

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:

IAS1	Amendment – Capital Disclosures
IFRS 7	Financial Instruments: Disclosures

In addition, the following revised accounting standard and new interpretations were early adopted by AngloGold Ashanti Limited during the current financial year:

IAS 23	Borrowing Costs (revised)
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of the accounting standards, amendments to standards and new interpretations had no material financial impact on the annual financial statements identified above.

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	Presentation of Financial Statements	Effective years beginning on or after 1 January 2009
IFRS 8	Operating Segments	Effective years beginning on or after 1 January 2009

The group has assessed the significance of these new standards, amendments to standards and new interpretations, which will be applicable from 1 January 2009 and later years and concluded that they will have no material financial impact. Currently, we do not expect IFRS 8 to have an 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, when adopted.

1.1 Basis of preparation

The financial statements are prepared according to the historical cost accounting convention, except for 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 new and revised standards mentioned above.

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.

1 Accounting policies (continued)

1.1 Basis of preparation (continued)

Basis of consolidation (continued)

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.

The acquisition of minority interests are reflected as an equity transaction. The entire difference between the cost of the additional interest and the minority's share at the date of acquisition is reflected as a transaction between owners.

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 adoption of the following new/revised standards, amendments to standards and interpretations did not have any consequential effect on the accounting policies:

IAS1	Amendment – Capital Disclosures
IAS 23	Borrowing Costs (revised)
IFRS 7	Financial Instruments: Disclosures
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

IAS 1 Amendment – Capital Disclosures

The group adopted IAS 1 Amendment – Capital Disclosures as of 1 January 2007. The amendment requires additional disclosures about the group's objectives, policies and processes of managing capital. The adoption of the amendment did not have any effect on the financial position or performance of the group.

IAS 23 Borrowing Costs (revised)

The group adopted IAS 23 – Borrowing Costs (revised) as of 1 January 2007. This revision to the standard will have no financial effect on the results of operation or the reporting of the financial condition of AngloGold Ashanti Limited as the group had already adopted the capitalisation of interest principle for qualifying assets under the allowed alternative of the previous statement.

IFRS 7 Financial Instruments: Disclosures

The group adopted IFRS 7 – Financial instruments: Disclosures as of 1 January 2007. The statement introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about the exposure to risks arising from financial instruments including a sensitivity analysis to market risk. The adoption of the statement did not have any effect on the financial position or performance of the group.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.2 Changes in accounting policies (continued)

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

The group elected to adopt IFRIC Interpretation 11 as of 1 January 2007. This interpretation requires arrangements whereby an employee of the group is granted rights, by the parent, to an entity or its parent's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this interpretation did not have any effect on the financial position or performance of the group.

IFRIC 12 Service Concession Arrangements

The group elected to adopt IFRIC Interpretation 12 as of 1 January 2007. This interpretation requires arrangements where a public-to-private service concession has been established to be accounted for as balance sheet assets and liabilities at inception. The adoption of this interpretation did not have any effect on the financial position or performance of the group.

IFRIC 13 Customer Loyalty Programmes

The group elected to adopt IFRIC Interpretation 13 as of 1 January 2007. This interpretation requires the entity that grants the customer loyalty award to account for the sales transaction that gives rise to the award credits as a "multiple element revenue transaction" and allocate the fair value between the award credits granted and the other components of the revenue transaction. The adoption of this Interpretation did not have any effect on the financial position or performance of the group.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The group elected to adopt IFRIC Interpretation 14 as of 1 January 2007. This interpretation requires the entity to measure any economic benefits available to it in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan, when determining the limit on a defined benefit asset. The adoption of this interpretation did not have any effect on the financial position or performance of the group.

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.

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.

1 Accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

As a global company, the group is exposed to numerous legal risks. The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, under insurance policies and that could significantly influence the business and results of operations.

The judgements that management have applied in the application of accounting policies, and 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 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 units-of-production 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 arise when 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.

The group defers stripping costs incurred during the production stage of its open-pit operations, for those operations, where this is the most appropriate basis for matching the costs against the related economic benefits. This is generally the case where there are fluctuations in stripping costs over the life of the mine.

In the production stage of some open-pit operations, further development of the mine requires a phase of unusually high overburden removal activity that is similar in nature to preproduction mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent periods on a units-of-production basis. This accounting treatment is consistent with that for stripping costs incurred during the development phase of a mine, before production commences.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

Carrying value of goodwill and tangible assets (continued)

If the group were to expense production stage stripping costs as incurred, this would result in volatility in the year to year results from open-pit operations and excess stripping costs would be expensed at an earlier stage of a mine's operation.

Deferred stripping costs are included in 'Mine development costs', within Tangible assets. These form part of the total investment in the relevant cash-generating unit, which is reviewed for impairment if events or a change in circumstances indicate that the carrying value may not be recoverable. Amortisation of deferred stripping costs is included in operating costs, or in the group's share of the results of its equity accounted units, as appropriate.

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.

An individual operating mine is not a typical 'going-concern' business because of the finite life of its reserves. The allocation of goodwill to an individual mine will result in an eventual goodwill impairment due to the wasting nature of the mine reporting unit. In accordance with the provisions of IAS 36, the group performs its annual impairment review of assigned goodwill during the fourth quarter of each year.

The carrying amount of goodwill in the consolidated financial statements at 31 December 2007 was \$418m, R2,844m (2006: \$391m, R2,739m). The carrying amount of tangible assets at 31 December 2007 was \$6,722m, R45,783m (2006: \$6,054m, R42,382m). There is no goodwill in the company financial statements. The carrying amount of the company's tangible assets at 31 December 2007 was R13,297m (2006: R12,484m).

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 by the unique nature of each mine construction project and include factors 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); and
- 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 (continued)

1.3 Significant accounting judgements and estimates (continued)

Income taxes (continued)

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 2007:

- deferred tax asset: \$80m, R543m (2006: \$62m, R432m)
- deferred tax liability: \$1,051m, R7,159m (2006: \$1,103m, R7,722m)
- taxation liability: \$186m, R1,269m (2006: \$176m, R1,234m)

Carrying values of the company at 31 December 2007:

- deferred tax liability: R1,888m (2006: R2,197m)
- taxation liability: R591m (2006: R561m)

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 decommissioning and restoration 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 amount of the rehabilitation obligations for the group at 31 December 2007 was \$446m, R3,036m (2006: \$361m, R2,525m). The carrying amount of the rehabilitation obligations for the company at 31 December 2007 was R882m (2006: R1,087m).

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.

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.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

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

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 engineering estimates are refined based on actual results over time.

The carrying amount of inventories for the group at 31 December 2007 was \$1,001m, R6,820m (2006: \$776m, R5,430m). The carrying amount of inventories for the company at 31 December 2007 was R476m (2006: R405m).

Recoverable tax, rebates, levies and duties

In a number of countries, particularly in Africa, AngloGold Ashanti Limited 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 Limited, it could have an adverse effect upon the carrying value of these assets.

The carrying value for the group at 31 December 2007 was \$168m, R1,140m (2006: \$124m, R872m). The carrying value for the company at 31 December 2007 was R115m (2006: R49m).

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 these assumptions occur.

The carrying value of the defined benefit plans (including the net asset position disclosed under non-current assets) at 31 December 2007 was \$138m, R944m (2006: \$129m, R896m). The corresponding balance for the company at 31 December 2007 was R877m (2006: R827m).

Ore Reserve estimates

Ore Reserves are estimates of the amount of product that can be economically and legally extracted from the group's properties. In order to calculate Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of Ore Reserves requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

The group is required to determine and report Ore Reserves in accordance with the SAMREC code.

1 Accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

Ore Reserve estimates (continued)

Because the economic assumptions used to estimate Ore Reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of Ore Reserves may change from period to period. Changes in reported Ore Reserves may affect the group's financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation, depletion and amortisation charged in the income statement may change where such charges are determined by the units-of-production basis, or where the useful economic lives of assets change;
- overburden removal costs recorded on the balance sheet or charged in the income statement may change due to changes in stripping ratios or the units-of-production basis of depreciation;
- decommissioning site restoration and environmental provisions may change where changes in estimated Ore Reserves affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Exploration and evaluation expenditure

The group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the income statement.

The carrying value of capitalised exploration assets at 31 December 2007 was \$55m, R372m (2006: \$30m, R211m). The corresponding balances for the company at 31 December 2007 was nil (2006: nil).

Development expenditure

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having started the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the income statement.

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.

The income statement charge for the year was \$33m, R232m (2006: \$50m, R344m). The corresponding charge in the company was R216m (2006: R331m).

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

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.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the unfavourable outcome of litigation.

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 the group and one or more other venturers jointly control under a contractual arrangement, that provides for strategic, financial and operating policy decisions relating to the activities requiring unanimous consent of the parties sharing control. 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 date of acquisition to the effective date 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.

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.

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Associates (continued)

Profits realised in connection with transactions between the group and associated companies are eliminated in proportion to share ownership. Such profits are deducted from the group's equity and related balance sheet amount and released in the group accounts when the assets are effectively realised outside the group. 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 rates prevailing at the date of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity (foreign currency translation).

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.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

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 has 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.

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.

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.

To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated costs of dismantling and removing the asset and restoring the site. A change in estimated expenditures for dismantling, removal and restoration is added to and/or deducted from the carrying value of the related asset. To the extent that the change would result in a negative carrying amount, this effect is recognised as income. The change in depreciation charge is recognised prospectively.

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;
- computer equipment up to three years; and
- leased assets over the period of the lease.

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.

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 the carrying amount. These are included in the income statement.

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Tangible assets (continued)

Mine development costs

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies and to expand the capacity of a mine. 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 the 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.

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.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Mine development costs (continued)

Exploration and Evaluation assets

All exploration costs are expensed until the directors conclude that a future economic benefit will more likely than not be realised. In evaluating if expenditures meet this criterion to be capitalised, the directors use several different sources of information depending on the level of exploration. While the criterion 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, is 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.

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 on 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).

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Impairment of assets (continued)

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.

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.

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 having been 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 costs.

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 doré / bullion 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 classified 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 classified as a non-current asset where the by-products on hand exceed current processing capacity;
- mine operating supplies 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 longer 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 *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the group has a present obligation, whether legal or constructive, because 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. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset. Where the group has a joint and several liability with one or more other parties, no provision is recognised to the extent that those other parties are expected to settle part or all 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.

Litigation and administrative proceedings are evaluated on a case-by-case basis considering the information available, including that of legal counsel, to assess potential outcomes. Where it is considered probable that an obligation will result in an outflow of resources, a provision is recorded for the present value of the expected cash outflows if these are reasonably measurable. These provisions cover the estimated payments to plaintiffs, court fees and the cost of potential settlements.

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.

Borrowed commodities

When commodities are borrowed to meet contractual commitments, the fair value at inception is charged to the income statement as cost of sales, and it is reflected as a liability on the balance sheet. The liability is subsequently measured at fair value with changes in fair value recorded through the income statement until settlement occurs.

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 obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The contributions are recognised as our 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 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 immediately recorded in the statement of recognised income and expenditure.

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Employee benefits (continued)

Other post-employment benefit obligations

Some group companies provide post-retirement health care 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 this is at 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. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of shares or share options at measurement date.

Over the vesting period, the fair value at measurement date 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 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.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Employee benefits (continued)

Share-based payments (continued)

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

Environmental expenditure

The group has long-term remediation obligations comprising decommissioning and restoration liabilities relating to its past operations which are based on the group's environmental management plans, in compliance with current environmental and regulatory requirements. Provisions for non-recurring remediation costs are made when there is a present obligation, it is probable that expense on remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

Annual contributions for the South African operations are made to the Environmental Rehabilitation Trust Fund, 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.

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.

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. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset. 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 start 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.

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the group and 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.

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 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 tax 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 (loss) profit' 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.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Financial instruments

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 future planned gold production. In addition, the group enters into derivatives to manage interest rate risk.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. The group designates derivatives as either, hedges of the variability in highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedges), or hedges of the fair value of recognised asset or liability or a firm commitment (fair value hedges).

For cash flow hedges, the effective portions of fair value gains or losses are recognised in equity (other comprehensive income) until the hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. Then, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is eventually recognised in the income statement or included in the initial measurement of covered assets and liabilities. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement 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.

All other derivatives are classified as held for trading and are subsequently measured at their estimated fair value, with the changes in estimated fair value in the balance sheet as either a derivative asset or derivative liability, 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 the income statement.

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derivatives (continued)

Commodity based (normal purchase or normal sale) derivative contracts that meet the requirements of IAS 39 are recognised in earnings when they are settled by physical delivery.

Hedge accounting

Hedge accounting is applied to derivatives designated as hedging instruments in a cash flow hedge provided certain criteria are met. At the inception of a hedging relationship, the relationship between the hedging instruments and the hedged items, its risk management objective and its strategy for undertaking the hedge, is documented. A documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments, primarily derivatives, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the cash flows of the hedged items, is also prepared.

Hedge ineffectiveness is recognised in the income statement in 'Loss on non-hedge derivatives and other commodity contracts'.

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 is recorded in revenue. This only applies to normal sale exempt designated deliverable call options.

Other investments

Listed equity 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 intention and 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.

Notes to the group financial statements *continued*

For the year ended 31 December

1 Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Financial instruments (continued)

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. Objective evidence includes failure by the counterparty to perform in terms of contractual arrangements and agreed terms. 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 which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are measured at cost which is deemed to be fair value as they have a short-term maturity.

Cash restricted for use

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 measured initially at estimated fair value. They 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.

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

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	
Figures in million	2007	2006	2007	2006	2007	2006
US Dollars						
South Africa ⁽¹⁾	1,843	1,726	2,293	2,199	361	313
Argentina	189	177	244	268	20	19
Australia ⁽²⁾	791	497	1,278	921	281	86
Brazil ⁽²⁾	524	430	709	566	142	186
Ghana	1,758	1,655	1,953	1,779	119	97
Guinea	220	216	312	282	21	16
Mali ⁽²⁾	217	209	352	336	9	6
Namibia	38	35	79	61	6	5
Tanzania ⁽²⁾	1,002	954	1,418	1,377	27	67
USA	426	389	530	509	23	13
Other, including corporate and non-gold producing subsidiaries ⁽¹⁾	206	150	652	645	50	9
	7,214	6,438	9,820	8,943	1,059	817
SA Rands						
South Africa ⁽¹⁾	12,550	12,084	15,616	15,392	2,535	2,116
Argentina	1,287	1,239	1,659	1,876	141	129
Australia ⁽²⁾	5,386	3,483	8,705	6,447	1,975	584
Brazil ⁽²⁾	3,571	3,013	4,826	3,961	995	1,258
Ghana	11,969	11,589	13,301	12,456	836	656
Guinea	1,496	1,510	2,127	1,974	146	110
Mali ⁽²⁾	1,478	1,460	2,399	2,350	61	44
Namibia	258	242	536	424	43	33
Tanzania ⁽²⁾	6,826	6,681	9,654	9,642	187	452
USA	2,898	2,722	3,608	3,566	161	89
Other, including corporate and non-gold producing subsidiaries ⁽¹⁾	1,412	1,053	4,450	4,528	364	62
	49,131	45,076	66,881	62,616	7,444	5,533

⁽¹⁾ Assets held for sale in respect of the Weltevreden mining participation rights of \$15m, R100m (2006: \$15m, R100m) are included in the South Africa segment. Exploration properties acquired from Trans-Siberian Gold plc of \$15m, R100m and properties held by Rand Refinery of \$1m, R10m are included in the Other segment.

⁽²⁾ Includes allocated goodwill of \$266m, R1,814m (2006: \$238m, R1,672m) for Australia, \$109m, R742m (2006: \$109m, R763m) for Tanzania, \$23m, R151m (2006: \$23m, R156m) for Brazil and \$20m, R137m (2006: \$21m, R148m) for Mali (note 17).

