

ANGLOGOLD ASHANTI LTD

Form 6-K

March 29, 2007

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Report on Form 6-K dated March 29, 2007

Commission File Number 1-14846

AngloGold Ashanti Limited

(Translation of registrant's name into English)

11 Diagonal Street

Johannesburg, 2001

(P.O. Box 62117, Marshalltown, 2107)

South Africa

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

Enclosure: Press release – **AngloGold Ashant06 Annual Financial Statements**  
**- prepared in accordance with IFRS**

Annual Financial  
Statements  
06

AngloGold Ashanti Limited (AngloGold Ashanti) has produced a suite of three complementary reports to communicate with a range of stakeholders on all aspects of its operating and financial performance for the year from 1 January to 31 December 2006. This suite of annual reports comprises:

·  
Annual Financial Statements 2006

·  
Supplementary Information: Mineral Resources and Ore Reserves 2006, which provides a detailed breakdown of the group's Mineral Resources and Ore Reserves

·  
Report to Society 2006 which incorporates an expanded, comprehensive web-based version of the report that provides a broad overview of AngloGold Ashanti's sustainable development initiatives at all its operations  
a condensed printed report based on the above, and  
country reports, which provide an overview of the group's operational and sustainable development initiatives in each country in which it operates.

The stakeholders with which the company seeks to communicate includes shareholders, employees and their representatives, the communities in which AngloGold Ashanti operates, regional and national governments as well as other interested parties.

This report, the Annual Financial Statements 2006, presents AngloGold Ashanti's operating and financial results for the period 1 January 2006 to 31 December 2006. They have been prepared in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act No. 61 of 1973 and the Listings Requirements of the JSE Limited (JSE). The guidelines of the King Report on Corporate Governance, 2002 have also been taken into account in the compilation of both the Annual Financial Statements and the Report to Society 2006. The latter has been produced in line with the Global Reporting Initiative (GRI) and the principles presented by the International Council of Metals and Mining (ICMM), of which AngloGold Ashanti is a member. The Annual Financial Statements are submitted to the JSE and to the London, New York, Ghana and Australian stock exchanges as well as to the Paris and Brussels bourses. It is also submitted to the US Securities and Exchange Commission (SEC) on Form 6-K.

During the course of the past financial year, there were several changes at an operational level. In South Africa, the group's new mine, Moab Khotson, came into commercial production and in Australia, the large-scale, long-life Boddington expansion project was approved against a backdrop of improving gold and commodity prices. The Ghanaian operation, Bibiani, was sold with effect from 1 December 2006. In April 2006, AngloGold Ashanti successfully completed raising equity of \$500 million (net of issue expenses) at a tight discount to the market price. The company has launched an employee share ownership plan (ESOP) together with a black economic empowerment

(BEE) transaction in South Africa in terms of which 1.9% of AngloGold Ashanti's share capital (equivalent to around 6% of production of the South African operations) has been transferred to non-managerial employees of the company and a BEE consortium, in line with the requirements of the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry.

The Annual Financial Statements 2006 contains a summary of the group's Mineral Resources and Ore Reserves in the form of a Supplementary Information report. Mineral Resources and Ore Reserves in both documents are reported in accordance with the South African Code for Reporting of Mineral Reserves and Resources (SAMREC 2000) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2004). Competent persons in terms of all these codes have prepared, reviewed and confirmed the report of the Mineral Resources and Ore Reserves.

In addition to the Annual Financial Statements 2006, AngloGold Ashanti is preparing an annual report on Form 20-F, in compliance with the rules governing its listing on the New York Stock Exchange and in accordance with the accounting principles generally accepted in the United States. The Form 20-F must be filed with the SEC by no later than 30 June 2007.

All of these AngloGold Ashanti reports and documents are available electronically on the corporate website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com), or the 2006 Annual Report website, [www.aga-reports.com](http://www.aga-reports.com).

Printed copies can be requested from the contact persons listed on either the inside back cover of this report or those listed on the website.

**Scope of report**

*Throughout this document, dollar or \$ refers to US dollars, unless otherwise stated.*

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 1*

**Forward-looking statements**

Certain statements contained in this document other than statements of historical fact contain forward-looking statements regarding AngloGold Ashanti's operations, economic performance or financial condition, including, without limitation, those concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, total cash costs and other operating results, growth prospects and the outlook of AngloGold Ashanti's operations, including the completion and commencement of commercial operations of certain of AngloGold Ashanti's exploration and production projects, its liquidity and capital resources and expenditure, and the outcome and consequences of any pending litigation or enforcement proceedings. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in gold prices and exchange rates, and business and operational risk management. For a discussion on such factors, refer to the risk management section of these Annual Financial Statements.

AngloGold Ashanti is not obliged to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of the Annual Financial Statements or to reflect the occurrence of unanticipated events. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein.

Key features 2006

2

AngloGold Ashanti at a glance – corporate profile

4

Letter from the chairman and chief executive officer

6

Performance review

10

Operations at a glance – summary

12

Summarised group financial results

14

Summarised group operating results

17

One-year forecast – 2007

18

Group value-added statement

19

Directors and executive management	
20	
Group information	
25	
Business overview	
The gold market	
34	
Financial review	
40	
Review of operations	
44	
Global exploration	
84	
Mineral Resources and Ore Reserves	
90	
Corporate governance	
95	
Risk management	
107	
Directors' approval	
124	
Secretary's certificate	
124	
Independent auditors' report	
125	
Remuneration report	
126	
Directors' report	
134	
Financial statements – contents	
148	
Group financial statements	
150	
Company financial statements	
264	
Investment in principal subsidiaries and joint venture interests	
292	
Non-GAAP disclosure	
296	
Gold production and mine-site rehabilitation processes	
304	
Research and development	
306	
Rights to mine and title to properties	
308	
Glossary of terms	
318	
Shareholders' information	
325	
Administrative information	

Inside back cover

**Contents**

**Key features 2006**

Page 2\_AngloGold Ashanti

\_Annual Financial Statements 2006

**Financial**

.  
*Average annual dollar spot gold price up by 36%  
to \$604 per ounce compared to 2005.*

.  
*Received gold price 31% higher at \$577 per  
ounce.*

.  
*Adjusted gross profit increased by 125%  
to \$1,058 million.*

.  
*Adjusted headline earnings rose by 105%  
to \$413 million.*

.  
*Capital expenditure up by 13% to \$817 million.*

.  
*Total dividend for the year of R4.50 per share  
or \$0.62 per ADS.*



AngloGold Ashanti

Annual Financial Statements 2006\_Page 3

**Operational**

.  
*Total annual gold production declined by 9% to 5.6 million ounces.*

.  
*Total cash costs increased by 10% to \$308 per ounce mainly as a result of lower grades mined and inflationary pressures.*

.  
*Ore Reserves and Mineral Resources increased by 6% and 3% respectively.*

## **AngloGold Ashanti at a glance – corporate profile**

Page 4\_AngloGold Ashanti

### **\_Annual Financial Statements 2006**

AngloGold Ashanti, one of the world's leading gold producers, has a portfolio of long-life, relatively low-cost assets with a variety of orebody types in key gold-producing regions around the world.

AngloGold Ashanti produced 5.6 million ounces of gold in 2006 of which 2.6 million ounces (45%) came from deep-level hard-rock operations in South Africa and the balance of 2.5 million ounces (45%) from shallow and surface operations, and 0.5 million ounces (10%) from underground operations around the world.

Today, AngloGold Ashanti has 21 operations located in 10 countries on four continents, together with a substantial project pipeline and a focused, global exploration programme. AngloGold Ashanti currently operates in South Africa, Argentina, Australia, Brazil, Ghana, the Republic of Guinea, Mali, Namibia, Tanzania and the United States.

Greenfields exploration is underway in Western Australia, Colombia and the Democratic Republic of Congo (DRC), and through exploration partnerships and joint ventures in Colombia, Russia, China, the Philippines and Laos. In 2006, 119,089 metres of greenfields exploration drilling was completed, a four-fold increase on that of 2005.

