rands			US Dollars	
8,618	9,237	7. Interest cover		
		EBITDA (note 6)	1,131	1,224
845	926	Finance costs (group note 7)	114	120
68	263	Capitalised finance costs (group notes 7 and 16)	32	10
913	1,189		146	130
9	8	Interest cover – times	8	9
		8. Equity and net capital employed		
16,204	22,956	Shareholders' equity per balance sheet	2,428	2,379
		Adjusted to exclude:		
1,011	355	– Other comprehensive income (group note 27)	38	148
108	347	– Actuarial losses (group note 27)	37	16
17,323	23,658		2,503	2,543
7,100	5,838	Deferred tax (group note 31)	617	1,042
		Adjusted to exclude:		
2,262	967	– Deferred tax on derivatives and other comprehensive income	102	332
64	190	– Deferred tax on actuarial losses	20	9
26,749	30,653	Equity	3,242	3,926
429	790	Minorities (group note 27)	83	63
10,416	8,224	Borrowings – long-term portion (group note 28)	870	1,529
2,173	10,046	Borrowings – short-term portion (group note 28)	1,063	319
39,767	49,713	Capital employed	5,258	5,837
(3,246)	(5,438)	Cash and cash equivalents (group note 24)	(575)	(477)
36,521	44,275	Net capital employed (group note 38)	4,683	5,360
		9. Net debt		
10,416	8,224	Borrowings – long-term portion (group note 28)	870	1,529
2,173	10,046	Borrowings – short-term portion (group note 28)	1,063	319
12,589	18,270	Total borrowings	1,933	1,848
(249)	(254)	Corporate office lease (group note 28)	(27)	(37)
157	(38)	Unamortised portion of the convertible bond	(4)	23
(264)	(415)	Cash restricted for use (group note 23)	(44)	(39)
(3,246)	(5,438)	Cash and cash equivalents (group note 24)	(575)	(477)
8,987	12,125	Net debt	1,283	1,318
		10. Net asset value – cents per share		
16,633	23,746	Total equity per balance sheet	2,511	2,442
282	357	Number of ordinary shares in issue (millions) (note 26)	357	282
5,907	6,643	Net asset value – cents per share	702	867
		Number of ordinary shares in issue consists of:		
		353,483,410 (2007: 277,457,471) ordinary shares (group note 26)		
		3,966,941 (2007: 4,140,230) E ordinary shares (group note 26)		

2007	2008	Figures in million	2008	2007
SA Rands			US Dollars	
16,633	23,746	11. Net tangible asset value – cents per share	2,511	2,442
(2,859)	(1,403)	Total equity per balance sheet	(148)	(420)
13,774	22,343	Intangible assets (group note 17)	2,363	2,022
282	357	Number of ordinary shares in issue (millions) (note 26)	357	282
4,891	6,251	Net tangible asset value – cents per share	661	718
		12. Return on equity		
		Headline (loss) earnings adjusted for the gain (loss) on unrealised non-hedge derivatives, other commodity contracts and fair value adjustment on convertible bond (note 1)	(897)	278
1,971	(7,197)	Equity (note 8)	3,242	3,926
26,749	30,653	Average equity	3,584	4,228
29,227	28,701	Note – equity for 2006 amounted to \$4,529 million, R31,705 million		
7	(25)	Return on equity – %	(25)	7
		The 2008 return on equity is a negative 25% as a result of the accelerated hedge settlements. Excluding the accelerated hedge settlements, the return would be 3%.		
		Management considers this an important measure to investors as it is a measure by which management considers it should be judged. Management have stated that they are targeting a return on equity of 15% and this measure provides investors with the calculation of management's performance.		
		13. Return on net capital employed		
		Headline (loss) earnings adjusted for the gain (loss) on unrealised non-hedge derivatives, other commodity contracts and fair value adjustment on convertible bond (note 1)	(897)	278
1,971	(7,197)	Finance costs (group note 7)	114	120
845	926	Headline (loss) earnings adjusted for the gain (loss) on unrealised non-hedge derivatives, other commodity contracts, fair value adjustment on convertible bond and finance costs	(783)	398
2,816	(6,271)	Net capital employed (note 8)	4,683	5,360
36,521	44,275	Average net capital employed	5,022	5,464
37,749	40,398	Note – Net capital employed for 2006 amounted to \$5,568m, R38,977m		
7	(16)	Return on net capital employed – %	(16)	7
		The 2008 return on equity is a negative 16% as a result of the accelerated hedge settlements. Excluding the accelerated hedge settlements, the return would be 4%.		

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2007	2008	Figures in million	2008	2007
SA Rands			US Dollars	
14. Free cash flow				
6,085	(3,127)	Net cash (outflow) inflow from operating activities per cash flow	(529)	866
(3,726)	(4,452)	Stay-in-business capital expenditure per cash flow	(540)	(530)
2,359	(7,579)		(1,069)	336
15. Cash generated to cash invested				
6,085	(3,127)	Net cash (outflow) inflow from operating activities per cash flow	(529)	866
(1,050)	(455)	Dividends paid	(58)	(144)
5,035	(3,582)	Net cash (utilised) generated	(587)	722
(7,142)	(8,640)	Net cash outflow from investing activities	(1,041)	(1,015)
0.7	0.4		0.6	0.7
16. Market capitalisation				
277	353	Number of listed ordinary shares in issue at year end (millions) (group note 26)	353	277
293.00	252.00	Closing share price as quoted on the JSE and New York Stock Exchange	27.71	42.81
81,295	89,078	Market capitalisation	9,795	11,878
17. Average number of employees				
		South Africa	37,127	36,976
		Argentina	1,072	1,017
		Australia	1,198	781
		Brazil	4,095	4,352
		Ghana	7,502	7,549
		Guinea	2,933	2,917
		Mali	1,611	1,615
		Namibia	482	409
		Tanzania	3,116	3,226
		USA	421	405
		Other, including corporate and non-gold producing subsidiaries	3,338	2,275
			62,895	61,522