Notes to the group financial statements continued

For the year ended 31 December

2 Segmental information (continued)

	Gold production			
	(oz '000)		(kg)	
	2007	2006	2007	2006
South Africa	2,328	2,554	72,429	79,427
Argentina	204	215	6,338	6,683
Australia	600	465	18,675	14,450
Brazil	408	339	12,689	10,551
Ghana	527	592	16,388	18,399
Guinea	280	256	8,715	7,948
Mali	441	537	13,703	16,700
Namibia	80	86	2,496	2,690
Tanzania	327	308	10,166	9,588
USA	282	283	8,766	8,817
	5,477	5,635	170,365	175,253

	Gold income			
	US Dollars		SA Rands	
Figures in million	2007	2006	2007	2006
Geographical analysis of gold income by origin is as follows:				
South Africa	1,399	1,347	9,843	9,151
Argentina	140	125	988	841
Australia	348	271	2,437	1,851
Brazil	285	228	2,001	1,558
Ghana	337	263	2,365	1,781
Guinea	211	141	1,483	960
Mali	278	317	1,951	2,146
Namibia	52	50	364	336
Tanzania	114	127	807	857
USA	116	95	813	656
(note 3)	3,280	2,964	23,052	20,137
Geographical analysis of gold income by destination is as follows:				
South Africa	1,039	1,082	7,301	7,350
North America	741	803	5,208	5,457
Australia	90	18	632	121
Asia	267	202	1,875	1,369
Europe	734	646	5,163	4,390
United Kingdom	409	213	2,873	1,450
(note 3)	3,280	2,964	23,052	20,137

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		3 Revenue		
		Revenue consists of the following principal categories:		
20,137	23,052	Gold income (note 2)	3,280	2,964
749	1,003	By-products (note 4)	145	110
–	16	Dividend received from other investments	2	–
19	30	Interest received (note 36)		
11	12	– loans and receivables ⁽¹⁾	4	3
31	37	– held to maturity investments	2	2
157	233	– available-for-sale assets	6	4
		– cash and cash equivalents	33	23
21,104	24,383		3,472	3,106
		⁽¹⁾ Interest received from loans and receivables comprises:		
3	7	– related parties	1	1
16	23	– other loans	3	2
19	30		4	3
		4 Cost of sales		
11,994	14,257	Cash operating costs ⁽¹⁾	2,033	1,770
(749)	(1,003)	By-products (note 3)	(145)	(110)
11,245	13,254		1,888	1,660
354	628	Royalties	89	76
240	77	Other cash costs	11	10
11,839	13,959	Total cash costs	1,988	1,746
152	131	Retrenchment costs (note 10)	19	22
(35)	445	Rehabilitation and other non-cash costs	65	(3)
11,956	14,535	Production costs	2,072	1,765
4,059	4,143	Amortisation of tangible assets (notes 9, 16 and 36)	590	597
13	14	Amortisation of intangible assets (notes 17 and 36)	2	2
16,028	18,692	Total production costs	2,664	2,364
(546)	(197)	Inventory change	(28)	(82)
15,482	18,495		2,636	2,282
		⁽¹⁾ Cash operating costs comprises:		
4,251	4,917	– salaries and wages	700	628
3,461	3,910	– stores and other consumables	557	511
2,197	2,697	– fuel, power and water	384	323
1,955	2,382	– contractors	340	288
130	351	– services and other charges	52	20
11,994	14,257		2,033	1,770

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
57	23	5 Other operating expenses		
		Pension and medical defined benefit provisions	3	8
		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	15	9
67	97	Miscellaneous	2	1
5	14			
129	134		20	18
		6 Operating special items		
202	184	Indirect tax expenses ⁽¹⁾	26	28
		Siguiri royalty payment calculation dispute with the Guinean Administration	4	–
–	27	Buildings located at Siguiri destroyed by fire (note 14)	3	–
–	23	Impairment of goodwill (note 14 and 17)	1	–
–	7	Impairment of tangible assets (notes 14 and 16)	1	6
44	6	Profit on disposal and abandonment of land, mineral rights, tangible assets and exploration properties (note 14) ⁽²⁾	(10)	(48)
(333)	(79)	Recovery of exploration costs	(4)	–
–	(29)	Performance related option expense (note 11)	–	19
129	–	Cost of E-shares issued to Izingwe (Pty) Ltd, a Black Economic Empowerment company (note 11)	–	19
131	–	Recovery of exploration loan (note 14)	–	(5)
(36)	–	Profit on disposal of shares in Nufcor Uranium Limited (note 14)	–	(1)
(9)	–	Other (note 14)	–	–
2	–			
130	139		21	18
		⁽¹⁾ The current year indirect tax expenses include the following:		
		■ AngloGold Ashanti Brasil Mineração anticipate that the recovery conditions of VAT will not be met and recovered from the Brazilian Government \$5m, R34m;		
		■ VAT claimed by the Tanzanian Revenue Authority on the difference between fuel invoiced at the contract rate against the prevailing market rate \$3m, R21m;		
		■ Audited and approved VAT claims rejected by the Tanzanian Revenue Authority \$3m, R26m;		
		■ Guinea Revenue Authority claiming withholding tax not held back from UK drilling contractor Amco \$7m, R48m;		
		■ The Malian Revenue Authority has raised assessments for various taxes and penalties based on their audit of 2005 and 2006 financial years at the Malian operations \$7m, R48m; and		
		■ Other indirect tax expenses of \$1m, R7m.		

Figures in million

6 Operating special items (continued)

⁽¹⁾ The 2006 year indirect tax expenses include the following:

- VAT payable to the Tanzanian Revenue Authority on a penalty charged to Golden Construction for excessive fuel consumption during the power plant commissioning phase \$2m, R14m. 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 \$13m, R92m;
- VAT claimed by the Tanzanian Revenue Authority on fuel consumed in operating the power plant \$5m, R35m;
- Serra Grande and AngloGold Ashanti Brasil Mineração anticipated that the recovery conditions of VAT will not be met and recovered from the Brazilian Government \$7m, R55m and \$2m, R14m;
- Provision for tax write-offs of \$2m, R10m. Following 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; and
- Reversal of a VAT provision at Siguirí \$3m, R18m.

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

- On 23 August 2006, AngloGold Ashanti Limited announced that it had entered into an agreement with Central African Gold plc (CAG) to sell its entire business undertaking for \$40m, R280m, 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 license, and procure the cessation and delegation of all contracts related to Bibiani to CAG. The delivery of the North lease permit valued at \$4m, R28m was not concluded at 31 December 2006, consequently during 2006 only proceeds of \$36m, R253m were recognised, resulting in a profit of \$25m, R173m. The North lease permit was delivered during 2007 resulting in recognition of proceeds and profits of \$4m, R31m;
- The sale of AngloGold Ashanti's Alaskan mineral and exploration properties during 2006 to International Tower Hill Mines Limited resulted in a profit on disposal of \$13m, R91m; and
- Sundry profit on the disposal and abandonment of land, mineral rights, tangible assets and exploration properties amounted to \$6m, R48m (2006: \$10m, R69m).

Notes to the group financial statements continued

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
342	353	7 Finance costs and unwinding of obligations	50	50
214	214	Finance costs on convertible bonds ⁽¹⁾	31	32
133	134	Finance costs on corporate bond ⁽¹⁾	19	21
49	41	Finance costs on bank loans and overdrafts ⁽¹⁾	6	7
18	29	Discounting of long-term trade and other receivables	4	3
28	20	Finance lease charges	3	4
		Other		
784	791		113	117
(71)	(68)	Amounts capitalised (note 16)	(10)	(10)
713	723		103	107
38	84	Unwinding of decommissioning obligation (note 31)	12	6
71	71	Unwinding of restoration obligation (note 31)	10	10
-	2	Unwinding of other provisions (note 31)	-	-
822	880	(note 36)	125	123
		⁽¹⁾ Finance costs have been determined using the effective interest rate method.		
103	120	8 Share of associates' loss	17	15
(105)	(123)	Revenue	(17)	(16)
		Operating expenses		
(2)	(3)	Gross loss	-	(1)
(1)	(6)	Finance costs	(1)	-
(3)	(9)	Loss before taxation	(1)	(1)
(3)	(1)	Taxation	-	-
(6)	(10)	Loss after taxation	(1)	(1)
-	(154)	Impairment (note 14) ⁽¹⁾	(22)	-
(6)	(164)	(note 18)	(23)	(1)
		⁽¹⁾ In 2007, Trans-Siberian Gold plc and the Margaret Water Company Limited investments were impaired. The impairment tests considered the investments' fair value and anticipated future cash flows. Impairments of \$22m, R154m (2006: nil) were recorded.		
61	37	9 (Loss) profit before taxation		
2	18	(Loss) profit before taxation is arrived at after taking account of:		
6	12	Auditors' remuneration		
		- audit fees	5	9
		- under provision prior year	3	-
		- other assurance services	2	1
69	67		10	10
4,040	4,118	Amortisation of tangible assets	586	594
19	25	- owned assets	4	3
		- leased assets		
4,059	4,143	(notes 4, 16 and 36)	590	597
52	56	Grants for educational and community development	8	8
467	568	Operating lease charges	81	68

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		10 Employee benefits		
4,897	5,820	Employee benefits including executive directors' salaries and other benefits	828	723
		Health care and medical scheme costs		
379	398	– current medical expenses	57	56
94	94	– defined benefit post-retirement medical expenses	13	14
		Pension and provident plan costs		
274	358	– defined contribution	51	40
11	(19)	– defined benefit pension plan	(3)	1
152	131	Retrenchment costs (note 4)	19	22
213	232	Share-based payment expense (note 11)	33	31
6,020	7,014	Included in cost of sales, other operating expenses, operating special items and corporate administration and other expenses	998	887
		Actuarial defined benefit plan expense analysis		
		Defined benefit post-retirement medical		
7	6	– current service cost	1	1
90	92	– interest cost	13	13
(3)	(4)	– expected return on plan assets	(1)	–
94	94		13	14
		Defined benefit pension plan		
50	47	– current service cost	7	7
109	125	– interest cost	18	16
(148)	(191)	– expected return on plan assets	(28)	(22)
11	(19)		(3)	1
420	191	Actual return on plan assets		
		– defined benefit pension and medical plans	27	62
		Refer to the Remuneration report for details of directors' emoluments.		

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		11 Share-based payments		
		Share incentive schemes		
		No new share incentive schemes were approved by the shareholders of AngloGold Ashanti Limited during the current financial year. New awards were made under the existing BSP and LTIP plans. ESOP awards that were surrendered by participants during the year were re-issued to new employees. The total cost relating to share incentive schemes was \$33m, R232m (2006: \$50m, R344m) and is made up as follows:		
12	64	Employee Share Ownership Plan (ESOP) – Free shares	9	2
12	64	Employee Share Ownership Plan (ESOP) – E ordinary shares to employees	9	2
37	70	Bonus Share Plan (BSP)	10	5
23	11	Long-Term Incentive Plan (LTIP)	2	4
69	–	Performance-related share-based remuneration scheme (PRO) – 1 May 2003	–	10
60	23	Performance-related share-based remuneration scheme (PRO) – 1 November 2004	3	9
213	232	Total employee compensation cost (note 10)	33	31
131	–	Employee Share Ownership Plan (ESOP) – E ordinary shares to Izingwe	–	19
344	232	Total share incentive scheme cost	33	50
		Included in:		
49	134	– cost of sales	19	7
35	98	– corporate administration and other expenses	14	5
260	–	– other operating special items (note 6)	–	38
344	232		33	50
		Employee Share Ownership Plan (ESOP)		
		On 12 December 2006, AngloGold Ashanti Limited announced the finalisation of the Bokamoso Employee Share Ownership Plan (Bokamoso ESOP) with the National Union of Mineworkers, Solidarity and United Association of South Africa. The Bokamoso ESOP creates an opportunity for AngloGold Ashanti Limited and the unions to ensure a closer alignment of the interest between South African-based 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.		

Number of shares		Weighted average exercise price	Number of shares		Weighted average exercise price
SA Rands 2006		Figures in million	SA Rands 2007		
11 Share-based payments (continued)					
<p>The company also undertook an empowerment transaction with a Black Economic Empowerment investment vehicle, Izingwe Holdings (Proprietary) Limited (Izingwe).</p> <p>In order to facilitate this transaction the company established a trust to acquire and administer the ESOP shares. AngloGold Ashanti Limited 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 shares are:</p> <ul style="list-style-type: none"> ■ AngloGold Ashanti Limited 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 calculation. <p>The award of free ordinary shares to employees</p> <p>The fair value of each free share awarded on 10 December 2007 is R305.99 (awarded on 13 December 2006: R320.00). 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. An equal number of shares vests in 2009 and each subsequent year up to the expiry date of 1 November 2013.</p> <p>Accordingly, for the awards issued, the following information is available:</p>					
–	–		928,590	–	
928,590	–	Awards granted during the year	77,490	–	
–	–	Awards lapsed during the year	49,230	–	
–	–	Awards exercised during the year	46,590	–	
928,590	–	Awards outstanding at end of year	910,260	–	
–	–	Awards exercisable at end of year	–	–	
<p>Up to 31 December 2007, the rights to a total of 49,230 (2006: nil) shares were surrendered by the participants. A total of 46,590 (2006: nil) shares were allotted to deceased, retired or retrenched employees. The income statement charge for the year was \$9m, R64m (2006: \$1,7m, R12m).</p>					

Number of shares		Weighted average exercise price	Number of shares		Weighted average exercise price
SA Rands 2006		Figures in million	SA Rands 2007		
11 Share-based payments (continued)					
The award of E ordinary shares to Izingwe					
<p>The average fair value of the E ordinary shares granted to Izingwe on 13 December 2006 was R90.00 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.</p>					
			E ordinary shares outstanding at beginning of year	1,400,000	289.00
			E ordinary shares granted during the year	–	–
			E ordinary shares cancelled during the year	–	–
			E ordinary shares converted during the year	–	–
			E ordinary shares outstanding at end of year	1,400,000	307.49
–	–				
1,400,000	288.00				
–	–				
–	–				
1,400,000	289.00				
<p>The weighted average exercise price is calculated as the initial grant price of R288.00 per share plus an interest factor less dividend apportionment. There was no income statement charge for the year as the full amount was expensed in 2006 (2006: \$19m, R131m).</p>					
<p>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 expenses 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 assumptions for the year, weighted-average risk free interest rates of 7% (2006: 7%); dividend yields of 2.06% (2006: 2.3%) and volatility of 33% (2006: 36%).</p>					

Notes to the group financial statements *continued*

For the year ended 31 December

Figures in million

11 Share-based payments (continued)

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 Limited, any subsidiary of AngloGold Ashanti Limited or a company under the control of AngloGold Ashanti Limited, 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 only vesting condition being three years' service.

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 Limited's shares on the JSE on the last business day prior to the date of grant. The AngloGold Ashanti Limited's Remuneration Committee has at their discretion, the right to pay dividends, or dividend equivalents, to the participants of the BSP. Having no history of any discretionary dividend payments, the fair value includes dividends and 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, the following information is available:

Award date	2005	2006	2007
Calculated fair value	R197.50	R308.00	R322.00
Vesting date	4 May 2008	8 Mar 2009	1 Jan 2010
Expiry date	3 May 2015	7 Mar 2016	31 Dec 2016

Number of shares		Weighted average exercise price			Number of shares		Weighted average exercise price
SA Rands 2006		Figures in million		SA Rands 2007			
11 Share-based payments (continued)							
Bonus Share Plan (BSP) (continued)							
271,945	–	Awards outstanding at beginning of year		480,585	–		
254,110	–	Awards granted during the year		296,495	–		
41,221	–	Awards lapsed during the year		50,704	–		
4,249	–	Awards exercised during the year		40,708	–		
480,585	–	Awards outstanding at end of year		685,668	–		
–	–	Awards exercisable at end of year		–	–		
<p>Up to 31 December 2007, the rights to a total of 50,704 (2006: 41,221) shares were surrendered by the participants. A total of 40,708 (2006: 4,249) shares were allotted to deceased, retired or retrenched employees.</p> <p>The income statement charge for the year was \$10m, R70m (2006: \$5m, R33m).</p>							
Long-Term Incentive Plan (LTIP)							
<p>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/management and selected members of senior management of participating companies. Participating companies include AngloGold Ashanti Limited, any subsidiary of AngloGold Ashanti Limited or a company under the control of AngloGold Ashanti Limited, unless the board excludes such a company.</p> <p>An award in terms of the LTIP may be granted at any date during the year that the board of AngloGold Ashanti Limited 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 Limited's shares on the JSE on the last business day prior to the date of grant. AngloGold Ashanti Limited's Remuneration Committee has at their discretion the right to pay dividends, or dividend equivalents to the participants of the LTIP. Having no history of any discretionary dividend payments, the fair value includes dividends and was used to determine the income statement expense. The fair value is equal to the award value as determined by the board.</p>							

Notes to the group financial statements *continued*

For the year ended 31 December

11 Share-based payments (continued)

Long-Term Incentive Plan (LTIP) (continued)

The main performance conditions in terms of the LTIP issued in 2005 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 comparative 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.

The main performance conditions in terms of the LTIP issued in 2007 and 2006 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 comparative 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.