### **Shareholder information**

Headquartered in Johannesburg, South Africa, AngloGold Ashanti's primary listing is on the Johannesburg Stock Exchange (ANG). It is also listed on the following securities exchanges: New York (AU), London (AGD), Australia (AGG) and Ghana (AGA) as well as Euronext Paris (VA) and Euronext Brussels (ANG).

### **Corporate highlights**

- *Production of 5.6 million ounces of gold in 2006*
- *Capital expenditure of \$817 million, spent primarily on projects at Mponeng, TauTona and Moab Khotsong in South Africa, AngloGold Ashanti Brasil Mineração in Brazil, Geita in Tanzania and Sunrise Dam in Australia*
- *Proved and Probable Ore Reserves of 66.9 million ounces and total Mineral Resources inclusive of Ore Reserves of 181.6 million ounces*
- *More than 61,000 people, including contractors, are employed around the globe*

AngloGold Ashanti

**\_Annual Financial Statements 2006\_***Page 5*

**Letter from the chairman and chief executive officer**

Page 6\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti's adjusted headline earnings for 2006, at \$413 million, were the highest in the nine-year history of the company. In a 12-month period in which the spot price of gold rose by 36%, the company's adjusted headline earnings increased by 105%, clearly demonstrating AngloGold Ashanti's leverage to a rising gold price. These sound financial results were achieved in a year during which AngloGold Ashanti's gold production was 9% lower than 2005 at 5.6 million ounces.

Although total cash costs for the year increased by 10% to \$308 per ounce, the company's continued cost management programme, which achieved savings of \$160 million in 2005, yielded a further \$73 million in savings during 2006. We are particularly pleased with this performance in the face of rising global commodity input prices. \$50 million of these savings was derived from the South African operations, which yielded some \$144 million savings in 2005.

AngloGold Ashanti's workplace safety performance during 2006 is of concern to us. Over the last eight years, the company has seen a steady improvement in both its lost time injury statistics and in the number of serious and fatal accidents. In 2006, however, we experienced a deterioration in these trends; during the year 37 of our employees lost their lives in work-related accidents. On our South African mines, where 32 of these occupational fatalities occurred, 78% were as a result of falls of ground, many caused by underground seismic activity. The company's management is comprehensively reviewing its safety strategy and we are determined to return to the improving, downward trend. That this is possible is indicated by the solid performance of several operations, including Cripple Creek & Victor in Colorado – which has operated without a lost-time injury since November 2003. Our employees and the trade unions that represent them will be our full and equal partners in the revitalised safety programmes. We want each employee to become a safety supervisor looking after his own safety and that of the colleague working next to him.

*Investor and  
speculator interest  
in gold led to  
the price reaching  
a 26-year high of  
\$725 per ounce  
in May 2006,  
with an annual  
average price for 2006  
of \$604 per ounce,  
36% higher than  
in 2005.  
Russell Edey, Chairman*

AngloGold Ashanti

Annual Financial Statements 2006 Page 7

Reversing the trend in 2005, when the company's ore reserves decreased by 15.6 million ounces, in 2006 AngloGold Ashanti recorded an increase in total ore reserves before depletion of 10.1 million ounces. After depletion, this represents a 6% increase year-on-year, from 63.3 million ounces in 2005 to 66.9 million ounces in 2006. Significant additions included 2.9 million ounces at Mponeng due to the inclusion of the VCR Below 120 Level project, and 1.1 million ounces at Cripple Creek & Victor as a result of a planned extension of that operation's life.

This increase is evidence of the increasing achievement of our growth objective, which is central to ensuring sustainable returns for shareholders and benefits to all of our stakeholders. We have in place a strong pipeline of organic growth projects, where the focus is on bringing to account value-accretive ounces at reasonable costs. With five major capital projects currently underway at operations in South Africa, Brazil and Australia, we believe we are doing this effectively. Additionally, we continue to maintain and expand our cost-effective brownfields exploration programme, which is focused on continuing to increase our reserve and resource base around our existing operations, and our greenfields exploration initiatives underway in seven countries around the world, with substantial resources in 2007 earmarked for our sites in the Democratic Republic of Congo, Colombia and Tropicana in Western Australia.

An effect of this growth strategy is to place the group in its highest-ever capital investment phase. However, we will continue to balance our capital expenditure and our dividend allocation on the basis of both prudent financial management and ensuring strong total returns to shareholders. In this spirit, a dividend of 240 South African cents (or 33 US cents) per share has been declared for the six months ended 31 December 2006, resulting in a total dividend for the year of 450 South African cents (or 62 US cents). This compares with a total dividend paid in 2005 of 232 South African cents (36 US cents).

*Bobby Godsell, Chief Executive Officer*

**Letter from the chairman and chief executive officer *cont.***

Page 8\_AngloGold Ashanti

**Annual Financial Statements 2006**

We continue to take a positive view of the market for and price of our product. The average spot price for the year of \$604 per ounce was 36% higher than the average for 2005 and the greatest annual gain since 1980. With the key drivers of the price – the investment and physical market, currencies and interest rates – all continuing to sustain demand, we are confident that gold will continue to trade in its present range, or higher, for the foreseeable future. In this market context, AngloGold Ashanti's strategy of actively managing its hedge book so as to reduce our forward sale commitments and expose more of our production to a rising price will be maintained. In April 2006 Anglo American sold, via a placement, approximately 14.6% of its shares in AngloGold Ashanti, worth some \$1 billion, reducing its holding to 41.8% and giving effect to its decision to reduce its shareholding in this company and, consequently, to provide us with greater strategic flexibility. Simultaneously with this secondary placement, AngloGold Ashanti raised some \$500 million via a primary placement. This \$1.5 billion placement involving nearly 30 million shares, was priced at an impressive 1% discount to both the price the day before and the 30-day weighted average price.

Another key challenge which management continues to successfully address is the health of our employees and the communities in which they live. In South Africa during 2006, 23,389 (or 75% of the workforce) tested their HIV/AIDS status, illustrating the company's success of campaigns promoting counselling and testing. Over 4,500 employees are enrolled in wellness programmes and nearly 1,500 are receiving anti-retroviral therapy (ART). Of those on ART, 88% have been declared fit to work by their attending clinician. 80% of patients on ART have undetectable viral loads after two years of treatment.

The malaria control programme now in operation in the Obuasi district in Ghana, which we implemented in April 2006, is one of the largest private sector malaria control programmes. This initiative has reduced the number of malaria cases being treated at the company's hospital by 50% and it is expected that further reductions will be achieved during 2007 and beyond. A similar programme will be initiated at the Geita mine in Tanzania.

These issues related to employee and community health, as well as the other social and environmental aspects of AngloGold Ashanti's commitments to its stakeholders are comprehensively addressed in the Report to Society component of our Annual Report, carried on the 2006 Annual Report website at [www.aga-reports.com](http://www.aga-reports.com).

AngloGold Ashanti

Annual Financial Statements 2006 Page 9

To strengthen the partnership with our employees in South Africa, on 30 January 2007 we launched the Bokamoso Employee Share Ownership Plan. In terms of this plan, which includes all employees except for managers already benefiting from share schemes, each employee has become the outright owner of 30 of the company's shares, currently worth just over R10,000. The employee will benefit from the dividends paid on these shares, and will be required to hold them for three years following which they will vest in five equal annual tranches. Each employee will also benefit from the value uplift on another 90 shares, which will vest in the same proportions over the same periods. This scheme was fully developed with the three unions who represent our employees in South Africa and further deepens the partnership we have with these unions.

We are pleased to welcome to our board three new directors:

Joseph Henry Mensah, who is the Chairman of the National Development Planning Commission in Ghana and a member of the Ghana Parliament; Siphon Pityana, Chairman of Izingwe Holdings, a BEE investment company which holds 0.5% of AngloGold Ashanti's shares as a result of the empowerment transaction which included the introduction of the Bokamoso Employee Share Ownership Plan; and Professor Wiseman Nkuhlu, who is a certified chartered accountant with the South African Institute of Chartered Accountants and a past national president of that Institute, and a respected South African academic, professional and business leader. Professor Nkuhlu was also appointed deputy chairman of the Audit and Corporate Governance Committee, with effect from 4 August 2006.

We also note the resignation from the board of Lazarus Zim and Sam Jonah. Colin Brayshaw and Tony Trahar will retire from the board at the upcoming annual general meeting. We record our thanks to them for their contribution to the company during their tenure.

Looking ahead to the rest of 2007, gold production is estimated to be 5.8 million ounces at an average total cash cost of \$309 per ounce. Capital expenditure is estimated at \$1,070 million and will be managed in line with profitability and cash flow. We continue to have a positive outlook for the gold price and confidently anticipate another year of growth and improved value for our shareholders.

Russell Edey

Bobby Godsell

Chairman

Chief Executive Officer

20 March 2007

*Page 10*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Performance**

**review**

**Annual production (000 oz)**

**Annual production (000 oz)**

**Annual production (000 oz)**

**Annual production (000 oz)**

**Annual production (000 oz)**



AngloGold Ashanti

Annual Financial Statements 2006 Page 11

.  
Mining operations here are divided into two regions, West Wits and Vaal River, which together have seven mines, namely Great Noligwa, Kopanang, Moab Khotsong, Mponeng, Savuka, Tau Lekoa and TauTona.

.  
As at 31 December 2006, Ore Reserves for these operations totalled 27.2 million ounces of gold – 41% of group reserves.

.  
Combined, these mines employed 35,968 people and produced 2,554,000 ounces of gold in 2006, equivalent to 45% of total group output.

.  
The South African operations contributed \$549 million – 52% – to group adjusted gross profit.

.  
Capital expenditure for the year totalled \$313 million.

.  
The operations here are Sunrise Dam and the Boddington joint venture expansion project, both in the state of Western Australia.

.  
As at 31 December 2006, Ore Reserves totalled 6.4 million ounces of gold – 9% of group reserves.

.  
Sunrise Dam and Boddington together employed 479 people and Sunrise Dam produced 465,000 ounces of gold in 2006, equivalent to 8% of total group output.

.  
This operation contributed \$137 million – 13% – to group adjusted gross profit.

.  
Capital expenditure at both Sunrise Dam and Boddington totalled \$84 million for the year.

.  
The mining operations here are located in Brazil (AngloGold Ashanti Brasil Mineração Ltda and Serra Grande) and Argentina (Cerro Vanguardia).

.  
As at 31 December 2006, Ore Reserves in Brazil and Argentina totalled 4.7 million ounces of gold – 7% of group reserves.

.  
Combined, these mines employed 5,334 people and produced 554,000 ounces of gold in 2006, equivalent to 10% of total group output.

.  
The operations together contributed \$175 million – 17% – to group adjusted gross profit.

.  
Capital expenditure for the year totalled \$205 million.

.  
The one mining operation here is Cripple Creek & Victor (CC&V) in the state of Colorado.

.  
As at 31 December 2006, Ore Reserves at CC&V totalled 3.8 million ounces of gold – 6% of group reserves.

.  
This operation employed 369 people and produced 283,000 ounces of gold in 2006, equivalent to 5% of total group output.

.  
This operation contributed \$23 million – 2% – to group adjusted gross profit.

Capital expenditure for the year totalled \$13 million.

This region includes the mining operations in Ghana (Obuasi, Iduapriem and Bibiani for 11 months), Guinea (Siguri), Mali (Morila, Sadiola, Yatela), Namibia (Navachab) and Tanzania (Geita).

As at 31 December 2006, Ore Reserves for all these operations totalled 24.8 million ounces of gold – 37% of group reserves.

Combined, these mines employed 17,157 people and produced 1,779,000 ounces of gold in 2006, equivalent to 32% of total group output.

The operations in Africa (outside of South Africa) contributed \$144 million – 14% – to group adjusted gross profit.

Capital expenditure for the year totalled \$191 million.

**Capital expenditure (\$m)**

**Capital expenditure (\$m)**

**Capital expenditure (\$m)**

**Capital expenditure (\$m)**

**Capital expenditure (\$m)**

Page 12\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

**Operations at a glance – summary**

For the year ended 31 December

Attributable  
 tonnes

Average grade

Attributable  
 treated/milled  
 recovered

gold production  
 (Mt)

(g/t)  
 (000oz)

Page  
 Operation

2006

2005

2004

2006

2005

2004

2006

2005

2004

number

**South Africa**

2,554

2,676 2,857

Vaal River

Great Noligwa

2.4

2.3 2.4

8.08

9.30 10.38 615

693 795

52

Kopanang

2.0

2.0 2.0

7.01

7.38 7.37 446

482 486

53

Moab Khotsong

(1)

0.2

–

–

6.35

–

-		
44		
-		
-		
54		
Tau Lekoa		
1.5		
2.1	2.4	
3.76		
3.96	3.87	176
265	293	
54		
Surface operations		
7.2		
5.8	6.1	
0.49		
0.51	0.60	113
95	119	
West Wits		
Mponeng		
1.9		
1.7	1.7	
9.93		
9.15	8.14	596
512	438	
48		
Savuka		
0.4		
0.6	0.8	
7.68		
6.80	6.19	89
126	158	
50		
TauTona		
(2)		
2.0		
1.6	1.6	
10.18		
9.62	10.88	474
502	568	
49		
<b>Argentina</b>		
215		
211	211	
Cerro Vanguardia (92.5%)		
0.9		
0.9	0.9	
7.29		
7.70	7.60	215
211	211	
56		

**Australia**

465  
 455 410  
 Sunrise Dam  
 (3)  
 4.0  
 3.6 3.7  
 3.39  
 3.68 3.46 465  
 455 410  
 59

**Brazil**

339  
 346 334  
 AngloGold Ashanti Brasil  
 Mineração  
 (2)  
 1.1  
 1.3 1.0  
 7.60  
 7.27 7.85 242  
 250 240  
 62

Serra Grande (50%)

0.4  
 0.4 0.4  
 7.51  
 7.93 7.80 97  
 96 94  
 64

**Ghana**

592  
 680 485  
 Bibiani  
 (4) (6)  
 2.1  
 2.4 1.7  
 0.55  
 1.45 1.93 37  
 115 105  
 69

Iduapriem (85%)

(3) (6)  
 3.0  
 3.2 2.2  
 1.74  
 1.71 1.72 167  
 174 125  
 68

Obuasi

(2) (6)

6.2		
4.7	2.6	
4.39		
4.77	5.27	387
391	255	
67		
<b>Guinea</b>		
256		
246	83	
Siguiri (85%)		
(5) (6)		
7.0		
5.8	2.6	
1.08		
1.21	1.10	256
246	83	
72		
<b>Mali</b>		
537		
528	475	
Morila (40%)		
1.7		
1.5	1.4	
3.88		
5.41	4.44	207
262	204	
76		
Sadiola (38%)		
1.8		
1.9	2.0	
3.22		
2.73	2.77	190
168	174	
74		
Yatela (40%)		
(7)		
1.3		
1.3	1.1	
4.12		
2.99	3.41	141
98	97	
75		
<b>Namibia</b>		
86		
81	67	
Navachab		
1.5		
1.2	1.3	
1.81		
2.05	1.59	86
81	67	

79

**Tanzania**

308

613 570

Geita

(8)

5.7

6.1 4.7

1.68

3.14 3.74 308

613 570

81

**USA**

283

330 329

Cripple Creek & Victor

(7)

21.8

19.2 18.2 0.54

0.62 0.61 283

330 329

83

**Zimbabwe**

–

–

9

Freda-Rebecca

(6) (9)

–

–

0.1 –

–

1.66 –

–

9

(1)

Attributable production at Moab Khotsonq prior to commercial production in 2006 was capitalised against pre-production costs.