Accordingly, for the awards made, the following information is available:

Award date	2005	2006	2007
Calculated fair value	R197.50	R327.00	R322.00
Vesting date	4 May 2008	1 Aug 2009	1 Jan 2010
Expiry date	3 May 2015	31 Jul 2016	31 Dec 2016

Number of shares		Weighted average exercise price			Number of shares		Weighted average exercise price
SA Rands 2006		Figures in million			SA Rands 2007		
11 Share-based payments (continued)							
Long-Term Incentive Plan (LTIP) (continued)							
Accordingly, for the awards made, the following information is available:							
363,500	–	Awards outstanding at beginning of year			660,175	–	
316,675	–	Awards granted during the year			321,664	–	
20,000	–	Awards lapsed during the year			198,414	–	
–	–	Awards exercised during the year			–	–	
660,175	–	Awards outstanding at end of year			783,425	–	
–	–	Awards exercisable at end of year			–	–	
The income statement charge for the year was \$2m, R11m (2006: \$4m, R23m).							
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 5.33 years. An employee would only be able to exercise his options after the date upon which he receives written notification from the directors that the previously specified performance criteria have been fulfilled.							
999,400	221.90	Options outstanding at beginning of year			885,900	221.90	
–	–	Options granted during the year			–	–	
112,000	221.90	Options lapsed during the year			21,400	221.90	
1,500	221.90	Options exercised during the year			414,600	221.90	
–	–	Options expired during the year			–	–	
885,900	221.90	Options outstanding at end of year			449,900	221.90	
885,900	221.90	Options exercisable at end of year			449,900	221.90	
During 2006 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.							

Notes to the group financial statements continued

For the year ended 31 December

Number of shares		Weighted average exercise price			Number of shares		Weighted average exercise price
SA Rands 2006		Figures in million	SA Rands 2007		SA Rands 2007		
11 Share-based payments (continued)							
<p>There was no income statement charge for the year, as the total compensation cost was expensed up to the date of vesting in 2006 (2006: \$10m, R69m).</p>							
Performance-related share-based remuneration scheme – 1 November 2004							
<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 following three years in order to vest. The performance criteria was met during 2006. The remaining weighted average contractual life of options granted is 6.83 years. An employee would only be able to exercise his options after the date upon which he has receives written notification from the directors that the previously specified performance criteria have been fulfilled.</p>							
1,012,900	228.00	Options outstanding at beginning of year	911,400	228.00			
–	–	Options granted during the year	–	–			
100,200	228.00	Options lapsed during the year	40,526	228.00			
1,300	228.00	Options exercised during the year	197,974	228.00			
–	–	Options expired during the year	–	–			
911,400	228.00	Options outstanding at end of year	672,900	228.00			
–	–	Options exercisable at end of year	672,900	228.00			
<p>During 2006 1,300 options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside in accordance with the scheme rules. The income statement charge for the year was \$3m, R23m (2006: \$9m, R60m).</p>							

Number of shares		Weighted average exercise price			Number of shares		Weighted average exercise price
SA Rands 2006		Figures in million			SA Rands 2007		
11 Share-based payments (continued)							
<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 these schemes 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 succeeding years. On 24 December 2002, AngloGold Ashanti Limited underwent a share split on a 2:1 basis therefore the EPS target was reduced accordingly. As none of the performance criteria was 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 4.33 years. An employee would only be able to exercise his options after the date upon which he receives written notification from the directors that the previously specified performance criteria have been fulfilled.</p>							
884,700	299.50	Options outstanding at beginning of year	788,500	299.50			
–	–	Options granted during the year	–	–			
94,700	299.50	Options lapsed during the year	23,400	299.50			
1,500	299.50	Options exercised during the year	249,700	299.50			
–	–	Options expired during the year	–	–			
788,500	299.50	Options outstanding at end of year	515,400	299.50			
788,500	299.50	Options exercisable at end of year	515,400	299.50			

Notes to the group financial statements continued

For the year ended 31 December

Number of shares		Weighted average exercise price			Number of shares		Weighted average exercise price
SA Rands 2006		Figures in million			SA Rands 2007		
11 Share-based payments (continued)							
Time-related share-based remuneration scheme – granted up to 30 April 2002							
Except where the directors at 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 2.36 years. The period in which and the extent to which the options vest and may be exercised are as follows:							
<ul style="list-style-type: none"> ■ 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 							
864,710	126.91	Options outstanding at beginning of year			473,260	125.82	
–	–	Options granted during the year			–	–	
1,600	211.00	Options lapsed during the year			–	–	
389,850	127.89	Options exercised during the year			266,300	125.89	
–	–	Options expired during the year			–	–	
473,260	125.82	Options outstanding at end of year			206,960	124.69	
465,260	123.90	Options exercisable at end of year			206,960	124.69	
No grants were made with respect to the time related scheme options and performance related options during 2005, 2006 and 2007. 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's 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:

	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

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		12 Taxation		
		South African taxation		
193	371	Mining tax ⁽¹⁾	55	27
257	212	Non-mining tax	29	39
57	47	Under provision prior year	6	8
		Deferred taxation:		
565	285	Temporary differences ⁽²⁾	41	81
(771)	(634)	Unrealised non-hedge derivatives and other commodity contracts	(93)	(110)
412	57	Change in estimated deferred tax rate ^{(3) (4)}	8	59
713	338		46	104
		Foreign taxation		
933	1,065	Normal taxation ⁽¹⁾	151	137
(8)	(15)	Over provision prior year	(2)	(1)
		Deferred taxation:		
(294)	(310)	Temporary differences ⁽²⁾	(45)	(43)
29	(39)	Unrealised non-hedge derivatives and other commodity contracts	(5)	4
(141)	-	Change in estimated deferred tax rate ⁽⁵⁾	-	(21)
519	701		99	76
1,232	1,039		145	180
		Tax reconciliation		
		A reconciliation of the effective tax rate charged in the income statement to the prevailing corporate tax rate is set out in the following table:		
%	%		%	%
144	(34)	Effective tax rate	(29)	107
		Disallowable items:		
(116)	66	Derivative losses	58	(90)
(5)	9	Other	9	(5)
29	(2)	Foreign income tax allowances and rate differentials	(2)	23
56	(5)	Current tax assets recognised (previously unrecognised)	(4)	43
(5)	7	Current unrecognised tax assets	6	(4)
(47)	2	Change in estimated deferred tax rate ^{(4) (5)}	2	(35)
(6)	1	Prior year under provision	1	(4)
(13)	(7)	Other	(4)	2
37	37	Estimated corporate tax rate ⁽³⁾	37	37
		⁽¹⁾ Included in South African mining taxation is tax on the disposal of tangible assets of \$3m, R21m (2006: nil). Included in normal foreign taxation is tax on the disposal of tangible assets of \$3m, R19m (2006: \$2m, R13m) (note 14).		
		⁽²⁾ Included in temporary differences in South African taxation is tax on the impairment and disposal of tangible assets of \$1m, R6m (2006: nil). Included in temporary differences of foreign taxation is a tax credit on the impairment and disposal of tangible assets of \$4m, R24m (2006: tax charge of \$8m, R56m) (note 14).		

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		12 Taxation (continued)		
		<p>⁽³⁾ Mining tax on mining income in South Africa is determined according to a formula based on the 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.</p> <p>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 entities, Vaal River Operations and West Wits Operations. Under ring-fencing legislation, each entity is treated separately and deductions can only be utilised against income generated by the relevant tax entity.</p> <p>The formula for determining the South African mining tax rate 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.</p> <p>⁽⁴⁾ 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 group'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 \$8m, R57m (2006: \$59m, R412m).</p> <p>⁽⁵⁾ The Ghanaian tax authorities have granted an extension on tax losses which would have been forfeited during the prior year \$21m, R141m.</p>		
		Unrecognised tax losses		
		The unrecognised tax losses of the US operations which are available for offset against future profits earned in the USA	248	277
1,943	1,692		248	277
1,943	1,692		248	277
		Analysis of tax losses		
		Tax losses available to be used against future profits		
		– utilisation required within one year	1	–
–	8	– utilisation in excess of five years	247	277
1,943	1,684		248	277
1,943	1,692		248	277
		Unrecognised tax losses utilised		
		Assessed losses utilised during the year	28	64
448	191		28	64

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		13 Discontinued operations		
		On 8 June 2007, AngloGold Ashanti announced that it would sell, subject to certain conditions, to a consortium of Mintails South Africa (Pty) Ltd/DRD South African Operations (Pty) Ltd joint venture, most of the remaining assets of Ergo, the surface reclamation operation east of Johannesburg.		
		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 and sale conditions have been met.		
		The results of Ergo are presented below:		
26	5	Gold income	1	4
(2)	(22)	Cost of sales	(3)	(1)
(37)	37	Reversal (increase) in environmental provision	5	(5)
(13)	20	Gross profit (loss)	3	(2)
–	10	Other income	2	–
(13)	30	Profit (loss) before taxation	5	(2)
(17)	(2)	Normal taxation (note 35)	–	(2)
18	(21)	Deferred taxation (note 33)	(4)	2
(12)	7	Net profit (loss) after taxation	1	(2)
SA Cents			US Cents	
		14 Earnings per ordinary share		
		Basic (loss) profit per ordinary share		
(211)	(1,519)	– Continuing operations	(237)	(15)
		The calculation of basic loss per ordinary share is based on losses attributable to equity shareholders of \$669m, R4,275m (2006 losses of: \$42m, R575m) and 281,455,107 (2006: 272,808,217) shares being the weighted average number of ordinary shares in issue during the financial year.		
(4)	3	– Discontinued operations	–	(1)
		The calculation of basic profit (loss) per ordinary share is based on profits (losses) attributable to equity shareholders of \$1m, R7m (2006 losses of: \$2m, R12m) and 281,455,107 (2006: 272,808,217) shares being the weighted average number of ordinary shares in issue during the financial year.		
(211)	(1,519)	Diluted (loss) profit per ordinary share		
		– Continuing operations	(237)	(15)
		The calculation of diluted loss per ordinary share is based on losses attributable to equity shareholders of \$669m, R4,275m (2006 losses of: \$42m, R575m) and 281,455,107 (2006: 272,808,217) shares being the diluted number of ordinary shares. In 2006 and 2007, no adjustment was made since the effect is anti-dilutive.		

Notes to the group financial statements *continued*

For the year ended 31 December

SA Cents			US Cents	
2006	2007		2007	2006
(4)	3	<p>14 Earnings per ordinary share (continued)</p> <p>Diluted (loss) profit per ordinary share (continued)</p> <p>– Discontinued operations</p> <p>The calculation of diluted profit (loss) per ordinary share is based on profits attributable to equity shareholders of \$1m, R7m (2006 losses of: \$2m, R12m) and 281,455,107 (2006: 272,808,217) shares being the diluted number of ordinary shares. In 2006 and 2007, no adjustment was made since the effect is anti-dilutive.</p>	–	(1)
			Number of shares	
		In calculating the diluted number of ordinary shares outstanding for the year, the following were taken into consideration:		
		Ordinary shares	276,805,309	272,214,937
		E ordinary shares ⁽¹⁾	4,117,815	194,954
		Fully vested options ⁽²⁾	531,983	398,326
		Weighted average number of shares	281,455,107	272,808,217
		Dilutive potential of share options ⁽³⁾	–	–
		Diluted number of ordinary shares	281,455,107	272,808,217
		⁽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 take into account the effect of 575,316 (2006: 854,643) shares, issuable on share awards as the effect of this was anti-dilutive for this period.		
		The calculation of diluted earnings per share for 2007 did not take into account the effect of 15,384,615 (2006: 15,384,615) shares, issuable upon the exercise of convertible bonds, as the effect of this was anti-dilutive for this period.		
SA Rands		Figures in million	US Dollars	
(587)	(4,269)	<p>Headline loss</p> <p>The loss attributable to equity shareholders was adjusted by the following to arrive at headline loss:</p>	(668)	(44)
–	7	Loss attributable to equity shareholders	1	–
44	6	Impairment of goodwill (notes 6 and 17)	1	6
(376)	(56)	Impairment of tangible assets (notes 6 and 16)	(7)	(54)
		Profit on disposal of assets (note 6)		
		Taxation on items above		
13	40	– current portion (note 12)	6	2
56	(18)	– deferred portion (note 12)	(3)	8
–	154	Impairment of investment in associates (note 8)	22	–
(850)	(4,136)	Headline loss	(648)	(82)

SA cents			US cents	
2006	2007		2007	2006
		14 Earnings per ordinary share (continued)		
		Cents per share		
		Headline loss removes items of a capital nature from the calculation of earnings per share, calculated in accordance with Circular 8/2007 issued by the South African Institute of Chartered Accountants (SAICA).		
		The calculation of headline loss per ordinary share is based on headline losses of \$648m, R4,136m (2006: \$82m, R850m) and 281,455,107 (2006: 272,808,217) shares being the weighted average number of ordinary shares in issue during the year.		
(312)	(1,470)		(230)	(30)
SA Rands		Figures in million	US Dollars	
		15 Dividends		
		Ordinary shares		
		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).		
164	-		-	26
		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).		
578	-		-	81
		No. 101 of 240 SA cents per ordinary share was declared on 12 February 2007 and paid on 16 March 2007 (32 US cents per share).		
-	664		90	-
		No. 102 of 90 SA cents per ordinary share was declared on 30 July 2007 and paid on 31 August 2007 (12 US cents per share).		
-	249		34	-
		No. E1 of 120 SA cents per E ordinary share was declared on 12 February 2007 and paid on 16 March 2007 (16 US cents per share).		
-	4		1	-
		No. E2 of 45 SA cents per E ordinary share was declared on 30 July 2007 and paid on 31 August 2007 (6 US cents per share).		
-	2		-	-
742	919	(note 28)	125	107
		No. 103 of 53 SA cents per ordinary share was declared on 6 February 2008 and will be paid on 7 March 2008 (approximately 7 US cents per share). The actual rate of payment will depend on the exchange rate on the date of currency conversion.		
		No. E3 of 26.5 SA cents per E ordinary share was declared on 6 February 2008 and will be paid on 7 March 2008 (approximately 4 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 continued

For the year ended 31 December

16 Tangible assets

Figures in million	Mine	Mine	Mineral	Exploration	Land	Total
	development	infrastructure	rights and dumps	and evaluation assets	and buildings	
US Dollars						
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) ⁽³⁾	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
Cost						
Balance at 1 January 2007	5,577	2,437	1,185	31	26	9,256
Additions						
– project expenditure	458	21	–	–	–	479
– stay-in-business expenditure	350	184	–	–	36	570
Acquisition of exploration assets ⁽²⁾	–	3	–	25	–	28
Disposals	(3)	(12)	–	(1)	(1)	(17)
Transfers and other movements ⁽¹⁾	(184)	225	–	–	–	41
Finance costs capitalised (note 7)	10	–	–	–	–	10
Translation	158	25	12	–	3	198
Balance at 31 December 2007	6,366	2,883	1,197	55	64	10,565
Accumulated amortisation						
Balance at 1 January 2007	1,878	1,166	157	1	–	3,202
Amortisation for the year (notes 4, 9 and 36)	364	203	21	–	2	590
Impairments (notes 6 and 14) ⁽³⁾	1	–	–	–	–	1
Disposals	(1)	(8)	–	(1)	–	(10)
Transfers and other movements ⁽¹⁾	(37)	15	–	–	–	(22)
Translation	63	15	4	–	–	82
Balance at 31 December 2007	2,268	1,391	182	–	2	3,843
Net book value at 31 December 2007	4,098	1,492	1,015	55	62	6,722

16 Tangible assets

	Mine development costs	Mine infrastructure	Mineral rights and dumps	Exploration and evaluation assets	Land and buildings	Total
SA Rands						
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) ⁽³⁾	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
Cost						
Balance at 1 January 2007	39,042	17,065	8,298	217	185	64,807
Additions						
– project expenditure	3,225	147	–	–	–	3,372
– stay-in-business expenditure	2,453	1,295	–	–	256	4,004
Acquisition of exploration assets ⁽²⁾	–	24	–	174	–	198
Disposals	(18)	(86)	(3)	(9)	(4)	(120)
Transfers and other movements ⁽¹⁾	(1,309)	1,581	–	–	–	272
Finance costs capitalised (note 7)	68	–	–	–	–	68
Translation	(106)	(388)	(140)	(10)	(2)	(646)
Balance at 31 December 2007	43,355	19,638	8,155	372	435	71,955
Accumulated amortisation						
Balance at 1 January 2007	13,144	8,167	1,107	6	1	22,425
Amortisation for the year (notes 4, 9 and 36)	2,559	1,426	147	–	11	4,143
Impairments (notes 6 and 14) ⁽³⁾	5	1	–	–	–	6
Disposals	(9)	(57)	–	(7)	–	(73)
Transfers and other movements ⁽¹⁾	(262)	108	–	–	–	(154)
Translation	6	(169)	(12)	1	(1)	(175)
Balance at 31 December 2007	15,443	9,476	1,242	–	11	26,172
Net book value at 31 December 2007	27,912	10,162	6,913	372	424	45,783

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of \$9m, R60m (2006: \$15m, R105m). Included in land and buildings are assets held under finance leases with a net book value of \$34m, R235m (2006: nil).