(2)

The yield of TauTona, AngloGold Ashanti Brasil Mineração and Obuasi represents underground operations.

(3)

The yield of Sunrise Dam and Iduapriem represents open-pit operations.

(4)

The yield of Bibiani represents surface and dump reclamation in 2006 and open-pit operations in 2005 and 2004. Bibiani was sold effective 1 December 2006.

(5)

The yield of Siguiri arises from the open pit operation from 2005 and the heap leach operation in 2004.

(6)

Interest acquired 26 April 2004 with reporting from 1 May 2004.

(7)

The yield of Yatela and Cripple Creek & Victor Joint Venture reflects recoverable gold placed/tonnes placed.

(8)

50% holding to 26 April 2004 and 100% from this date.

(9)

Freda-Rebecca was sold effective 1 September 2004.



AngloGold Ashanti

Annual Financial Statements 2006 Page 13

**Operations at a glance – summary**

For the year ended 31 December

Attributable

Attributable

Total

adjusted gross

cash gross

cash costs

(1)

profit (loss)

(1)

profit (loss)

(1) (2)

(\$/oz)

(\$m)

(\$m)

Page

Operation

2006

2005

2004

2006

2005

2004

2006

2005

2004

number

**South Africa**

Vaal River

Great Noligwa

261

264      231      156

87      118      203

120      134

52

Kopanang

291

277      281      109

54      46

136

74      60

53

Moab Khotsong

(3)

655

–      –

(22)

–      –      (3)

-	-	54
Tau Lekoa		
440		
410	370	(4)
(14)		
(6)		
25		
9	10	
54		
Surface operations		
281		
287	250	31
16	19	35
16	19	
West Wits		
Mponeng		
237		
279	322	156
49	11	
216		
86	37	
48		
Savuka		
336		
430	455	21
(8)		
(18)		
24		
(1)		
(10)		
50		
TauTona		
269		
256	245	101
44	58	
152		
95	92	
49		
<b>Argentina</b>		
Cerro Vanguardia (92.5%)		
225		
171	156	35
31	30	65
52	54	
56		
<b>Australia</b>		
Sunrise Dam		
298		
269	260	137
46	62	
173		

78	88	
59		
<b>Brazil</b>		
AngloGold Ashanti Brasil		
Mineração		
195		
169	133	86
48	45	
101		
61	58	
62		
Serra Grande (50%)		
198		
158	134	26
22	18	33
26	22	
64		
<b>Ghana</b>		
Bibiani		
(4) (7)		
437		
305	251	
5		
(10)		
(2)		
9		
3	8	69
Iduapriem (85%)		
(4)		
368		
348	303	
7		
(2)		
(5)		
23		
9	4	68
Obuasi		
(4)		
395		
345	305	(42)
(16)		
(15)		
21		
26	5	67
<b>Guinea</b>		
Siguiri (85%)		
(4)		
399		
301	443	
-		
12	(14)	

33		
33	(13)	
72		
<b>Mali</b>		
Morila (40%)		
275		
191	184	52
39	25	69
65	40	
76		
Sadiola (38%)		
270		
265	242	49
20	16	61
32	26	
74		
Yatela (40%)		
228		
263	255	44
11	8	
57		
18	14	
75		
<b>Namibia</b>		
Navachab		
265		
321	348	22
10	1	
28		
17	4	79
<b>Tanzania</b>		
Geita		
(5)		
497		
298	250	(2)
9	23	37
47	58	
81		
<b>USA</b>		
Cripple Creek & Victor		
248		
230	220	23
17	7	
62		
57	47	
83		
<b>Zimbabwe</b>		
Freda-Rebecca		
(4) (6)		
-		
-	417	

–  
– (1)  
–  
– –

(1)

Refer to Non-GAAP disclosure.

(2)

Adjusted gross profit (loss) plus amortisation of tangible and intangible assets, less non-cash revenues.

(3)

All income and expenses were capitalised until commercial production was reached in the first quarter of 2006.

(4)

Interest acquired 26 April 2004 with reporting from 1 May 2004.

(5)

50% holding to 26 April 2004 and 100% from this date.

(6)

Freda-Rebecca was sold effective 1 September 2004.

(7)

Bibiani was sold effective 1 December 2006.

Page 14\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Dollar million

2006

2005

2004

2003

2002

**Income statement**

Gold income

2,964

2,629      2,309      2,029      1,761

Cost of sales

(2,282)

(2,309)

(1,924)

(1,526)

(1,203)

(Loss) gain on non-hedge derivatives and other commodity contracts

(1)

(239)

(135)

(142)

119      92

Gross profit

443

185      243      622      650

Corporate administration and other expenses

(84)

(64)

(51)

(36)

(25)

Market development costs

(16)

(13)

(15)

(19)

(17)

Exploration costs

(61)

(45)

(44)

(38)

(28)

Amortisation of intangible assets

-

-      (31)

(29)

(28)

Other net operating expenses

(18)				
(20)				
(12)				
(14)				
(8)				
Operating special items				
(18)				
(77)				
12	(8)			
(23)				
Operating profit (loss)				
246				
(34)				
102	478	521		
Interest received				
32				
25	49	42	39	
Exchange (loss) gain				
(2)				
(5)				
4	(3)			
(4)				
Fair value adjustment on option component of convertible bond				
16				
(32)				
27	–	–		
Finance costs and unwinding of decommissioning and restoration obligations				
(123)				
(108)				
(87)				
(53)				
(48)				
Fair value (loss) gain on interest rate swaps				
–				
(1)				
2	6	–		
Share of associates' (loss) profit				
(1)				
(3)				
–	2	4		
Profit (loss) before taxation				
168				
(158)				
97	472	512		
Taxation				
(180)				
35	41			
(142)				
(165)				
(Loss) profit after taxation from continuing operations				
(12)				

(123)				
138	330	347		
Discontinued operations				
Loss for the year from discontinued operations				
(2)				
(36)				
(11)				
–	–			
(Loss) profit for the year				
(14)				
(159)				
127	330	347		
<i>Allocated as follows</i>				
Equity shareholders of the parent				
(44)				
(182)				
108	312	332		
Minority interest				
30				
23	19	18	15	
(14)				
(159)				
127	330	347		
<b>Other financial data</b>				
Adjusted gross profit				
(2)				
\$m				
1,058				
470	441	559	638	
Cash gross profit				
(3)				
\$m				
1,652				
955	793	791	883	
Headline (loss) earnings				
\$m				
(80)				
(97)				
141	318	376		
Adjusted headline earnings				
(4)				
\$m				
413				
201	271	282	368	
Adjusted gross margin				
%				
32				
17	19	27	35	
Cash gross margin				
%				
49				



34	34	38	48
EBITDA			
(5)			
\$m			
1,411			
820	700	667	802
EBITDA margin			
%			
42			
29	30	32	44
Interest cover			
(6)			
times			
11			
7	7	13	17
(Loss) earnings per ordinary share (cents)			
Basic			
US cents			
(16)			
(69)			
43	140	150	
Diluted			
US cents			
(16)			
(69)			
43	139	149	
Headline			
US cents			
(29)			
(37)			
56	143	169	
Adjusted headline earnings			
(4)			
US cents			
151			
76	108	127	166
Dividends declared per ordinary share			
US cents			
62			
36	56	101	146
Weighted average number of shares			
million			
273			
265	251	223	222
Issued shares at year-end			
million			
280			
265	264	223	223

(1)  
Refer to Non-GAAP disclosure note 3 on page 299.

(2)

Refer to Non-GAAP disclosure note 2 on page 297.

(3)

Refer to Non-GAAP disclosure note 6 on page 300.

(4)

Refer to Non-GAAP disclosure note 1 on page 296.

(5)

Refer to Non-GAAP disclosure note 7 on page 300.

(6)

Refer to Non-GAAP disclosure note 8 on page 301.

**Summarised group financial results**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 15

Dollar million

2006

2005

2004

2003

2002

**Balance sheet**

Assets

Tangible and intangible assets

6,469

6,307      6,323      3,176      2,654

Cash and cash equivalents

495

209      289      505      413

Other assets

1,979

1,777      1,590      1,176      897

Total assets

8,943

8,293      8,202      4,857      3,964

Equity and liabilities

Shareholders equity and minority interests

3,047

2,662      3,209      1,681      1,483

Borrowings

1,482

1,894      1,605      1,158      926

Deferred taxation

1,103

1,154

1,356      598      402

Other liabilities

3,311

2,583      2,032      1,420      1,153

Total equity and liabilities

8,943

8,293      8,202      4,857      3,964

**Other financial data**

Equity

(1)

4,539

4,236      4,708      2,568      2,082

Net capital employed

(1)

5,588

5,980      6,082      3,274      2,635

Net debt

(2)

987

1,685			
1,316	653	513	
Net asset value – US cents per share			
(3)			
1,087			
1,005			
1,214	754	665	
Net tangible asset value – US cents per share			
(4)			
939			
854			
1,049	569	497	
Market capitalisation			
(5)			
13,205			
13,069	9,614		
10,420	7,627		

**Financial ratios**

Return on equity

(6)			
%			
9			
4	7	12	21

Return on net capital

(7)			
%			
9			
5	8	11	17

Net debt to net capital employed

%			
18			
28	22	20	19

Net debt to equity

%			
22			
40	28	25	25

- (1)
- Refer to Non-GAAP disclosure note 9 on page 301.
- (2)
- Refer to Non-GAAP disclosure note 10 on page 301.
- (3)
- Refer to Non-GAAP disclosure note 11 on page 302.
- (4)
- Refer to Non-GAAP disclosure note 12 on page 302.
- (5)
- Refer to Non-GAAP disclosure note 16 on page 303.
- (6)
- Refer to Non-GAAP disclosure note 13 on page 302.
- (7)
- Refer to Non-GAAP disclosure note 14 on page 302.

**Summarised group financial results**

For the year ended 31 December

Page 16\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Dollar million

2006

2005

2004

(1)

2003

2002

**Cash flow statement**

Cash flows from operating activities

Cash generated from operations

1,281

673            570            562            744

Cash utilised by discontinued operations

(1)

(31)

(2)

—            —

Taxation paid

(143)

(30)

(34)

(102)

(131)

Net cash inflow from operating activities

1,137

612            534            460            613

Cash flows from investing activities

Capital expenditure

(817)

(722)

(585)

(363)

(271)

Net proceeds from disposal and acquisition of mines and subsidiaries

9

4            (171)

10            51

Net proceeds from disposal and acquisition of investments, associate  
loans and acquisitions and disposal of tangible assets

43

(18)

(20)

61            117

Interest received

25

18            37            33            32

Net loans advanced (repaid)

5

(1)

83	(15)		
12			
Cash restricted for use			
(3)			
17	(6)		
–	–		
Utilised in hedge restructure			
–			
(69)			
(123)			
–	–		
Net cash outflow from investing activities			
(738)			
(771)			
(785)			
(274)			
(59)			
Cash flows from financing activities			
Net proceeds from share issues			
507			
9	3		
10	7		
Net borrowings (repaid) proceeds			
(397)			
316	259	197	(114)
Finance costs			
(88)			
(74)			
(72)			
(40)			
(40)			
Dividends paid			
(132)			
(169)			
(198)			
(314)			
(260)			
Proceeds from hedge restructure			
–			
–	40	–	–
Net cash (outflow) inflow from financing activities			
(110)			
82	32		
(147)			
(407)			
Net increase (decrease) in cash and cash equivalents			
289			
(77)			
(219)			
39	147		
Translation			

(3)			
(3)			
13	53	75	
Opening cash and cash equivalents			
209			
289	495	413	191
Closing cash and cash equivalents			
495			
209	289	505	413

**Other financial data**

Free cash flow

(2)			
633			
160	205	311	518

(1)  
2004 comparatives re-stated to comply with current year disclosures.

(2)  
Refer to Non-GAAP disclosure note 15 on page 303.

**Summarised group financial results**

For the year ended 31 December



AngloGold Ashanti

Annual Financial Statements 2006\_Page 17

Dollar million

2006

2005

2004

2003

2002

**Operating results**

Underground operations

Metric tonnes milled

000

13,489

13,806      13,554      13,047      13,426

Yield

g/t

7.20

7.31      7.50      8.03      8.27

Produced

oz 000

3,123

3,243      3,270      3,367      3,569

Productivity

g/employee

– target

279

286      270      236      247

– actual

256

257      254      228      238

Surface and dump reclamation

Metric tonnes treated

000

12,414

8,061      7,102      36,822      38,366

Yield

g/t

0.50

0.52      0.60      0.27      0.30

Produced

oz 000

201

136      138      320      365

Open-pit operations

Metric tonnes mined

000

173,178

168,904      135,171      125,529      97,030

Stripping ratio

(1)

4.82

Edgar Filing: ANGLOGOLD ASHANTI LTD - Form 6-K

5.02	6.34	8.95	6.18
Metric tonnes treated			
000			
26,739			
25,541	18,236	13,967	13,682
Yield			
g/t			
2.14			
2.74	3.21	3.43	3.80
Produced			
oz 000			
1,843			
2,246	1,883	1,540	1,673
Heap-leach operations			
Metric tonnes mined			
000			
63,519			
61,091	71,837	59,507	51,192
Metric tonnes placed			
(2)			
000			
23,329			
22,227	22,120	18,265	13,504
Stripping ratio			
(1)			
1.83			
1.97	2.08	2.59	2.63
Recoverable gold placed			
(3)			
kg			
18,162			
18,500	18,670	14,976	14,228
Yield			
(4)			
g/t			
0.78			
0.83	0.84	0.81	1.05
Produced			
oz 000			
468			
541	538	389	332
Total gold produced			
oz 000			
5,635			
6,166	5,829	5,616	5,939
– South Africa			
oz 000			
2,554			
2,676	2,857	3,281	3,412
– Argentina			
oz 000			

215			
211	211	209	179
– Australia			
oz 000			
465			
455	410	432	502
– Brazil			
oz 000			
339			
346	334	323	299
– Ghana			
oz 000			
592			
680			
485	–	–	
– Guinea			
oz 000			
256			
246	83	–	–
– Mali			
oz 000			
537			
528	475	577	710
– Namibia			
oz 000			
86			
81	66	73	85
– Tanzania			
oz 000			
308			
613	570	331	290
– USA			
oz 000			
283			
330	329	390	462
– Zimbabwe			
oz 000			
–			
–	9	–	–
Price received			
\$/oz sold			
577			
439	394	363	303
Total cash costs			
\$/oz produced			
308			
281	264	214	150
Total production costs			
\$/oz produced			
414			
374	332	263	197

## Capital expenditure

\$m

817

722      585      449      337

## Monthly average number of employees

61,453

63,993      65,400      55,439      54,042

## LTIFR

7.70

6.77      6.56      8.83      8.86

## FIFR

0.22

0.14      0.19      0.29      0.31

## Rand/dollar average exchange rate

6.77

6.37      6.44      7.55

10.48

## Rand/dollar closing exchange rate

7.00

6.35      5.65      6.67      8.58

## Australian dollar/dollar average exchange rate

1.33

1.31      1.36      1.54      1.84

## Australian dollar/dollar closing exchange rate

1.27

1.36      1.28      1.33      1.79

## Brazilian Real/dollar average exchange rate

2.18

2.44      2.93      3.07      2.92

## Brazilian Real/dollar closing exchange rate

2.14

2.35      2.65      2.89      3.53

(1)

Stripping ratio = (total tonnes mined – ore tonnes mined)/ore tonnes mined.