The majority of the leased assets are pledged as security for the related finance lease.

The carrying value of assets encumbered by project finance amounts to nil (2006: \$12m, R85m).

The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 9.75% (2006: 8.23%).

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 deferred stripping, change in estimates for decommissioning and asset reclassifications.

⁽²⁾ Exploration assets of \$43m, R298m were acquired from Trans-Siberian Gold plc (TSG). Assets to the value of \$15m, R100m has been transferred to non-current assets held for sale (note 26).

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		16 Tangible assets (continued)		
		⁽³⁾ Impairments include the following:		
44	6	Write-off of various minor tangible assets and equipment	1	6
44	6	(note 6)	1	6
		<p>The above impairments relate to mining properties, mine development costs and mine plant facilities and have been recognised in operating special items (note 6). The recoverable amount was determined by reference to value in use.</p> <p>Impairment calculation</p> <p>Management assumptions for the value in use of tangible assets and goodwill include:</p> <ul style="list-style-type: none"> ■ The forward gold price curve for the first 10 years, where a forward gold market and quoted prices exist (starting point based on a 30-day average during the fourth quarter of 2007: \$749/oz, (2006: \$630/oz)). Thereafter, the estimated future gold price has been increased by 2.25% (2006: 2.25%) per annum over the remaining life of the mines. These prices have been adjusted for the effects of including normal sale forward contracts to arrive at an average received price across all of the cash generating units (CGUs). <p>Annual life of mine plans which take into account the following:</p> <ul style="list-style-type: none"> ■ Proved and probable ore reserves included in pages 106 to 111; ■ value beyond proved 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 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. 		

Figures in million		2007	2006
16 Tangible assets (continued)			
Impairment calculation (continued)			
<p>The real pre-tax discount rates applied in impairment calculations are based on a calculated weighted average cost of capital (WACC) of 4.53% (2006: 4.00%), adjusted for appropriate factors being country risk, project risk, value and timing of tax payments. The WACC is based on the average weighting of AngloGold Ashanti and those of its main peers.</p> <p>Real pre-tax discount rates applied in impairment calculations on CGU's for which the carrying amount of goodwill is significant are as follows:</p>			
Sunrise Dam ⁽¹⁾		11.0%	10.2%
Boddington ⁽¹⁾		8.3%	7.7%
Geita ⁽¹⁾		10.5%	10.3%
<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> <p>Should management's estimate of the future not reflect actual events, further impairments may be identified. 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 proved 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>⁽¹⁾ The discount rates for 2006 were calculated on a consistent basis to the 2007 discount rates.</p>			

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands		US Dollars		
Figures in million				
<p>16 Tangible assets (continued) Impairment calculation (continued) 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 a 5% movement in gold price, ounces, costs and discount rate assumptions are:</p>				
Carrying value	Value in use	2007	Carrying value	Value in use
10,890	12,048	Obuasi	1,599	1,769
647	783	Sadiola	95	115
933	933	Morila ⁽¹⁾	137	137
3,654	3,876	Sunrise Dam ⁽¹⁾	537	569
2006				
10,760	11,065	Obuasi	1,537	1,580
782	880	Tau Lekoa	112	126
<p>Should any of the assumptions used change adversely and the impact not be mitigated by a change in other factors, this could result in an impairment of the above assets.</p> <p>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 2007 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.</p> <p>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 2007.</p> <p>⁽¹⁾ The above carrying value of Morila and Sunrise Dam includes goodwill of \$20m, R137m and \$133m, R907m respectively (note 17).</p>				

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		17 Intangible assets		
		Goodwill		
		Net carrying value		
2,366	2,739	Balance at beginning of year	391	373
–	(7)	Impairment of goodwill (notes 6 and 14) ⁽¹⁾	(1)	–
373	112	Translation	28	18
2,739	2,844	Balance at end of year	418	391
		Net carrying amount allocated to each of the cash generating units:		
836	907	Sunrise Dam	133	119
836	907	Boddington	133	119
763	742	Geita Gold Mining Limited	109	109
148	137	Morila Limited	20	21
100	97	AngloGold Ashanti Brasil Mineração	15	15
56	54	Serra Grande Company Limited	8	8
2,739	2,844		418	391
		⁽¹⁾ Goodwill has been allocated to its respective cash generating units (CGUs) where it is tested for impairment as part of the CGU (note 16). The group reviews and tests the carrying value of goodwill on an annual basis for impairment. Following the impairment review, goodwill to the value of \$1m, R7m at Morila was impaired.		
		Royalty and tax rate concession		
		Cost		
312	344	Balance at beginning of year	49	49
32	(9)	Translation	–	–
344	335	Balance at end of year	49	49
		Accumulated amortisation		
145	174	Balance at beginning of year	25	23
13	14	Amortisation (notes 4 and 36)	2	2
16	(5)	Translation	–	–
174	183	Balance at end of year	27	25
170	152	Net book value	22	24
2,909	2,996	Total intangible assets	440	415
		The government of Ghana agreed to a concession on the royalty payments by maintaining a rate of 3% for 15 years from 2004.		
		The tax rate concession was granted at a rate of 30% for the Ashanti business combination in 2004. During 2005, the corporate tax rate in Ghana decreased to 25% and the tax rate concession, which expires in 2019, was fully impaired.		

Notes to the group financial statements continued

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		18 Investments in associates		
		The group has a 25% (2006: 25%) interest in Oro Group (Pty) Ltd which is involved in the manufacture and wholesale of jewellery. The year-end of Oro Group (Pty) Ltd is 31 March. Equity accounting is based on results to 30 September 2007 adjusted for material transactions.		
		The group has a 29.8% (2006: 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 2007 adjusted for material transactions.		
		The carrying value of associates consists of:		
218	203	Shares at carrying value brought forward	32	35
(15)	12	Share of retained earnings (loss) brought forward	(1)	(3)
203	215		31	32
(6)	(10)	Share of associates' loss after taxation (note 8)	(1)	(1)
–	(154)	Impairment (note 8) ⁽¹⁾	(22)	–
–	3	Investment acquired in Margaret Water Company Limited	–	–
18	3	Translation	1	–
85	83	Loans advanced ⁽²⁾	12	12
300	140		21	43
		⁽¹⁾ In 2007, the Trans-Siberian Gold plc and Margaret Water Company Limited investments were impaired. The impairment tests considered the investments fair value and anticipated future cash flows. Impairments of \$22m, R154m were recorded.		
		⁽²⁾ Loans advanced consist of \$10m, R68m (2006: \$10m, R70m) to Trans-Siberian Gold plc and \$2m, R15m to the Oro Group (Pty) Ltd (2006: \$2m, R15m).		
		The Trans-Siberian Gold plc 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 (Pty) Ltd's board of directors and is repayable at their discretion.		

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		18 Investments in associates (continued)		
		The carrying value consists of the following:		
		Share capital and reserves		
20	23	Oro Group (Pty) Ltd	4	3
195	34	Trans-Siberian Gold plc	5	28
215	57		9	31
		Loans advanced		
15	15	Oro Group (Pty) Ltd	2	2
70	68	Trans-Siberian Gold plc	10	10
300	140		21	43
63	41	Market value of listed associate	6	9
		The group's effective share of certain balance sheet items of its associates at 30 September 2007 is as follows:		
117	100	Non-current assets	15	17
97	147	Current assets	22	14
214	247	Total assets	37	31
50	44	Non-current liabilities	7	7
30	42	Current liabilities	6	4
80	86	Total liabilities	13	11
134	161	Net assets	24	20
		Reconciliation of the carrying value of investments in associates with net assets:		
134	161	Net assets	24	20
101	99	Goodwill	14	14
235	260		38	34
70	68	Loan advanced to Trans-Siberian Gold plc	10	10
-	(154)	Impairment	(22)	-
(5)	(5)	Repayment of Oro Group (Pty) Ltd shareholders' loan	(1)	(1)
-	(43)	Elimination of profits within the group	(6)	-
-	14	Translation	2	-
300	140	Carrying value	21	43

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		19 Other investments		
		Listed investments		
		Available-for-sale		
97	310	Balance at beginning of year	44	15
512	30	Additions	4	76
(388)	(23)	Disposals	(3)	(57)
77	8	Fair value adjustments ⁽¹⁾	1	11
12	(2)	Translation	2	(1)
310	323	Balance at end of year	48	44
		Available-for-sale listed investments consist of investments in ordinary shares, associated purchase warrants and options.		
		The available-for-sale investments primarily consists of:		
91	96	Nufcor Uranium Limited	14	13
101	76	International Tower Hill Mines Limited	11	14
22	56	Red 5 Limited	8	3
80	89	Various listed investments held by Environmental Rehabilitation Trust Fund	13	11
16	6	Other	2	3
310	323		48	44
		Held to maturity		
118	124	Balance at beginning of year	18	19
–	15	Additions	2	–
–	(39)	Maturities	(6)	–
6	4	Interest earned	1	1
–	–	Translation	–	(2)
124	104	Balance at end of year	15	18
		Rehabilitation Trust Fund administered by RMB Private Bank comprising:		
90	72	Government bonds	10	13
34	32	Quasi-Government bonds	5	5
124	104		15	18
434	427	Book value of listed investments	63	62
434	430	Market value of listed investments	63	62
		The market value of held to maturity bonds above is \$15m, R107m. The market value has a sensitivity of R27,433 for a basis point change in interest rates.		

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		19 Other investments (continued)		
		Unlisted investments		
		Available-for-sale		
2	2	Balance at beginning of year	–	–
2	2	Balance at end of year	–	–
		Available-for-sale unlisted investments consist primarily of the Chamber of Mines Building Company Limited.		
2	2	Directors' valuation of unlisted investments ⁽²⁾	–	–
		Held to maturity		
428	448	Balance at beginning of year	64	68
52	15	Additions	2	7
(74)	(102)	Maturities	(15)	(11)
36	9	Interest earned	1	5
6	(4)	Translation	2	(5)
448	366	Balance at end of year	54	64
		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.		
		Unlisted investments – held to maturity include:		
367	274	Negotiable Certificates of Deposit – Rehabilitation Trust Fund administered by RMB Private Bank	40	52
64	76	Environmental Protection Bond – fixed-term deposit required by legislation	12	9
17	16	Other	2	3
448	366		54	64
450	368	Book value of unlisted investments	54	64
450	366	Fair value of unlisted investments	54	64
884	795	Total book value	117	126
884	796	Total fair value	117	126
		⁽¹⁾ The exposure to equity price risk on equity investments is not significant.		
		⁽²⁾ 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 group does not intend to sell the investments in the foreseeable future.		

Notes to the group financial statements continued

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		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		
2,146	1,951	Gold income	278	317
(1,101)	(1,217)	Expenses	(173)	(161)
1,045	734	Operating profit	105	156
9	10	Interest received	1	1
(46)	(35)	Finance costs and unwinding of obligations	(5)	(7)
1,008	709	Profit before taxation	101	150
(219)	(304)	Taxation	(43)	(34)
789	405	Profit after taxation	58	116
		Balance sheet		
		Non-current assets		
832	688	Tangible assets	101	119
148	137	Intangible assets	20	21
91	96	Other investments	14	13
485	410	Inventories	60	69
161	180	Trade and other receivables	26	23
74	113	Deferred taxation	17	11
		Current assets		
702	850	Inventories	125	100
204	232	Trade and other receivables	34	29
170	135	Cash and cash equivalents	20	24
2,867	2,841	Total assets	417	409
1,957	2,043	Equity	300	280
		Non-current liabilities		
59	25	Borrowings	4	8
248	244	Provisions and deferred taxation	36	35
		Current liabilities		
184	136	Current portion of borrowings	20	26
419	393	Trade and other payables	57	60
2,867	2,841	Total equity and liabilities	417	409
		Refer to pages 304 and 305 for details of joint ventures.		

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		21 Inventories		
		Non-current		
		Raw materials		
1,048	1,296	– heap-leach inventory	190	150
922	913	– ore stockpiles	134	132
		Finished goods		
24	–	– by-products ⁽¹⁾	–	3
1,994	2,209	Total metal inventories	324	285
12	8	Mine operating supplies	1	2
2,006	2,217		325	287
		Current		
		Work in progress		
464	581	– gold in process	85	66
		Finished goods		
292	281	– gold doré/bullion	41	42
455	392	– by-products ⁽¹⁾	58	65
		Raw materials		
621	1,315	– ore stockpiles	193	89
345	382	– heap-leach inventory	56	49
2,177	2,951	Total metal inventories	433	311
1,247	1,652	Mine operating supplies	243	178
3,424	4,603		676	489
5,430	6,820	Total inventories ⁽²⁾	1,001	776
		⁽¹⁾ Uranium by-products of \$3m, R22m (2006: \$6m, R45m) 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, gold on hand and ore stockpiles to net realisable value, and recognised as an expense is \$55m, R372m (2006: \$4m, R28m). This expense is included in cost of sales which is disclosed in note 4.		

Notes to the group financial statements continued

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		22 Other non-current assets		
		Unsecured		
267	244	AngloGold Ashanti Pension Fund (note 32)	36	38
17	19	Defined benefit post-retirement medical asset for Rand Refinery employees (note 32)	3	2
1	1	Retiree Medical Plan for Nufcor South Africa employees (note 32)	–	–
		Loans and receivables		
4	4	Loan repayable between 31 December 2009 and 31 December 2011 bearing interest at 3% per annum	–	–
5	5	Other interest-bearing loan – repayable over five years at South African prime bank overdraft rates less 2%	1	1
24	7	Other non-interest bearing loans and receivables – repayable on various dates	1	4
318	280		41	45
(5)	(2)	Current portion of other non-current assets included in current assets	–	(1)
313	278		41	44
		23 Trade and other receivables		
		Non-current		
18	14	Trade debtor	2	3
38	56	Prepayments and accrued income	8	5
329	496	Recoverable tax, rebates, levies and duties ⁽¹⁾	73	47
20	–	Other debtors	–	3
405	566		83	58
		Current		
291	302	Trade debtors	44	41
407	546	Prepayments and accrued income	80	58
14	19	Interest receivable	3	2
543	644	Recoverable tax, rebates, levies and duties ⁽¹⁾	95	77
6	29	Amounts due from related parties	4	1
39	47	Other debtors	7	6
1,300	1,587		233	185
1,705	2,153	Total trade and other receivables	316	243
		The non-current trade debtor is non-interest bearing and repayable over three years.		
		Current trade debtors are non-interest bearing and are generally on terms less than 90 days.		
		There is no concentration of credit risk with respect to trade receivables, as the group has a large number of internationally dispersed customers.		

Figures in million

23 Trade and other receivables (continued)

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 an attributable \$42m, R286m at 31 December 2007 (31 December 2006: \$34m, R237m). The last audited value added tax return was for the period ended 31 March 2007 and at balance sheet date an attributable \$25m, R170m (2006: \$19m, R131m) was still outstanding, and \$17m, R116m (2006: \$15m, R107m) 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 previous audits.

Recoverable fuel duties from the Malian government amounts to an attributable \$7m, R48m at 31 December 2007 (31 December 2006: \$11m, R73m). Fuel duty refund claims 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 authorities have approved an attributable \$2m, R14m (2006: \$5m, R34m), which is still outstanding, while an attributable \$5m, R34m (2006: \$6m, R39m) is still subject to authorisation. Accounting processes for the unauthorised amount are in accordance with the processes advised by the Malian government in terms of previous authorisations. As from February 2006 all fuel duties have been exonerated.

The government of Mali is a shareholder in all Malian owned entities. Management is in negotiations with the government of Mali to agree a protocol for the repayment of the outstanding amounts. The amounts outstanding have been discounted to their present value at a rate of 6.5%.

Recoverable value added tax due from the Tanzanian government amounts to \$16m, R109m at 31 December 2007 (31 December 2006: \$14m, R97m). The last audited value added tax return was for the period ended 30 June 2007 and at 31 December 2007 \$14m, R95m (31 December 2006: \$9m, R63m) was still outstanding and \$2m, R14m (31 December 2006: \$5m, R34m) 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 previous audits. The amounts outstanding have been discounted to their present value at a rate of 7.8%.