(2)

Tonnes placed onto leach pad.

(3)

Recoverable gold placed onto leach pad inventory.

(4)

Recoverable gold placed/tonnes placed.

**Summarised group operating results**

For the year ended 31 December

Page 18\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Forecast

Expected Forecast

capital

production

total cash cost

expenditure

oz 000

\$/oz\*

\$m\*\*

**South Africa**

2,500

286

364

Vaal River

Great Noligwa

580

295

40

Kopanang

470

260

59

Tau Lekoa

160

426

15

Surface Operations

120

300

—

Moab Khotsong

80

470

80

West Wits

Mponeng

550

249

87

Savuka

70

372

4

TauTona

470

252

79

**Argentina**

200

263

23

Cerro Vanguardia

200

260

23

**Australia**

580

275

346

Sunrise Dam

580

266

34

Boddington

—

—

312

**Brazil**

410

202

84

AngloGold Ashanti Brasil Mineração

320

178

65

Serra Grande

90

244

19

**Ghana**

570

369

133

Iduapriem

170

403

46

Obuasi

400

355

87

**Guinea**

270

399

14

Siguiri

270

399

14

**Mali**

480
327
13
Morila – Attributable 40%
200
297
4
Sadiola – Attributable 38%
170
364
7
Yatela – Attributable 40%
110
326
2
<b>Namibia</b>
80
359
5
Navachab
80
359
5
<b>Tanzania</b>
400
479
53
Geita
400
479
53
<b>North America</b>
310
276
25
Cripple Creek & Victor
310
267
25
Other
–
–
10
<b>AngloGold Ashanti</b>
<b>5,800</b>
<b>309</b>
<b>1,070</b>

\* Assumes the following exchange assumptions to the dollar: R7.50/\$, A\$/\$0.76, BRL2.2/\$ and Argentinean Peso 3.15/\$.

\*\* Capital expenditure is managed in line with earnings and cash flows and may fluctuate accordingly.

**One-year forecast – 2007**

AngloGold Ashanti

**Annual Financial Statements** 2006 *Page 19*

Dollar million

Notes (1)

%

2006

%

2005

**Value added**

Gold income

2 and 3

2,964

2,629

Less: Purchases of goods and services in order to operate mines and produce refined metal, including market development costs net of other income

(1,041)

(1,087)

Value-added by operations

85

1,923

80 1,542

Fair value gain (loss) on interest rate swaps and option component of convertible bond

1

16

(2)

(33)

Profit on disposal of assets

14

2 54 – 5

Income from investments and interest received

3 and 8

1

31

1 22

Government

Deferred taxation

12

1

30

6 117

Utilised in the group

Retained income

10

217

15 277

Total value added

100



2,271	
100	1,930
<b>Value distributed</b>	
Employees	
Salaries, wages and other benefits	
10	
39	
887	
46	877
Government	
– Current taxation	
12	
9	210
4	82
Providers of capital	
– Finance costs and unwinding of decommissioning and restoration obligations	
7	
6	
123	
6	108
– Dividends declared	
8	173
5	95
– Minorities	
29	
1	30
1	23
Other	
– Impairment of tangible and intangible assets	
6	
–	6
3	64
– Loss from discontinued operations	
13	
–	2
2	36
– Exchange loss	
–	
2	
–	5
– Loss on non-hedge derivatives and other commodity contracts	
11	
239	
7	135
Total value distributed	
74	
1,672	
74	
1,425	

**Re-invested in the group**

– Amortisation and depreciation

4, 16 and 17

26

599

26 505

100 2,271

100 1,930

(1)

Refer to the notes on the group financial statements on pages 154 to 263.

**Group value-added statement**

For the year ended 31 December

**Executive directors**

RM Godsell (54)

BA, MA

Chief Executive Officer

Bobby Godsell was appointed to the board as chief executive officer in April 1998 and as chairman in December 2000. He relinquished his role as chairman of AngloGold in May 2002. He has 33 years of service with companies associated with the mining industry and has served as a non-executive director of Anglo American plc since March 1999. He is also the immediate past chairman of the World Gold Council.

R Carvalho Silva (55)

BAcc, BCorp Admin

Chief Operating Officer – International

Roberto Carvalho Silva joined the Anglo American group in Brazil in 1973 and was appointed president and chief executive officer of AngloGold South America in January 1999. He became executive officer, South America for AngloGold in 2000 and was appointed to the board in May 2005 in his current capacity.

NF Nicolau (47)

B Tech (Min. Eng), MBA

Chief Operating Officer – Africa

Neville Nicolau was appointed the executive officer responsible for AngloGold's South Africa region in November 2001 and was appointed to the board in May 2005 in his current capacity. He has extensive experience, having joined the mining industry in 1979.

S Venkatakrishnan (Venkat) (41)

BCom, ACA (ICAI)

Executive Director: Finance (Chief Financial Officer)

Venkat was the finance director of Ashanti Goldfields Company Limited from 2000 until the merger with AngloGold in 2004. Prior to joining Ashanti, Venkat was a director in the Reorganisation Services Division of Deloitte & Touche in London. He was appointed to the board in August 2005.

**Non-executive directors**

RP Edey (64)

FCA

Chairman and independent non-executive director

Russell Edey was appointed to the board in April 1998 and as deputy chairman in December 2000. In May 2002, he was appointed chairman when Bobby Godsell relinquished this office. Based in the United Kingdom, he is deputy chairman of NM Rothschild Corporate Finance and a director of a number of other companies.

TJ Motlatsi (55)

Hon D Soc Sc (Lesotho)

Deputy Chairman and independent non-executive director

James Motlatsi was appointed to the AngloGold board in April 1998 and as deputy chairman in May 2002 upon Russell Edey being appointed chairman. He has been associated with the South African mining industry since 1970 and is a past president of the National Union of Mineworkers. He is chief executive officer

of TEBA Limited.

FB Arisman (62)

MSc (Finance)

Independent non-executive director

Frank Arisman was appointed to the board in April 1998. He resides in New York and retired, after 32 years of service, from J P Morgan Chase, where he held the position of managing director.

RE Bannerman (72)

MA (Oxon), LLM (Yale)

Reginald Bannerman was appointed to the board on 10 February 2006. He has been in law practice since 1968 and is currently the principal partner at Messrs Bruce-Lyle, Bannerman & Thompson Attorneys in Ghana. He is a member of the General Legal Council of Ghana and a member of the board of the Valco Trust Fund, the largest privately run trust in Ghana. A former lecturer in law at the Ahmadu Bello University in Nigeria, he was also formerly the mayor of Accra, the capital of Ghana.

**Directors and executive management**

*Page 20\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 21*

**Non-executive directors (cont)**

Elisabeth Bradley (68)

BSc, MSc

Independent non-executive director

Elisabeth Bradley was appointed to the board in April 1998. She is non-executive chairman of Wesco Investments Limited and Toyota South Africa (Proprietary) Limited and a director of a number of other companies. She is deputy chairman of The South African Institute of International Affairs.

Colin Brayshaw (71)

CA (SA), FCA

Independent non-executive director

Colin Brayshaw was appointed to the board in April 1998. He is a retired managing partner and chairman of Deloitte & Touche and is a non-executive director of a number of other companies including Anglo Platinum Limited and Datatec Limited.

Sam Jonah KBE (57)

Hon D Sc (Exeter), MSc (Mineral Production Management)

President

Sam Jonah worked in various positions, including underground, with Ashanti Goldfields Company Limited and was appointed to the position of chief executive officer of Ashanti in 1986. He has been decorated with many awards and honours and in 2003, an honorary knighthood was conferred on him by Her Majesty, Queen Elizabeth II of Great Britain, in recognition of his exceptional achievements as an African businessman. He was appointed as an executive director to the board in May 2004, a position he relinquished in 2005 but retained his appointment as a non-executive director.