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		23 Trade and other receivables (continued)		
		Recoverable fuel duties from the Tanzanian government amounts to \$37m, R252m at 31 December 2007 (31 December 2006: \$18m, R128m). 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 \$21m, R143m (31 December 2006: \$12m, R83m) have been lodged with the Customs and Excise authorities, which is still outstanding, whilst claims for refund of \$16m, R109m (31 December 2006: \$6m, R45m) 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 previous authorisations. The amounts outstanding have been discounted to their present value at a rate of 7.8%.		
		24 Cash restricted for use		
15	45	Cash restricted by the prudential solvency requirements	7	2
31	179	Cash balances held by the Environmental Rehabilitation Trust Fund	26	5
23	33	Cash balances held by the Boddington Joint Venture	5	3
6	7	Other	1	1
75	264	(note 39)	39	11
		25 Cash and cash equivalents		
2,649	2,471	Cash and deposits on call	363	378
818	910	Money market instruments	133	117
3,467	3,381	(notes 39 and 40)	496	495

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		<p>26 Non-current assets held for sale</p> <p>Effective 30 June 2005, the investment in the Weltevreden mining rights of \$15m, R100m (2006: \$15m, R100m) 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 Resource Limited on 15 June 2005. On 19 December 2005, Alease was acquired by srx Uranium One (formerly Southern Cross Inc.) and the sale agreement was amended to recognise this change. The conditions precedent to the agreement were not fulfilled before the expiry date of 31 December 2007. Consequently the agreement lapsed and a new agreement is being negotiated with Alease Gold Limited. In terms of the draft agreement, the purchase price will be paid in the form of Alease shares to be issued to AngloGold Ashanti.</p> <p>The draft agreement currently contains conditions precedent including that the Minister must approve of the cession of the Weltevreden mining right from AngloGold Ashanti to Alease, unconditional approval of the transaction by the Competition Commission and approval by the JSE of issue and allotment of the Alease shares.</p> <p>Rand Refinery allocated parts of its premises \$1m, R10m previously recognised as a tangible asset, to held for sale. Rand Refinery intends to sell off parts of the estate that are no longer utilised within the next 12 months. A buyer has been found and a sale agreement has been drawn up, the parties are in the process of finalising the agreement.</p> <p>Effective 30 June 2007, exploration properties of \$15m, R100m acquired from Trans-Siberian Gold plc situated in Russia were classified as assets held for sale. The expected cash sale of these exploration properties would form part of the joint venture agreement between Polymetal and AngloGold Ashanti which is expected to be concluded during 2008.</p> <p>Arising from the sale of Bibiani, effective 1 December 2006, to Central African Gold plc (CAG), the group decided to apply \$3m, R23m of the partial proceeds to an investment in 15,825,902 CAG shares. Subsequent to this decision, local regulators required that the 15,825,902 shares in CAG be sold within 90 days of 28 December 2006.</p> <p>On 14 February 2007, the company disposed of 7,000,000 CAG shares yielding total proceeds of \$1m, R11m and during April 2007, disposed of the remaining 8,825,902 CAG shares yielding total proceeds of \$2m, R13m.</p>		
123	210		31	18

Notes to the group financial statements continued

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
27 Share capital and premium				
Share capital				
Authorised				
100	100	400,000,000 ordinary shares of 25 SA cents each	15	14
1	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	–	–
102	102		15	14
Issued and fully paid				
69	69	277,457,471 (2006: 276,236,153) ordinary shares of 25 SA cents each	10	10
1	1	4,140,230 (2006: 4,185,770) E ordinary shares of 25 SA cents each	–	–
1	1	2,000,000 (2006: 2,000,000) A redeemable preference shares of 50 SA cents each	–	–
–	–	778,896 (2006: 778,896) B redeemable preference shares of 1 SA cent each	–	–
71	71		10	10
Treasury Shares held within the group:				
(1)	(1)	2,778,896 (2006: 2,778,896) A and B redeemable preference shares held within the group	–	–
–	–	913,410 (2006: 928,590) ordinary shares held within the group ⁽¹⁾	–	–
(1)	(1)	2,740,230 (2006: 2,785,770) E ordinary shares held within the group ⁽¹⁾	–	–
69	69		10	10
Share premium				
19,293	22,976	Balance at beginning of year	3,282	3,045
3,330	283	Ordinary shares issued	40	550
353	(6)	E ordinary shares (cancelled) issued	(1)	50
–	–	Translation	94	(363)
22,976	23,253	Balance at end of year	3,415	3,282
(312)	(312)	Redeemable preference shares held within the group	(46)	(45)
(297)	(292)	Ordinary shares held within the group	(43)	(43)
(353)	(347)	E ordinary shares held within the group	(51)	(50)
22,014	22,302		3,275	3,144
22,083	22,371		3,285	3,154
Share capital and premium				
⁽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.				

27 Share capital and premium (continued)

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 continued

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)	Other comprehensive income ⁽³⁾	Total
US Dollars						
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 gold sales					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)
Actuarial loss recognised				(14)		(14)
Deferred taxation thereon (note 33)				5		5
Loss attributable to equity shareholders	(668)					(668)
Dividends (note 15)	(125)					(125)
Acquisition of minority interest	(12)					(12)
Transfers to foreign currency translation reserve	(6)		6			-
Net loss on cash flow hedges removed from equity and reported in gold sales					200	200
Net loss on cash flow hedges					(166)	(166)
Hedge ineffectiveness					10	10
Deferred taxation on cash flow hedges and hedge ineffectiveness (note 33)					-	-
Gain on available-for-sale financial assets					1	1
Deferred taxation on available-for-sale financial assets (note 33)					-	-
Share-based payment for share awards					27	27
Translation			11	(1)	(5)	5
Balance at December 2007	(1,020)	20	258	(16)	(148)	(906)

28 Retained earnings and other reserves (continued)

Figures in million	Retained earnings ⁽¹⁾	Non-distributable reserves ⁽²⁾	Foreign currency translation reserve	Actuarial gains (losses)	Other comprehensive income ⁽³⁾	Total
SA Rands						
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 gold sales					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)
Actuarial loss recognised				(99)		(99)
Deferred taxation thereon (note 33)				36		36
Loss attributable to equity shareholders	(4,269)					(4,269)
Dividends (note 15)	(919)					(919)
Acquisition of minority interest	(81)					(81)
Transfers to foreign currency translation reserve	(41)		41			-
Net loss on cash flow hedges removed from equity and reported in gold sales					1,407	1,407
Net loss on cash flow hedges					(1,161)	(1,161)
Hedge ineffectiveness					69	69
Deferred taxation on cash flow hedges and hedge ineffectiveness (note 33)					(1)	(1)
Gain on available-for-sale financial assets					8	8
Deferred taxation on available-for-sale financial assets (note 33)					1	1
Share-based payment for share awards					190	190
Translation			(139)		(21)	(160)
Balance at December 2007	(5,524)	138	338	(108)	(1,011)	(6,167)

⁽¹⁾ \$402m, R2,729m (2006: \$286m, R2,004) 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 \$21m, R141m (2006: \$20m, R141m) and other transfers.

⁽³⁾ 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 *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		29 Minority interests		
374	436	Balance at beginning of year	62	59
202	222	Profit for the year	32	30
(171)	(131)	Dividends paid	(19)	(25)
–	(91)	Acquisition of minority interest ⁽¹⁾	(13)	–
10	14	Net loss on cash flow hedges removed from equity and reported in gold sales	2	2
(12)	(12)	Net loss on cash flow hedges	(2)	(2)
33	(9)	Translation	1	(2)
436	429	Balance at end of year	63	62
		⁽¹⁾ With effect 1 September 2007, AngloGold Ashanti acquired the remaining effective 15% minorities of Iduapriem.		
		30 Borrowings		
		Unsecured		
6,656	6,654	Convertible bonds ⁽¹⁾	977	951
		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 US 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.		
–	3,556	Syndicated loan facility (\$1,150m) – Drawn down in US dollars and Australian dollars ⁽²⁾	522	–
		Interest charged at LIBOR plus 0.4% per annum. Loan is repayable in December 2010 and is US dollar-based and is subject to debt covenant arrangements for which no default event occurred.		
2,066	2,070	Corporate bond ⁽³⁾	304	295
		Semi-annual coupons are paid at 10.5% per annum. The bond is repayable on 28 August 2008 and is rand-based.		
151	68	FirstRand (Ireland) plc	10	22
		Interest charged at LIBOR plus 0.8% per annum. Loan is of a short-term nature, has no fixed repayment date and is US dollar-based.		

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		30 Borrowings (continued)		
		Unsecured (continued)		
10	10	Government of Mali Interest charged at LIBOR plus 2% per annum. Loan is repayable by December 2011 and is US dollar-based.	1	1
1,271	-	Syndicated loan facility (\$700m) Interest charged at LIBOR plus 0.4% per annum. This US dollar-based loan was repaid in December 2007 and was subject to debt covenant arrangements for which no default event occurred.	-	181
13	-	Bank Belgolaise 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
57	37	Bank overdraft Bank overdrafts at market related rates are US dollar-based (2006: Ghanaian cedi-based).	5	8
10,224	12,395	Total unsecured borrowings	1,819	1,460
		Secured		
		Finance leases		
-	249	Turbine Square Two (Proprietary) Limited 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.	37	-
55	35	Senstar Capital Corporation Interest charged at an average rate of 6.9% 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.	5	8
27	18	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 this loan.	3	4

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		30 Borrowings (continued)		
		Secured (continued)		
		Finance leases (continued)		
15	17	Terex Africa (Proprietary) Limited Interest charged at a rate of 9% per annum. Loan is repayable in January 2008 and is US dollar-based. The equipment financed is used as security for this loan.	2	2
5	4	Kudu Finance Company 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.	1	1
–	1	Vehicle leases Interest 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.	–	–
		Unsecured		
		Finance lease		
–	5	Csilatina Arrendamento Mercantil S.A. Interest charged at an average rate of 5% per annum. Loans are repayable in monthly instalments terminating in October 2010 and are Brazilian real-based.	1	–
		Other loans		
50	26	Nulux Nukem Luxemburg GmbH Uranium sale and repurchase agreement, US dollar-based, with repurchases commencing in December 2006 and terminating in December 2008. Rate of finance is 5.4% per annum. Uranium inventory is secured against this contract.	4	7
10,376 (413)	12,750 (2,309)	Total borrowings (notes 39 and 40) Current portion of borrowings included in current liabilities	1,872 (339)	1,482 (59)
9,963	10,441	Total long-term borrowings	1,533	1,423
		Amounts falling due		
413	2,309	Within one year	339	59
3,321	6,645	Between one and two years	976	475
6,632	3,631	Between two and five years	533	947
10	165	After five years	24	1
10,376	12,750	(notes 39 and 40)	1,872	1,482
		Currency		
		The currencies in which the borrowings are denominated are as follows:		
8,253	9,406	US dollars	1,380	1,179
2,066	2,320	SA rands	341	295
–	1,019	Australian dollars	150	–
–	5	Brazilian real	1	–
57	–	Ghanaian cedis	–	8
10,376	12,750	(notes 39 and 40)	1,872	1,482

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		30 Borrowings (continued)		
		Undrawn facilities		
		Undrawn borrowing facilities as at 31 December are as follows:		
–	4,270	Syndicated loan (\$1,150m) – US dollar	627	–
350	341	FirstRand Bank Limited – US dollar	50	50
294	286	Absa Bank Limited – US dollar	42	42
14	14	Nedbank Limited – US dollar	2	2
25	102	FirstRand (Ireland) plc – US dollar	15	4
260	260	Standard Bank of SA Limited – SA rand	38	37
220	220	FirstRand Bank Limited – SA rand	32	31
48	50	Nedbank Limited – SA rand	7	7
30	30	Absa Bank Limited – SA rand	4	4
20	20	Commerzbank AG – SA rand	3	3
10	10	ABN Amro Bank N.V. – SA rand	1	1
46	50	ABN Amro Bank N.V. – Euro	7	7
553	–	Australia and New Zealand Banking Group Limited – AUD	–	79
3,641	–	Syndicated loan (\$700m) – US dollar	–	520
5,511	5,653		828	787
		(1) Convertible bonds		
7,001	6,810	Senior unsecured fixed-rate bonds	1,000	1,000
(401)	(211)	Unamortised discount and bond issue costs	(31)	(57)
6,600	6,599		969	943
56	55	Accrued interest	8	8
6,656	6,654		977	951
		(2) Syndicated loan facility (\$1,150m)		
–	3,576	Drawn down in US dollars and Australian dollars	525	–
–	(27)	Unamortised loan issue costs	(4)	–
–	3,549		521	–
–	7	Accrued interest	1	–
–	3,556		522	–
		(3) Corporate bond		
2,000	2,000	Senior unsecured fixed-rate bond	293	286
(7)	(3)	Unamortised discount and bond issue costs	–	(1)
1,993	1,997		293	285
73	73	Accrued interest	11	10
2,066	2,070		304	295

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
31 Environmental rehabilitation and other provisions				
Environmental rehabilitation obligations				
<i>Provision for decommissioning</i>				
908	1,225	Balance at beginning of year	175	143
(19)	–	Adjustments due to disposal of assets	–	(3)
245	88	Change in estimates ⁽¹⁾	13	36
38	84	Unwinding of decommissioning obligation (note 7)	12	6
(2)	(19)	Utilised during the year	(3)	–
55	2	Translation	6	(7)
1,225	1,380	Balance at end of year	203	175
<i>Provision for restoration</i>				
1,235	1,300	Balance at beginning of year	186	194
(17)	–	Adjustments due to disposal of assets	–	(2)
11	340	Charge to income statement	48	2
(33)	49	Change in estimates ⁽¹⁾	7	(5)
71	71	Unwinding of restoration obligation (note 7)	10	10
(67)	(104)	Utilised during the year	(15)	(10)
100	–	Translation	7	(3)
1,300	1,656	Balance at end of year	243	186
<i>Other provisions</i>				
122	260	Balance at beginning of year	37	19
137	59	Charge to income statement	9	20
–	(6)	Change in estimates	(1)	–
–	2	Unwinding of other provisions (note 7)	–	–
(29)	(23)	Utilised during the year	(3)	(4)
30	33	Translation	6	2
260	325	Balance at end of year	48	37
Other provisions comprise the following:				
186	299	– provision for labour and civil claim court settlements in South America ⁽²⁾	44	26
6	4	– provision for employee compensation claims in Australia ⁽³⁾	1	1
60	–	– provision for onerous uranium contracts ⁽⁴⁾	–	9
8	22	– provision for long-term management incentives in Nufcor International Limited	3	1
260	325		48	37
2,785	3,361	Total environmental rehabilitation and other provisions	494	398
<p>⁽¹⁾ The change in estimates relates to changes in laws and regulations governing the protection of the environment and factors relating 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.</p>				

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		31 Environmental rehabilitation and other provisions (continued)		
		Other provisions (continued)		
		⁽²⁾ Comprises claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases, governmental fiscal claims relating to levies and surcharges and closure costs of old tailings operations. The liability is expected 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 expected to unwind over the next three- to five-year period.		
		⁽⁴⁾ Relates to onerous uranium contracts in Nufcor International Limited. The amount indicates the estimated cost of exiting the contracts and results from the market price increase above the contracted sales price. The onerous contracts have maturities up to 2011.		
		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:		
(267)	(244)	AngloGold Ashanti Pension Fund (asset)	(36)	(38)
1,094	1,121	Post-retirement medical scheme for AngloGold Ashanti South African employees	165	156
69	67	Other defined benefit plans ⁽¹⁾	9	11
896	944	Sub-total	138	129
267	244	Transferred to other non-current assets (note 22)		
17	19	AngloGold Ashanti Pension Fund	36	38
1	1	Post-retirement medical scheme for Rand Refinery employees	3	2
		Retiree Medical Plan for Nufcor South Africa employees	-	-
1,181	1,208		177	169
5	-	⁽¹⁾ Other defined benefit plans comprise the following:		
62	67	- Ashanti Retired Staff Pension Plan	-	1
		- Obuasi Mines Staff Pension Scheme	9	9
(17)	(19)	- Post-retirement medical scheme for Rand Refinery employees (asset)	(3)	(2)
13	13	- Retiree Medical Plan for North American employees	2	2
7	7	- Supplemental Employee Retirement Plan (SERP) for North America (USA) Inc employees	1	1
(1)	(1)	- Retiree Medical Plan for Nufcor South Africa employees (asset)	-	-
69	67		9	11

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		32 Provision for pension and post-retirement benefits (continued)		
		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 2007 was completed at the beginning of 2008 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 had 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.		
		Information with respect to the AngloGold Ashanti Pension Fund is as follows:		
		Change in benefit obligation		
1,408	1,568	Balance at beginning of year	224	222
50	47	Current service cost	7	7
108	124	Interest cost	18	16
12	14	Participants' contributions	2	2
84	77	Actuarial loss	11	12
–	7	Increase as a result of transfers into the fund	1	–
(94)	(84)	Benefits paid	(12)	(14)
–	–	Translation	6	(21)
1,568	1,753	Balance at end of year	257	224
		Change in plan assets		
1,459	1,835	Balance at beginning of year	262	230
146	191	Expected return on plan assets	28	22
272	(6)	Actuarial (loss) gain	(1)	40
40	40	Company contributions	6	6
12	14	Participants' contributions	2	2
–	7	Increase as a result of transfers into the fund	1	–
(94)	(84)	Benefits paid	(12)	(14)
–	–	Translation	7	(24)
1,835	1,997	Fair value of plan assets at end of year	293	262
267	244	Funded status at end of year	36	38
267	244	Net amount recognised	36	38

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		32 Provision for pension and post-retirement benefits (continued)		
		Pension benefit obligation		
1,568	1,753	Benefit obligation	257	224
1,835	1,997	Fair value of plan assets	293	262
		Components of net periodic benefit cost		
108	124	Interest cost	18	16
50	47	Current service cost	7	7
(146)	(191)	Expected return on assets	(28)	(22)
12	(20)	Net periodic benefit cost	(3)	1
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	8.25%	8.00%
		Rate of compensation increase ⁽¹⁾	6.00%	5.50%
		Expected long-term return on plan assets	11.14%	10.50%
		Pension increase	4.73%	4.28%
		⁽¹⁾ The short-term compensation rate increase is 8% (2006: 6%) and the long-term compensation rate increase is 6% (2006: 5.5%).		
		The expected long-term return on plan assets is determined using the after tax yields of the various asset classes as a guide.		
		Plan assets		
		AngloGold Ashanti's pension plan asset allocations at the end of the year, by asset category, are as follows:		
		Equity securities	68%	68%
		Debt securities	27%	28%
		Other	5%	4%
			100%	100%
		Investment policy		
		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.		
		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.		
		The Trustees have also put in place a detailed Statement of Investment Principles that sets out the Fund's overall investment philosophy and strategy.		
		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.		

Notes to the group financial statements continued

For the year ended 31 December

32 Provision for pension and post-retirement benefits (continued)

	2007			2006		
	Number of shares	Percentage of total assets	Fair value	Number of shares	Percentage of total assets	Fair value
US Dollars million						
Related parties Investments held in related parties are summarised as follows:						
Equity securities						
Anglo American plc ⁽¹⁾				40,400	0.8%	2
AngloGold Ashanti Limited	88,458	1.3%	4	32,960	0.6%	2
			4			4
Other investments exceeding 5% of total plan assets						
Bonds						
RSA R157 Government Bonds 13.5%		5.4%	16			–
SA Rands million						
Related parties Investments held in related parties are summarised as follows:						
Equity securities						
Anglo American plc ⁽¹⁾				40,400	0.8%	14
AngloGold Ashanti Limited	88,458	1.3%	26	32,960	0.6%	11
			26			25
Other investments exceeding 5% of total plan assets						
Bonds						
RSA R157 Government Bonds 13.5%		5.4%	107			–

Cash flows

Contributions

The company expects to contribute \$6m, R38m (2007: \$6m, R40m) to its pension plan in 2008.

⁽¹⁾ During April 2006, AngloGold Ashanti launched an equity offering which, together with the shares placed by Anglo American plc, reduced Anglo American plc's interest in AngloGold to 41.7%. In October 2007, Anglo American plc further reduced their investment in AngloGold Ashanti Limited to 16.6%.

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		32 Provision for pension and post-retirement benefits (continued)		
		Estimated future benefit payments		
		The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
		2008	15	
	104	2009	15	
	103	2010	15	
	102	2011	15	
	101	2012	15	
	100	Thereafter	182	
	1,243			
		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 2007.		
		Information with respect to the defined benefit liability is as follows:		
		Change in benefit obligation		
1,172	1,094	Benefit obligation at beginning of year	156	185
7	6	Current service cost	1	1
88	86	Interest cost	12	13
35	33	Participants' contributions	5	5
(112)	(111)	Benefits paid	(16)	(17)
(96)	13	Actuarial loss (gain)	2	(14)
-	-	Translation	5	(17)
1,094	1,121	Balance at end of year	165	156
(1,094)	(1,121)	Unfunded status at end of year	(165)	(156)
(1,094)	(1,121)	Net amount recognised	(165)	(156)
		Components of net periodic benefit cost		
7	6	Current service cost	1	1
88	86	Interest cost	12	13
95	92	Net periodic benefit cost	13	14

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		32 Provision for pension and post-retirement benefits (continued)		
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	8.25%	8.00%
		Expected increase in health care costs	6.75%	4.75%
		Assumed health care cost trend rates at 31 December:		
		Health care cost trend assumed for next year	6.75%	4.75%
		Rate to which the cost trend is assumed to decline (the ultimate trend rate)	6.75%	4.75%
	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	
	11	Effect on total service and interest cost	2	
	113	Effect on post-retirement benefit obligation	17	
	1% point decrease		1% point decrease	
	(9)	Effect on total service and interest cost	(1)	
	(97)	Effect on post-retirement benefit obligation	(14)	
		Cash flows		
		Contributions		
		AngloGold Ashanti Limited expects to contribute \$28m, R189m (2007: \$25m, R178m) to the post-retirement medical plan in 2008.		
		Estimated future benefit payments		
		The following medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	86	2008	13	
	88	2009	13	
	90	2010	13	
	92	2011	14	
	94	2012	14	
	671	Thereafter	98	
		Other defined benefit plans		
		Other defined benefit plans include the Ashanti Retired Staff Pension Plan, the Obuasi Mines Staff Pension Scheme, the Post-retirement medical scheme for Rand Refinery employees, the Retiree Medical Plan for North American employees, the Supplemental Employee Retirement Plan for North America (USA) Inc. employees and the Nuclear Fuels South Africa (NUFCOR) – Retiree Medical Plan for Nufcor South African employees.		
		Information in respect of other defined benefit plans for the year ended 31 December 2007 has been aggregated in the tables of change in benefit obligations, change in plan assets and components of net periodic benefit cost, and is as follows:		

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		32 Provision for pension and post-retirement benefits (continued)		
		Other defined benefit plans (continued)		
		Change in benefit obligation		
116	132	Balance at beginning of year	19	18
3	7	Interest cost	1	–
12	5	Actuarial loss	–	2
(11)	(10)	Benefits paid	(1)	(1)
12	–	Translation	(1)	–
132	134	Balance at end of year	18	19
		Change in plan assets		
56	63	Fair value of plan assets at beginning of year	8	8
5	4	Expected return on plan assets	–	–
–	2	Actuarial gain	–	–
(2)	(2)	Benefits paid	–	–
4	–	Translation	1	–
63	67	Fair value of plan assets at end of year	9	8
(69)	(67)	Unfunded status at end of year	(9)	(11)
13	20	– funded plans	3	1
(82)	(87)	– unfunded plans	(12)	(12)
(69)	(67)	Net amount recognised	(9)	(11)
		Components of net periodic benefit cost		
3	7	Interest cost	1	–
(5)	(4)	Expected return on plan assets	–	–
(2)	3	Net periodic benefit cost	1	–
		Cash flows		
		The other retirement defined benefit plans are all closed to new members and current members are either retired or deferred members. The company does not make contributions to these plans.		
		Estimated future benefit payments		
		The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	6	2008	1	
	6	2009	1	
	6	2010	1	
	6	2011	1	
	5	2012	1	
	105	Thereafter	13	

Notes to the group financial statements *continued*

For the year ended 31 December

US Dollars

Figures in million		2007	2006
32 Provision for pension and post-retirement benefits (continued)			
Other aggregated defined benefit plans comprise the following:			
Ashanti Retired Staff pension plan			
The pension scheme provides a retirement benefit to former Ashanti employees who were based at the former London office. 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 marginal shortfall.			
Information with respect to the Ashanti Retired Staff pension plan is as follows:			
Assumptions			
Assumptions used to determine benefit obligations at the end of the year are as follows:			
Discount rate		5.50%	5.00%
Expected long-term return on plan assets		6.81%	6.13%
Pension increase		2.00%	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 at the end of the year, by asset category, are as follows:			
Equity securities		59%	55%
Debt securities		36%	40%
Property		0%	1%
Cash		5%	4%
		100%	100%
No investments are made in related party entities.			
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 years of service and the compensation levels of the covered retirees. The scheme is unfunded and accordingly, no assets related to the scheme are recorded. The scheme is evaluated by actuaries on an annual basis.			

Figures in million		2007	2006
32 Provision for pension and post-retirement benefits (continued)			
Information with respect to the Obuasi Mines Staff Pension Scheme is as follows:			
Assumptions			
Assumptions used to determine benefit obligations at the end of the year are as follows:			
Discount rate		4.50%	5.00%
Pension increase		4.50%	4.50%
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 2007 using the projected unit credit funding method. Movements that could affect the valuation between the interim date and the date of the balance sheet have been considered. The plan is fully funded and evaluated by independent actuaries on an annual basis.			
Information with respect to the post-retirement medical plan and obligation for the Rand Refinery Limited past employees is as follows:			
Assumptions			
Assumptions used to determine benefit obligations at the end of the year are as follows:			
Discount rate		8.25%	8.50%
Expected increase in health care costs		6.75%	6.50%
Expected return on plan assets		7.65%	7.77%
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:			
Debt securities		76%	76%
Cash		24%	24%
		100%	100%
No investments are made in related party entities.			

Notes to the group financial statements *continued*

For the year ended 31 December

US Dollars

Figures in million		2007	2006
<p>32 Provision for pension and post-retirement benefits (continued)</p> <p>Retiree Medical Plan for North American employees</p> <p>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.</p> <p>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 2007 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 Retiree Medical Plan reflected liabilities of \$2m, R13m (2006: \$2m, R13m). 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.</p> <p>Information with respect to the Retiree Medical Plan is as follows:</p> <p>Assumptions</p> <p>Assumptions used to determine benefit obligations at the end of the year are as follows:</p> <p>Discount rate</p> <p>Benefits are fixed and independent from inflation and consequently increases in the cost of health care are not relevant.</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 (SERP), a non-contributory defined benefit plan. The SERP was last evaluated by independent actuaries in September 2007 who took into account long-term estimates of inflation and mortality rates in determining the obligation of AngloGold Ashanti USA under the SERP. The SERP is an unfunded plan and is evaluated annually by actuaries using the projected unit credit funding method.</p>			
		4.50%	5.00%

Figures in million		2007	2006
32 Provision for pension and post-retirement benefits (continued)			
Information with respect to the SERP is as follows:			
Assumptions			
Assumptions used to determine benefit obligations at the end of the year are as follows:			
Discount rate		4.50%	5.00%
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 2007 using the projected unit credit funding method. Movements that could affect 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:			
Assumptions			
Assumptions used to determine benefit obligations at the end of the year are as follows:			
Discount rate		8.25%	8.50%
Expected increase in health care costs		6.75%	6.50%
Expected return on plan assets		9.25%	8.50%
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:			
Unit trust investment funds		100%	100%
No investments are made in related party entities.			

Notes to the group financial statements *continued*

For the year ended 31 December

32 Provision for pension and post-retirement benefits (continued)

Five-year Defined Benefit Plan disclosure

Figures in million	2007	2006	2005	2004	2003
US Dollars					
AngloGold Ashanti Pension Fund					
Defined benefit obligation	257	224	222	216	163
Plan assets	(293)	(262)	(230)	(204)	(138)
Net (funded) unfunded	(36)	(38)	(8)	12	25
Experience adjustments on plan liabilities	3	14	6	10	–
Experience adjustments on plan assets	1	(40)	(41)	(19)	(4)
Post-retirement medical scheme for AngloGold Ashanti South African employees					
Defined benefit obligation	165	156	185	150	128
Unfunded	165	156	185	150	128
Experience adjustments on plan liabilities	(2)	(8)	6	15	(9)
Other Defined Benefit Plans					
Defined benefit obligation	18	19	18	41	18
Plan assets	(9)	(8)	(8)	(23)	(11)
Unfunded	9	11	10	18	7
Experience adjustments on plan liabilities	1	–	(1)	3	2
Experience adjustments on plan assets	–	–	–	(2)	(1)
SA Rands					
AngloGold Ashanti Pension Fund					
Defined benefit obligation	1,753	1,568	1,408	1,218	1,089
Plan assets	(1,997)	(1,835)	(1,459)	(1,150)	(920)
Net (funded) unfunded	(244)	(267)	(51)	68	169
Experience adjustments on plan liabilities	23	95	37	64	–
Experience adjustments on plan assets	6	(272)	(260)	(125)	(28)
Post-retirement medical scheme for AngloGold Ashanti South African employees					
Defined benefit obligation	1,121	1,094	1,172	849	850
Unfunded	1,121	1,094	1,172	849	850
Experience adjustments on plan liabilities	(13)	(57)	38	99	(60)
Other Defined Benefit Plans					
Defined benefit obligation	134	132	116	238	110
Plan assets	(67)	(63)	(56)	(143)	(77)
Unfunded	67	69	60	95	33
Experience adjustments on plan liabilities	5	3	(4)	19	14
Experience adjustments on plan assets	(2)	–	(2)	(9)	(10)

32 Provision for pension and post-retirement benefits (continued)

Defined Contribution Funds

Contributions to the various retirement schemes are fully expensed during the year in which they are made and the cost of contributing to retirement benefits for the year amounted to \$51m, R358m (2006: \$40m, R274m).

Australia (Boddington and Sunrise Dam)

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 \$3m, R20m (2006: \$2m, R14m).

Ghana and Guinea (Iduapriem, Obuasi and Siguiri)

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 government treasury instruments, fixed term deposits and other projects. The cost of these contributions were \$4m, R22m (2006: \$3m, R21m).

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 \$1m, R7m (2006: \$1m, R6m).

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 contribute 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 \$1m, R6m (2006: \$1m, R7m).

North America (Cripple Creek & Victor)

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 \$1m, R10m (2006: \$2m, R11m).

South Africa (Great Noligwa, Kopanang, Moab Khotsong, Mponeng, Savuka, Tau Lekoa and TauTona)

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 \$36m, R257m (2006: \$29m, R201m).

South America (AngloGold Ashanti Brasil Mineração, Cerro Vanguardia and Serra Grande)

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 was started in December 2001. Administered by Bradesco Previdencia e Seguros (which assumes the risk for any eventual actuarial liabilities), this is the only private pension plan sponsored by the group. Contributions amounted to \$5m, R36m (2006: \$2m, R14m).

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.

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		33 Deferred taxation		
		Deferred taxation relating to temporary differences is made up as follows:		
		Liabilities		
11,293	11,548	Tangible assets	1,696	1,613
107	108	Inventories	16	15
639	488	Derivatives	71	91
120	38	Other	5	17
12,159	12,182		1,788	1,736
		Assets		
1,215	1,425	Provisions	209	173
2,321	2,521	Derivatives	370	331
1,117	1,465	Tax losses	215	160
216	155	Other	23	31
4,869	5,566		817	695
7,290	6,616	Net deferred taxation liability	971	1,041
		Included in the balance sheet as follows:		
432	543	Deferred tax assets	80	62
7,722	7,159	Deferred tax liabilities	1,051	1,103
7,290	6,616	Net deferred taxation liability	971	1,041
		The movement on the deferred tax balance is as follows:		
7,041	7,290	Balance at beginning of year	1,041	1,110
15	(1)	Taxation on fair value adjustments (note 28)	-	2
(200)	(641)	Income statement movement	(94)	(30)
(18)	21	Discontinued operations (note 13)	4	(2)
(167)	1	Taxation on cash flow hedges and hedge ineffectiveness (note 28)	-	(25)
102	(36)	Taxation on actuarial (loss) gain (note 28)	(5)	15
-	38	Acquired properties	5	-
517	(56)	Translation	20	(29)
7,290	6,616	Balance at end of year	971	1,041
		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 \$427m, R2,910m at 31 December 2007 (2006: \$353m, R2,471m).		