Réne Médori (49)

Doctorate Economics, Grad (Fin)

Réne Médori was appointed to the board in August 2005. He is the finance director of Anglo American plc.

Joseph Mensah (78)

MSc (Economics)

Joseph Mensah, who holds an MSc in Economics from London University, has extensive experience in international and local economic management. He is the chairman of the National Development Planning Commission in Ghana and a member of the Ghana Parliament representing the Sunyani constituency.

He joined the board with effect from 4 August 2006.

Bill Nairn (62)

BSc (Mining Engineering)

Bill Nairn has been a member of the board since January 2000.

He was re-appointed to the board in May 2001, having previously been alternate director to Tony Trahar. He was group technical director of Anglo American plc, prior to his retirement in 2004.

Wendell Nkuhlu (62)

BCom, CA(SA), MBA

Professor Wiseman Nkuhlu, who holds a BCom degree from the University of Fort Hare, is a certified Chartered Accountant with The South African Institute of Chartered Accountants and is a past national president of that institute. He also holds an MBA from the University of New York and is a respected South African academic, professional and business leader. Professor Nkuhlu joined the board, and was appointed deputy chairman of the Audit and Corporate Governance Committee, with effect from 4 August 2006.

**Non-executive directors (cont)**

SM Pityana (47)

BA (Hons) (Essex), MSc (London)

Sipho Pityana was appointed to the AngloGold Ashanti board with effect from 13 February 2007. He is the executive chairman of Izingwe Holdings (Proprietary) Limited and has occupied strategic roles in both the public and private sectors, including the positions of director general of the national departments of Labour and Foreign Affairs. He was formerly a senior executive of Nedbank and is currently a non-executive director of several companies including Bytes Technology Group (BTG), African Oxygen (Afrox), Munich Re and Aberdare Cables.

SR Thompson (47)

MA (Geology)

Simon Thompson is a director of Anglo American plc and chairman of the Base Metals Division, the Industrial Minerals Division and the Exploration Division. He was appointed to the board in 2004.

AJ Trahar (57)

BCom, CA (SA)

Tony Trahar was appointed to the board in October 2000. He is chief executive officer of Anglo American plc.

**Alternate directors**

AH Calver (59)

BSc (Hons) Engineering, MDP (UNISA), PMD (Harvard)

Harry Calver was appointed alternate director to Bill Nairn in May 2001. He is head of engineering at Anglo American plc.

PG Whitcutt (41)

BCom (Hons), CA (SA), MBA

Peter Whitcutt who is head of finance at Anglo American plc, has been an alternate director since October 2001, first to Tony Lea and then to René Médori who replaced the former on the board.

**Executive officers**

CE Carter (44)

BA (Hons) (UCT), DPhil (Oxford), EDP (Northwest University – Kellogg School of Management)

Executive Officer – Investor Relations

Charles Carter joined Anglo American in 1991 and moved to the Gold and Uranium Division in 1996. In May 2005, he was appointed an executive officer, with responsibility for overseeing the company's global investor relations programme.

DH Diering (55)

BSc, AMP

Executive Officer – Business Planning: Africa

Dave Diering joined the Anglo American Gold and Uranium Division in 1975 and worked at several South African operations as well as for Zimbabwe Nickel Corporation until 2001, when he joined AngloGold as head of mining and mineral resources. He was appointed an executive officer in 2005.

RN Duffy (43)

BCom, MBA

Executive Officer – Business Development

Richard Duffy joined Anglo American in 1987 and in 1998 was appointed executive officer and managing secretary of AngloGold. In November 2000, he was appointed head of business planning and in 2004 assumed responsibility for all new business opportunities globally. In April 2005, this role was expanded to include greenfields exploration. He was appointed to the executive committee in August 2005.

D Earp (45)

BCom, BAcc, CA (SA)

Executive Officer – Finance

Dawn Earp joined AngloGold in July 2000 from Anglo American, where she was vice president, Central Finance. Dawn was appointed an executive officer in May 2004.

**Directors and executive management *cont.***

*Page 22\_AngloGold Ashanti*

***\_Annual Financial Statements 2006***



AngloGold Ashanti

Annual Financial Statements 2006 Page 23

**Executive officers (cont)**

DC Ewingleben (53)

BSc, DJur

Executive Officer – Law, Safety, Health and Environment

Don Ewingleben joined the group in 2000 as vice president, general counsel and corporate secretary of AngloGold's North American operations. In 2003, he was promoted to the position of president and chief administrative officer for North America, a position which was changed in 2005 to CEO. He was appointed an executive officer in January 2006. Prior to joining the group, he served in various executive positions for Echo Bay Mines (Canada) and AMAX Gold (US). He also held legal, safety and environmental positions with AMAX Coal Industries (US).

BW Guenther (54)

BS (Min. Eng)

Executive Officer – International – Technical

Ben Guenther joined AngloGold as senior vice president general manager of Jerritt Canyon mine in Nevada, USA, and in 2000 was seconded to AngloGold's corporate office in Johannesburg as head of mining. In 2001, he assumed some responsibilities for safety and health, as well as heading up the corporate technical group. He was appointed an executive officer in May 2004 and was appointed to his current position in December 2005.

HH Hickey (53)

BCompt (Hons), CA (SA)

Executive Officer – Head of Risk

Hester Hickey joined AngloGold in 1999 as Group Internal Audit Manager. She was appointed an executive officer in November 2005.

RL Lazare (50)

BA, HED (University of Free State), DPLR (UNISA), SMP (Henley Management College)

Executive Officer – Africa Underground Region

Robbie Lazare joined Anglo American Gold and Uranium Division in 1982, working in a variety of management posts until 1999 when he was appointed general manager of TauTona. In December 2004, he was appointed an executive officer with responsibility for South African operations. He took up his current position in July 2005.

SJ Lenahan (51)

BSoc Sc, MSc

Executive Officer – Corporate Affairs

Steve Lenahan has been working in the mining industry since 1978 when he started his career at De Beers. In 1998, he was appointed an executive officer of AngloGold, responsible for investor relations and assumed responsibility for corporate affairs in 2001.

MP Lynam (45)

BEng (Mech)

Executive Officer – Treasury

Mark Lynam joined the Anglo American group in 1983 and has been

involved in hedging and treasury area since 1990. In 1998 he joined AngloGold as treasurer and was appointed an executive officer in May 2004.

FRL Neethling (54)

BSc (Mech. Eng)

Executive Officer – Africa: Open-Pit Mining

Fritz Neethling joined the Anglo American group in 1992 and in 1999 joined AngloGold as general manager of the Ergo operation. He was appointed an executive officer in July 2005.

PW Rowe (57)

BSc (Chem. Eng)

Executive Officer – Corporate Technical Group

Peter Rowe joined AngloGold Ashanti in June 2004 as head of AngloGold Ashanti Australia. Following 20 years with Anglo American and De Beers, he moved to Australia in the early 1990s where he held a number of senior managerial positions including project director of the Fimiston expansion, general manager of the Boddington Gold Mine and managing director and CEO of Bulong Nickel. He was appointed executive officer with responsibility for the corporate technical group in January 2006.

**Directors and executive management cont.**

Page 24\_AngloGold Ashanti

\_Annual Financial Statements 2006

**Executive officers (cont)**

TML Setiloane (47)

FAE, BSc (Mech Eng)

Executive Officer – Marketing

Thero Setiloane joined AngloGold in May 2003 from Real Africa Holdings, where he was an executive director. He is the chairman of Rand Refinery and was appointed an executive officer and a member of AngloGold Ashanti's executive committee in February 2006.

YZ Simelane (41)

BA LLB, FILPA, MAP

Executive Officer and Managing Secretary

Yedwa Simelane joined AngloGold in November 2000 from the Mineworkers' Provident Fund where she was the senior manager of the Fund. She was appointed an executive officer in May 2004.