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		34 Trade, other payables and deferred income		
		Non-current		
150	75	Deferred income	11	21
–	4	Related parties	1	–
150	79		12	21
		Current		
2,040	2,862	Trade creditors	419	292
1,172	1,182	Accruals	174	167
136	162	Deferred income	24	19
289	291	Unearned premiums on normal sale exempted contracts	43	41
64	52	Other creditors	8	9
3,701	4,549		668	528
3,851	4,628	Total trade, other payables and deferred income	680	549
		Current trade and other payables are non-interest bearing and are normally settled within 60 days.		
		35 Taxation		
710	1,234	Balance at beginning of year	176	112
(968)	(1,664)	Payments during the year	(237)	(143)
1,432	1,680	Provision during the year	239	210
–	6	Transfer to recoverable tax in non-current trade and other receivables	1	–
17	2	Discontinued operations (note 13)	–	2
43	11	Translation	7	(5)
1,234	1,269	Balance at end of year	186	176
		36 Cash generated from operations		
859	(3,015)	(Loss) profit before taxation	(492)	168
		Adjusted for:		
		Movement on non-hedge derivatives and other commodity contracts	1,088	627
4,590	7,232	Amortisation of tangible assets (notes 4, 9 and 16)	590	597
4,059	4,143	Finance costs and unwinding of obligations (note 7)	125	123
822	880	Environmental rehabilitation and other expenditure	42	(22)
(160)	287	Operating special items	25	22
161	168	Amortisation of intangible assets (notes 4 and 17)	2	2
13	14	Deferred stripping	(63)	(75)
(528)	(431)	Fair value adjustment on option component of convertible bond	(47)	(16)
(137)	(333)	Interest receivable (note 3)	(45)	(32)
(218)	(312)	Other non-cash movements	75	27
213	520	Movements in working capital	(179)	(140)
(875)	(1,238)			
8,799	7,915		1,121	1,281
		Movements in working capital:		
(1,852)	(1,489)	Increase in inventories	(240)	(211)
(27)	(501)	(Increase) decrease in trade and other receivables	(79)	19
1,004	752	Increase in trade and other payables	140	52
(875)	(1,238)		(179)	(140)

Notes to the group financial statements *continued*

For the year ended 31 December

SA Rands			US Dollars	
2006	2007	Figures in million	2007	2006
		37 Related parties		
		Material related party transactions were as follows:		
		Sales and services rendered to related parties		
89	104	Joint ventures	15	14
–	5	Associates	1	–
		Purchases from related parties		
54	–	Third parties	–	8
		Outstanding balances arising from sale of goods and services and other loans due by related parties		
14	37	Joint ventures	5	2
84	89	Associates	13	12
		Outstanding balances arising from purchases of goods and services and other loans owed to related parties		
–	4	Third parties	1	–
		Amounts owed to/due by third party and joint venture related parties are unsecured non-interest bearing and under terms that are no less favourable than those with third parties. Terms relating to associate related parties are detailed in note 18.		
		AngloGold Ashanti, who holds an equity investment of 29.8% in Trans-Siberian Gold plc (TSG), entered into a significant transaction during the June 2007 quarter with TSG in which two exploration companies were acquired for a cash consideration of \$40m, R284m. The companies acquired consist of Amikan (which holds the Veduga deposit and related exploration and mining licences) and AS APK (which holds the Bogunay deposit and related exploration and mining licences).		
		Details of guarantees to associates are included in note 38.		
		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 150 to 169).		
		Compensation to key management personnel included the following:		
90	133	– short-term employee benefits	19	13
–	8	– post-employment benefits	1	–
31	54	– share-based payments	8	5
121	195		28	18
		In connection with the relocation of Roberto Carvalho Silva, an executive director of the company since 2005, to Nova Lima, Brazil, in 2000, Mr Carvalho Silva commenced renting a house in Nova Lima from a Brazilian subsidiary of the company. Mr Carvalho Silva purchased the house from the company's subsidiary in January 2005. The total purchase price of the house was BRL1,150,000 (\$429,923). Mr Carvalho agreed to pay the purchase price of the house in 60 instalments, the first being BRL19,168 and 59 instalments of BRL19,167 each starting on 28 January 2005. Such monthly instalments were adjusted annually by the cumulative INPC (a Consumer Price Index in Brazil) in lieu of interest.		

2006	2007	Figures in million	2007	2006
		37 Related parties (continued)		
		As at 31 December 2006, BRL728,580 (\$340,458) of the purchase price remained to be paid to the company's subsidiary with BRL657,717 (\$341,352) remaining to be paid as at 20 June 2007. The remaining balance was repaid on or about 31 August 2007.		
		A Brazilian subsidiary of the company received marketing, communications and corporate affairs services from a Brazilian company in which a son of Roberto Carvalho Silva owns a one-third interest. The amounts paid by the company's subsidiary to this company in respect of such services during the years were: 2006: BRL903,465 (\$414,433); 2005: BRL311,923 (\$127,837) and BRL634,023 (\$329.055) was paid in 2007. The company subsequently terminated the agreement with the Brazilian marketing, communications and corporate affairs services company with effect July 2007.		
		Shareholders		
		The major shareholders of the company are detailed on pages 150 and 323.		
		Refer to page 304 for the list of principal subsidiaries and joint ventures.		
		38 Contractual commitments and contingencies		
		Operating leases		
		At 31 December 2007, the group was committed to making the following payments in respect of operating leases for among others, the hire of plant and equipment and land and buildings. Certain contracts contain renewal options and escalation clauses for various periods of time.		
		Expiry within		
304	246	– one year	36	43
181	58	– between one and two years	8	26
76	11	– between two and five years	2	11
5	1	– after five years	–	1
566	316		46	81
		Finance leases		
		The group has finance leases for plant and equipment, buildings and motor vehicles. The leases for plant and equipment and buildings have terms of renewal but no purchase options. The motor vehicle leases have no purchase options. 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:		

Notes to the group financial statements continued

For the year ended 31 December

38 Contractual commitments and contingencies (continued)

SA Rands			US Dollars	
Present value of payments	Minimum payments		Minimum payments	Present value of payments
2007		Figures in million	2007	
37	62	Within one year	9	5
38	142	Within one year but not more than five years	21	6
244	411	More than five years	60	36
319	615	Total minimum lease payments	90	47
–	(296)	Amounts representing finance charges	(43)	–
319	319	Present value of minimum lease payments	47	47
2006			2006	
35	45	Within one year	7	5
67	80	Within one year but not more than five years	11	10
102	125	Total minimum lease payments	18	15
–	(23)	Amounts representing finance charges	(3)	–
102	102	Present value of minimum lease payments	15	15
2006	2007		2007	2006
		Capital commitments		
		<i>Acquisition of tangible assets</i>		
2,475	2,968	Contracted for	436	354
5,120	5,511	Not contracted for	809	731
7,595	8,479	Authorised by the directors	1,245	1,085
		Allocated to:		
		Project expenditure		
2,572	2,874	– within one year	422	367
1,855	2,119	– thereafter	311	265
4,427	4,993		733	632
		Stay-in-business expenditure		
2,925	3,208	– within one year	471	418
243	278	– thereafter	41	35
3,168	3,486		512	453
124	113	Share of underlying capital commitments of joint ventures	17	18
		Purchase obligations		
		Contracted for		
1,920	2,975	– within one year	437	274
1,327	2,524	– thereafter	370	190
3,247	5,499		807	464
906	392	Share of underlying purchase obligations of joint ventures	58	129

38 Contractual commitments and contingencies (continued)

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

To service these 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 commitments detailed above. To the extent that any of the financing facilities mature in the near future, the group believes that these facilities can be refinanced on terms similar to those currently in place.

Summary of contracted uranium sales as at 31 December 2007

The group has the following forward pricing uranium commitments.

Year	000 lbs ⁽¹⁾	Average contracted price (\$/lbs) ⁽²⁾
2008	1,751	18.13
2009	919	29.91
2010	988	33.46
2011-2013	1,482	35.94

Great Noligwa, Kopanang and Tau Lekoa produced 1.23 million pounds of uranium oxide in 2007 (2006: 1.38 million pounds).

⁽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.

In addition, the group has gold sale commitments as disclosed in note 39.

Notes to the group financial statements continued

For the year ended 31 December

SA Rands				US Dollars			
Liabilities included on balance sheet	Guarantees and contingencies	Liabilities included on balance sheet	Guarantees and contingencies	Guarantees and contingencies	Liabilities included on balance sheet	Guarantees and contingencies	Liabilities included on balance sheet
2006	2007	2006	2007	2007	2006	2007	2006
38 Contractual commitments and contingencies (continued)							
Contingent liabilities							
-	-	-	-	-	-	-	-
-	329	-	429	63	-	47	-
-	71	-	108	16	-	11	-
-	33	-	57	8	-	5	-
Guarantees							
<i>Financial guarantees</i>							
-	100	-	100	15	-	14	-
<i>Hedging guarantees</i> ⁽⁶⁾							
1,756	7,334	3,382	10,176	1,494	497	1,047	251
1,741	2,032	3,539	3,539	520	520	290	249
959	959	1,501	1,501	220	220	137	137
459	1,576	1,547	2,610	383	227	225	66
584	584	542	542	80	80	83	83
5,499	13,018	10,511	19,062	2,799	1,544	1,859	786

⁽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⁾ 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 (Termo de Acordo re Regime Especial – TARE). The MSG operation is co-owned with Kinross Gold Corporation. AngloGold Ashanti Brasil Mineração manages the operation and its attributable share of the first assessment is approximately \$39m, R266m. Although MSG requested the TARE in early 2004, it was only granted and executed in May 2006. 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 has appealed to the full board of the State of Goiás's 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 \$24m, R163m. AngloGold Ashanti Limited believes both assessments are in violation of Federal legislation on sales taxes.

38 Contractual commitments and contingencies (continued)

- ⁽³⁾ 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 \$8m, R54m. Other tax disputes – Morro Velho and AngloGold Ashanti Brasil Mineração are involved in disputes with tax authorities. These disputes involve eleven federal tax assessments including income tax, social contributions and annual property tax based on ownership of properties outside of urban perimeters (ITR). The amount involved is approximately \$8m, R54m.
- ⁽⁴⁾ The group has several other insignificant contingent liabilities, including uncertainty around various tax assessments received by Sadiola from the government of Mali.
- ⁽⁵⁾ The group has provided surety in favour of the lender in respect of gold loan facilities with two wholly owned subsidiaries of Oro Group (Pty) Ltd, an associate of the group. The group has a total maximum liability, in terms of the suretyships of \$15m, R100m. The suretyship agreements have a termination notice period of 90 days. The group receives a fee from the associate for providing the surety.
- ⁽⁶⁾ The difference between the amounts stated 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.
- ⁽⁷⁾ 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).
- ⁽⁸⁾ 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.
- ⁽⁹⁾ 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.

39 Financial risk management activities

In the normal course of its operations, the group 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 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 treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing gold price, foreign exchange, interest rate, 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's core earnings stream from its major assets through the effective control and management of gold price risk, other commodity 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 and consistent throughout the group and that they comply where necessary with all relevant regulatory and statutory requirements.

Notes to the group financial statements *continued*

For the year ended 31 December

39 Financial risk management activities (continued)

Gold price and foreign exchange risk

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 foreign exchange exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's 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, Argentinean peso/US dollar and Australian dollar/US dollar exchange rates may also have an adverse effect on current or future earnings. The group is also exposed to certain by-product commodity price risk.

A number of products, including derivatives, are used to manage the gold and silver 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 manage these risks. At year end, the volume of outstanding forward sales contracts was 108,403kg (2006: 122,133kg).

As the group 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 group further manage such risks by ensuring that the level of hedge cover does not exceed expected sales in future periods, that the tenor of instruments does not exceed the life of mine and that no basis risk exists.

Cash flow hedges

The group'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 contractual 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 cash flows affect the income statement.

The cash flow hedge forecast transactions are expected to occur over the next three 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 2007, a loss of \$10m, R69m (2006: nil) was recognised due to hedge ineffectiveness.

Non-hedge derivatives

Loss on non-hedge derivatives and other commodity contracts is summarised as follows:

Figures in million	2007	2006
US Dollars		
Loss on non-hedge derivatives	(808)	(215)
Unrealised gain (loss) on other commodity physical borrowings	7	(1)
Provision reversed (raised) for loss on future deliveries and other commodities	21	(23)
Loss on non-hedge derivatives and other commodity contracts per the income statement	(780)	(239)
SA Rands		
Loss on non-hedge derivatives	(5,272)	(1,791)
Unrealised gain (loss) on other commodity physical borrowings	49	(9)
Provision reversed (raised) for loss on future deliveries and other commodities	142	(155)
Loss on non-hedge derivatives and other commodity contracts per the income statement	(5,081)	(1,955)

Loss on non-hedge derivatives and other commodity contracts was \$780m in 2007 compared to a loss of \$239m in the previous year. The loss is primarily the result of the revaluation of non-hedge derivatives resulting from changes in the prevailing spot gold price, exchange rates, interest rates and greater volatilities compared to the previous year.

39 Financial risk management activities (continued)

Net open hedge position as at 31 December 2007

The marked-to-market value of all derivatives, irrespective of accounting designation, making up the hedge position was negative \$4.27bn (negative R29.10bn) as at 31 December 2007 (as at 31 December 2006: negative \$2.9bn, negative R20.32bn). These values were based on a gold price of \$836.30 per ounce, exchange rates of \$1 = R6.8104 and A\$1 = \$0.8798 and the prevailing market interest rates and volatilities at 31 December 2007. The values as at 31 December 2006 were based on a gold price of \$636.30 per ounce, exchange rates of \$1 = R7.0010 and A\$1 = \$0.7886 and the market interest rates and volatilities prevailing at that date.

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 2007

Year	2008	2009	2010	2011	2012	2013- 2015	Total
US Dollar/Gold							
Forward contracts							
Amount (kg)	22,817	21,738	14,462	12,931	11,944	12,364	96,256
\$/oz	\$314	\$316	\$347	\$397	\$404	\$432	\$357
Forward contracts (Long)							
Amount (kg)	11,304 ⁽¹⁾						11,304 ⁽¹⁾
\$/oz	\$647						\$647
Put options sold							
Amount (kg)	25,962	3,748	1,882	1,882	1,882	3,764	39,120
\$/oz	\$682	\$530	\$410	\$420	\$430	\$445	\$607
Call options purchased							
Amount (kg)	9,813						9,813
\$/oz	\$427						\$427
Call options sold							
Amount (kg)	58,570	45,950	36,804	39,385	24,460	39,924	245,093
\$/oz	\$521	\$498	\$492	\$517	\$622	\$604	\$535
Rand/Gold							
Forward contracts							
Amount (kg)		933					933
R/kg		R116,335					R116,335
Call options sold							
Amount (kg)		2,986	2,986	2,986			8,958
R/kg		R202,054	R216,522	R230,990			R216,522

Notes to the group financial statements *continued*

For the year ended 31 December

39 Financial risk management activities (continued)

Summary: All open contracts in the group's commodity hedge position as at 31 December 2007 (continued)

Year	2008	2009	2010	2011	2012	2013- 2015	Total
Australian Dollar/Gold							
Forward contracts							
Amount (kg)	16,018	3,390	3,110				22,518
A\$/oz	A\$848	A\$644	A\$685				A\$795
Put options sold							
Amount (kg)	7,465						7,465
A\$/oz	A\$882						A\$882
Call options purchased							
Amount (kg)	3,110	1,244	3,110				7,464
A\$/oz	A\$680	A\$694	A\$712				A\$696
Call options sold							
Amount (kg)	5,599						5,599
A\$/oz	A\$954						A\$954
Total net gold							
Delta (kg) ⁽²⁾	(69,805)	(70,154)	(51,200)	(51,137)	(33,123)	(47,702)	(323,121)
Delta (oz) ⁽²⁾	(2,244,280)	(2,255,500)	(1,646,116)	(1,644,090)	(1,064,928)	(1,533,653)	(10,388,567)

The open delta hedge position of the group at 31 December 2006 was 10.16Moz or 316t.

⁽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 2007.

US Dollar/Silver

Put options purchased

Amount (kg)	43,545						43,545
\$/oz	\$7.66						\$7.66

Put options sold

Amount (kg)	43,545						43,545
\$/oz	\$6.19						\$6.19

Call options sold

Amount (kg)	43,545						43,545
\$/oz	\$8.64						\$8.64

Certain of the hedging positions reported in the tables above are governed by early termination clauses in favour of certain counterparts.

39 Financial risk management activities (continued)

Summary: All open contracts in the group's currency hedge position as at 31 December 2007

Year	2008	2009	2010	2011	2012	2013- 2015	Total
Rand/US Dollar (000)							
Forward contracts							
Amount (\$)	35,000						35,000
R per \$	R6.94						R6.94
Put options purchased							
Amount (\$)	120,000						120,000
R per \$	R6.98						R6.98
Put options sold							
Amount (\$)	120,000						120,000
R per \$	R6.65						R6.65
Call options sold							
Amount (\$)	135,000						135,000
R per \$	R7.35						R7.35
Australian Dollar/US Dollar (000)							
Forward contracts							
Amount (\$)	190,000						190,000
\$ per A\$	\$0.84						\$0.84
Put options purchased							
Amount (\$)	140,000						140,000
\$ per A\$	\$0.83						\$0.83
Put options sold							
Amount (\$)	140,000						140,000
\$ per A\$	\$0.87						\$0.87
Call options sold							
Amount (\$)	140,000						140,000
\$ per A\$	\$0.81						\$0.81
Brazilian Real/US Dollar (000)							
Forward contracts							
Amount (\$)	31,000						31,000
BRL per \$	BRL1.99						BRL1.99
Put options purchased							
Amount (\$)	24,000						24,000
BRL per \$	BRL1.87						BRL1.87
Call options sold							
Amount (\$)	68,000						68,000
BRL per \$	BRL1.92						BRL1.92

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 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.

Notes to the group financial statements continued

For the year ended 31 December

39 Financial risk management activities (continued)

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 counterparts are financial and banking institutions of good credit standing.

The group has sufficient undrawn borrowing facilities available to fund working capital requirements (note 30).

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		After five years		Total
	Million	Effective rate %	Million	Effective rate %	Million	Effective rate %	Million	Effective rate %	
2007									
Borrowings	418		1,042		573		60		2,093
– In USD	90	5.8	1,038	2.4	410	8.5	–	–	1,538
– ZAR in USD equivalent	327	10.5	3	9.9	12	9.9	60	9.8	402
– AUD in USD equivalent	1	7.7	1	7.7	150	7.7	–	–	152
– BRL in USD equivalent	–	–	–	–	1	5.0	–	–	1
Trade and other payables	601		1		–		–		602
2006									
Borrowings	143		559		1,008		2		1,712
– In USD	95	5.8	244	5.9	1,008	2.4	2	7.4	1,349
– ZAR in USD equivalent	40	10.5	315	10.5	–	–	–	–	355
– GHC in USD equivalent	8	19.0	–	–	–	–	–	–	8
Trade and other payables	468		–		–		–		468

39 Financial risk management activities (continued)

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)

	Within one year	Between one and two years	Between two and five years	After five years	Total
US Dollars million					
At 31 December 2007					
Cash inflows from assets	381	72	59	44	556
Cash outflows from liabilities	(697)	(575)	(1,113)	(685)	(3,070)
Net cash outflows	(316)	(503)	(1,054)	(641)	(2,514)
At 31 December 2006					
Cash inflows from assets	423	172	81	46	722
Cash outflows from liabilities	(482)	(364)	(767)	(592)	(2,205)
Net cash outflows	(59)	(192)	(686)	(546)	(1,483)
SA Rands million					
At 31 December 2007					
Cash inflows from assets	2,595	490	402	300	3,787
Cash outflows from liabilities	(4,747)	(3,916)	(7,580)	(4,665)	(20,908)
Net cash outflows	(2,152)	(3,426)	(7,178)	(4,365)	(17,121)
At 31 December 2006					
Cash inflows from assets	2,965	1,203	568	321	5,057
Cash outflows from liabilities	(3,377)	(2,545)	(5,370)	(4,142)	(15,434)
Net cash outflows	(412)	(1,342)	(4,802)	(3,821)	(10,377)

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. No set-off is applied to the balance sheet due to the different maturity profiles of assets and liabilities. The combined maximum credit risk exposure at the balance sheet date by class of derivative financial instrument is \$516m, R3,516m (2006: \$655m, R4,591m) on a contract by contract basis.

Notes to the group financial statements *continued*

For the year ended 31 December

39 Financial risk management activities (continued)

Credit risk (continued)

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

Figures in million	US Dollars		SA Rands	
	2007	2006	2007	2006
Commodity option contract	200	242	1,365	1,697
Foreign exchange option contracts	14	2	94	13
Forward sale commodity contracts	255	367	1,736	2,572
Forward foreign exchange contracts	12	4	82	29
Gold interest rate swap	35	40	239	280
All derivatives	516	655	3,516	4,591
Other investments (note 19)	69	82	470	572
Other non-current assets	2	5	16	33
Trade and other receivables	60	56	411	388
Cash restricted for use (note 24)	39	11	264	75
Cash and cash equivalents (note 25)	496	495	3,381	3,467
Total financial assets	1,182	1,304	8,058	9,126
Financial guarantees – Oro Africa	15	14	100	100
Total	1,197	1,318	8,158	9,226

In addition, the group has also guaranteed the hedging commitments of several subsidiary companies as disclosed in note 38.

Credit risk exposure netted by counterparts amounts to \$123m, R839m (2006: \$68m, R477m). Trade and other receivables that are past due but not impaired totalled \$1m, R5m (2006: \$1m, R6m). No other financial assets are past due but not impaired.

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 unmargined credit lines of up to 10 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 2007 are as follows:

39 Financial risk management activities (continued)

Type of instrument

	Carrying amount	Fair value	Carrying amount	Fair value
Figures in million	2007		2006	
US Dollars				
<i>Financial assets</i>				
Other investments (note 19)	117	117	126	126
Other non-current assets	2	2	5	5
Trade and other receivables	60	60	56	55
Cash restricted for use (note 24)	39	39	11	11
Cash and cash equivalents (note 25)	496	496	495	495
Derivatives	516	570	655	698
<i>Financial liabilities</i>				
Borrowings (note 30)	1,872	1,903	1,482	1,551
Trade and other payables	602	602	468	468
Derivatives	2,918	4,937	2,019	3,724
SA Rands				
<i>Financial assets</i>				
Other investments (note 19)	795	796	884	884
Other non-current assets	16	16	33	32
Trade and other receivables	411	411	388	385
Cash restricted for use (note 24)	264	264	75	75
Cash and cash equivalents (note 25)	3,381	3,381	3,467	3,467
Derivatives	3,516	3,884	4,591	4,889
<i>Financial liabilities</i>				
Borrowings (note 30)	12,750	12,965	10,376	10,859
Trade and other payables	4,100	4,100	3,276	3,276
Derivatives	19,873	33,623	14,136	26,074

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

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.

Notes to the group financial statements *continued*

For the year ended 31 December

39 Financial risk management activities (continued)

Type of instrument (continued)

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 values of listed fixed rate debt and the convertible bonds are shown at their closing market value as at 31 December 2007. The interest rate on the remaining borrowings is reset 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 2007. The fair value amounts for derivatives include off balance sheet normal sale exempted gold contracts, which are not carried on the balance sheet and are excluded from the carrying amount. All other derivatives are carried on balance sheet at fair value.

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 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		2007				2007			
US Dollars									
Commodity option contracts	–	–	200	200	(708)	–	(2,230)	(2,938)	
Foreign exchange option contracts	–	–	14	14	–	–	(20)	(20)	
Forward sale commodity contracts	54	3	252	309	(1,284)	(339)	(302)	(1,925)	
Forward foreign exchange contracts	–	4	8	12	–	–	(1)	(1)	
Gold interest rate swaps	–	–	35	35	(27)	–	(1)	(28)	
Sub-total hedging	54	7	509	570	(2,019)	(339)	(2,554)	(4,912)	
Option component of convertible bonds	–	–	–	–	–	–	(25)	(25)	
All derivatives	54	7	509	570	(2,019)	(339)	(2,579)	(4,937)	
		2006				2006			
Commodity option contracts	–	–	242	242	(567)	–	(1,298)	(1,865)	
Foreign exchange option contracts	–	–	2	2	–	–	(14)	(14)	
Forward sale commodity contracts	43	34	333	410	(1,104)	(409)	(225)	(1,738)	
Forward foreign exchange contracts	–	2	2	4	–	–	–	–	
Gold interest rate swaps	–	–	40	40	(34)	–	(1)	(35)	
Sub-total hedging	43	36	619	698	(1,705)	(409)	(1,538)	(3,652)	
Option component of convertible bonds	–	–	–	–	–	–	(72)	(72)	
All derivatives	43	36	619	698	(1,705)	(409)	(1,610)	(3,724)	

39 Financial risk management activities (continued)

Derivatives (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			
SA Rands									
Commodity option contracts	–	–	1,365	1,365	(4,822)	–	(15,190)	(20,012)	
Foreign exchange option contracts	–	–	94	94	–	–	(136)	(136)	
Forward sale commodity contracts	368	19	1,717	2,104	(8,745)	(2,307)	(2,056)	(13,108)	
Forward foreign exchange contracts	–	28	54	82	–	–	(9)	(9)	
Gold interest rate swaps	–	–	239	239	(181)	–	(5)	(186)	
Sub-total hedging	368	47	3,469	3,884	(13,748)	(2,307)	(17,396)	(33,451)	
Option component of convertible bonds	–	–	–	–	–	–	(170)	(170)	
All derivatives	368	47	3,469	3,884	(13,748)	(2,307)	(17,566)	(33,621)	
		2006				2006			
Commodity option contracts	–	–	1,697	1,697	(3,971)	–	(9,085)	(13,056)	
Foreign exchange option contracts	–	–	13	13	–	–	(97)	(97)	
Forward sale commodity contracts	298	240	2,332	2,870	(7,730)	(2,867)	(1,574)	(12,171)	
Forward foreign exchange contracts	–	13	16	29	–	–	–	–	
Gold interest rate swaps	–	–	280	280	(238)	–	(10)	(248)	
Sub-total hedging	298	253	4,338	4,889	(11,939)	(2,867)	(10,766)	(25,572)	
Option component of convertible bonds	–	–	–	–	–	–	(504)	(504)	
All derivatives	298	253	4,338	4,889	(11,939)	(2,867)	(11,270)	(26,076)	

Sensitivity analysis

Derivatives

A principal part of the group'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 2007 (actual changes in the timing and amount of the following variables may differ from the assumed changes below).

The table below 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.

Notes to the group financial statements continued

For the year ended 31 December

39 Financial risk management activities (continued)

	Change in rate (+)	Normal sale exempted (million)	Cash flow hedge accounted (million)	Non-hedge accounted (million)	Total change in fair value (million)	Total change in fair value (million)
US Dollars	2007					2006
Currency (R/\$)	1.00	–	(10)	(24)	(34)	(17)
Currency (A\$/£)	0.10	22	1	39	62	3
Currency (BRL/\$)	0.10	–	–	(4)	(4)	(1)
Gold price (\$/oz)	200.00	(792)	(147)	(1,156)	(2,095)	(2,016)
USD interest rate (%)	1.00	(25)	(2)	(74)	(101)	(91)
ZAR interest rate (%)	1.50	–	(1)	(5)	(6)	(3)
AUD interest rate (%)	1.50	(4)	–	2	(2)	(1)
Gold interest rate (%)	0.50	39	3	73	115	74

	Change in rate (-)	Normal sale exempted (million)	Cash flow hedge accounted (million)	Non-hedge accounted (million)	Total change in fair value (million)	Total change in fair value (million)
US Dollars	2007					2006
Currency (R/\$)	1.00	–	14	15	29	11
Currency (A\$/£)	0.10	(22)	(1)	(52)	(75)	(3)
Currency (BRL/\$)	0.10	–	–	4	4	1
Gold price (\$/oz)	200.00	790	147	991	1,928	1,982
USD interest rate (%)	1.00	26	2	76	104	91
ZAR interest rate (%)	1.50	–	1	5	6	3
AUD interest rate (%)	1.50	4	–	(2)	2	1
Gold interest rate (%)	0.50	(39)	(3)	(76)	(118)	(74)

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

The group also monitors interest rate risk on other financial assets and liabilities.

The following table shows the approximate interest rate sensitivities of the other financial assets and liabilities at 31 December 2007 (actual changes in the timing and amount of the following variables may differ from the assumed changes below). As the sensitivity is the same (linear) for both increases and decreases in interest rates only absolute numbers are presented.

	Change in interest rate (%)	Change in interest amount in currency (million)	Change in interest amount in US dollars (million)	Change in interest rate (%)	Change in interest amount in currency (million)	Change in interest amount in US dollars (million)
	2007			2006		
<i>Financial assets</i>						
USD denominated (%)	1.00	1	1	1.00	1	1
ZAR denominated (%) ⁽¹⁾	1.50	13	2	1.50	13	2
AUD denominated (%)	1.50	1	1	1.50	1	1
BRL denominated (%)	2.50	2	1	2.50	1	–
NAD denominated (%)	1.50	1	–	–	–	–
<i>Financial liabilities</i>						
USD denominated (%)	1.00	4	4	1.00	2	2
AUD denominated (%)	1.50	3	2	–	–	–
GHC denominated (%)	–	–	–	2.50	1,842	–

⁽¹⁾ This is the only interest rate risk for the company.

40 Capital management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the group remains in a sound financial position. There were no changes to the group's overall capital management approach during the current year.

The group manages and make adjustments to the capital structure as opportunities arise in the market place, as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof.

The group monitors capital using a gearing ratio, which is defined as net debt divided by equity and capital employed. While the group does not set absolute limits on the ratio, the group believes a ratio of between 15% and 35% is optimal in the current market conditions. The elements considered to form part of capital are as listed in Non-GAAP disclosure note 9.

Figures in million	2007	2006
US Dollars		
Borrowings (note 30)	1,872	1,482
Cash and cash equivalents (note 25)	(496)	(495)
Net debt	1,376	987
Net capital employed ⁽¹⁾	5,362	5,588
Gearing ratio	26%	18%
SA Rands		
Borrowings (note 30)	12,750	10,376
Cash and cash equivalents (note 25)	(3,381)	(3,467)
Net debt	9,369	6,909
Net capital employed ⁽¹⁾	36,518	39,119
Gearing ratio	26%	18%

⁽¹⁾ Refer to Non-GAAP note 9 on page 30.

41 Recent developments

Golden Cycle acquisition

On 14 January 2008, AngloGold Ashanti announced that it had agreed to acquire 100% of Golden Cycle Gold Corporation (GCGC) through a merger transaction in which GCGC's shareholders will receive 29 AngloGold Ashanti ADRs for every 100 shares of GCGC common stock held. GCGC holds a 33% shareholding in Cripple Creek & Victor while AngloGold Ashanti holds the remaining 67%. The transaction is subject to a number of regulatory and statutory approvals, including approval by GCGC shareholders. The transaction, at the date of announcement, was valued at approximately \$149m, R1,003m.

Eskom power supply

Following the announcement made on 25 January 2008, in which AngloGold Ashanti advised that Eskom would be interrupting power supplies to the company's South African operations, AngloGold Ashanti halted mining and gold recovery at these operations. Subsequently, AngloGold Ashanti announced on 29 January 2008, that it had begun the process to restart production at its South African operations following a meeting with Eskom and industrial electricity consumers at which Eskom had agreed to provide AngloGold Ashanti with 90% of its electricity demand prior to the shut down so as to return the operations to normal production. At this stage the company estimates the effect of the reduction in the available power supply to negatively affect production by approximately 400,000 ounces (12,440 kilograms). The estimated financial effect of a 400,000 ounce (12,440 kilograms) decrease in production is lower revenue of \$348 million (R2,501 million) at an assumed average spot price of \$870/oz (R201,000/kg). Total cash costs in South Africa, which includes the effect of lower uranium production, are likely to increase from \$309/oz to \$402/oz (R77,000/kg to R 100,000/kg).

Change in South African Income Taxation Rates

The Minister of Finance announced on 20 February 2008 a reduction to the gold mining taxation formula from $Y = 45-225/X$ to $Y = 43-215/X$ and a non-mining rate reduction from 37% to 36%. The impact of this is a net reduction to the deferred taxation liability of \$17m, R117m and a lower income statement taxation charge of \$20m, R138m. The financial impact of the rate changes are calculated based on the results for the year ended 31 December 2007.

Investment in B2Gold

AngloGold Ashanti announced on 14 February 2008 the signing of an agreement with B2Gold, in which B2Gold will have the option to earn 51% of the Gramalote Project. AngloGold Ashanti will be issued, subject to certain conditions precedent, with 25 million shares at a deemed price of Canadian \$2.50 per share and 21.4 million warrants in B2Gold in exchange for this an additional interest in mineral concessions in Colombia. The interest in B2Gold including the warrants, if exercised, will be 26%.