NW Unwin (54)

BA

Executive Officer – Human Resources and Information Technology

Nigel Unwin has many years experience in the field of human resources. He was appointed an executive officer in 1999.

**Company secretary**

L Eatwell (52)

FCIS, FCIBM

Lynda Eatwell joined AngloGold in 2000 as assistant company secretary and was appointed company secretary in December 2006 on the retirement of Chris Bull. She is responsible for ensuring compliance with statutory and corporate governance requirements and the regulations of the stock exchanges on which AngloGold Ashanti is listed.

Changes in directors, executive officers and company secretary during 2006 to date of report

**Directorate**

Mr KH Williams retired from the board with effect from 6 May 2006.

Mr PL Zim resigned from the board together with his alternate

Mr DD Barber on 4 August 2006.

Mr JH Mensah and Prof WL Nkuhlu were appointed to the board with effect from 4 August 2006.

Dr SE Jonah resigned from the board on 12 February 2007.

Mr SM Pityana was appointed to the board with effect from 13 February 2007.

Mr CB Brayshaw and Mr AJ Trahar have indicated that they will be retiring from the board at the general meeting to be held on 4 May 2007.

**Executive officers**

Mr DMA Owiredu, former Deputy Chief Operating Officer, Africa resigned from the company in September 2006.

Mrs D Earp, former Executive Officer – Finance, has resigned from the company with effect from 1 March 2007.

**Company secretary**

Mr CR Bull, former company secretary retired from the company with effect from 1 December 2006.

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 25*

**Current profile**

AngloGold Ashanti, headquartered in Johannesburg, South Africa, is a global gold company with a portfolio of long-life, relatively low-cost assets and differing orebody types in key gold producing regions. The company's 21 operations are located in 10 countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United States of America), and are supported by extensive exploration activities. The combined Proved and Probable Ore Reserves of the group amounted to 66.9 million ounces as at 31 December 2006.

The primary listing of the company's ordinary shares is on the JSE Limited (JSE) in South Africa. Its ordinary shares are also listed on stock exchanges in London, Paris and Ghana, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs), in New York in the form of American Depositary Shares (ADSs), in Australia, in the form of Clearing House Electronic Subregister System Depositary Interests (CDIs) and in Ghana, in the form of Ghanaian Depositary Shares (GhDSs).

AngloGold Ashanti Limited (Registration number 1944/017354/06) was incorporated in the Republic of South Africa in 1944 under the name of Vaal Reefs Exploration and Mining Company Limited and operates under the South African Companies Act 61 of 1973, as amended.

**History and development of the company**

AngloGold Ashanti, as it conducts business today, was formed on 26 April 2004 following the business combination of AngloGold Limited (AngloGold) with Ashanti Goldfields Company Limited (Ashanti), incorporated in Ghana on 19 August 1974.

**AngloGold Limited**

AngloGold was formed in June 1998 through the consolidation of the gold interests of Anglo American Corporation of South Africa Limited (AAC) and its associated companies into a single, focused, independent, gold company. Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs), the vehicle for the consolidation, changed its name to AngloGold Limited and increased its authorised share capital, effective 30 March 1998.

**Group information**

AngloGold then acquired, in share-for-share exchanges in terms of South African schemes of arrangement and following shareholder approval, all the issued share capital of East Rand Gold and Uranium Company Limited; Eastvaal Gold Holdings Limited; Southvaal Holdings Limited; Free State Consolidated Gold Mines Limited; Elandsrand Gold Mining Company Limited; H.J. Joel Gold Mining Company Limited and Western Deep Levels Limited. A total of 51,038,968 ordinary shares were issued to AAC and 66,010,118 ordinary shares to other shareholders in exchange for their shares in these companies.

In private transactions with AAC and minority shareholders, other share interests were acquired in Driefontein Consolidated Limited (17%); Anmercosa Mining (West Africa) Limited (100%); Western Ultra Deep Levels Limited (89%); Eastern Gold Holdings Limited (52%); Erongo Mining and Exploration Company Limited (70%); and other sundry share interests. In exchange, 25,734,446 ordinary shares were issued to AAC and 957,920 ordinary shares to minority shareholders. AngloGold also acquired gold exploration and mining rights from AAC and other companies and issued 1,623,080 ordinary shares to AAC and 4,210,412 ordinary shares to the other companies as consideration. In addition, AngloGold acquired from AAC and JCI all the rights under service agreements relating to the companies listed above – from AAC in exchange for 6,834,872 ordinary shares, and from JCI for R62 million (\$11 million).

The consolidation was approved by the required majorities of the shareholders of AngloGold and the participating companies and became effective on 1 January 1998 for accounting purposes.

Subsequent to its formation:

AngloGold purchased Minorco's gold interests in North and South America with effect from 31 March 1999.

With effect from 31 December 1999, AngloGold acquired Acacia Resources in Australia. A total of 18,020,776 AngloGold shares were issued in the transaction.

With effect from 3 July 2000, AngloGold acquired a 40% interest in the Morila mine in Mali from Randgold Resources Limited.

On 15 December 2000, AngloGold acquired a 50% interest in the Geita mine in Tanzania from Ashanti Goldfields Company Limited. Following the business combination, Ashanti's 50% interest was acquired.

In 2000, in support of its market development initiatives, AngloGold acquired a 25% interest in OroAfrica, South Africa's largest manufacturer of gold jewellery and a 33% holding in Gold Avenue, an e-commerce business in gold. Gold Avenue continued to sell gold jewellery by catalogue and through the internet until early 2004, when it was wound up.

On 9 April 2001, the sale to Harmony Gold Mining Company Limited of the Elandsrand and Deelkraal mines for R872 million (\$109 million) became unconditional.

In January 1998, the No. 2 Shaft Vaal River Operations was tributed to African Rainbow Minerals (currently Harmony Gold

Mining Company Limited) (ARM) on the basis that 40% of all revenue, costs and capital expenditure would be attributable to ARM, with the balance to AngloGold. On 1 July 2001, AngloGold disposed of its interests in No. 2 Shaft Vaal River Operations to ARM for R10 million (\$1 million). On 5 September 2001, AngloGold announced that it was to make a take-over offer for Normandy Mining Limited (Normandy), Australia's largest listed gold mining company. Arising from the offer, 6,869,602 AngloGold ordinary shares were issued. This excluded 143,630 AngloGold ordinary shares issued under the top-up facility to Normandy shareholders. The take-over offer did not come to fruition and the Normandy shares acquired were sold on the market on 21 January 2002 realising a total of \$158 million.

**Group information cont.**

Page 26\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 27

On 1 January 2002, the sale of AngloGold's Free State assets to ARM and Harmony, through a jointly-owned company, for a net consideration of R2,523 million (\$229 million) (including tax payable by AngloGold and net of contractual obligations), became effective.

During July 2002, AngloGold acquired an additional 46.25% of the equity, as well as the total loan assignment, of Cerro Vanguardia SA from Pérez Companc International SA, for a net consideration of \$97 million, increasing its interest in Cerro Vanguardia to 92.5%.

AngloGold disposed of its wholly owned subsidiary, Stone and Allied Industries (O.F.S.) Limited, a stone-crushing company, to a joint venture of that company's existing management and a group of black entrepreneurs, with effect from 1 October 2002, for a consideration of R5 million.

On 23 May 2003, AngloGold announced that it had signed an agreement to sell its wholly owned Amapari project to Mineração Pedra Branca do Amapari for a total consideration of \$18 million. The effective date of the transaction was 19 May 2003. The Amapari project is located in the State of Amapá, in northern Brazil. Since acquiring the property as part of the Minorco transaction, AngloGold sought to prove up additional reserve ounces so as to achieve a size and life span that would justify the management resources needed to run it effectively. This was not achieved and AngloGold, on receiving an offer from a purchaser who could constructively turn this orebody to account, agreed to sell.

On 6 June 2003, AngloGold announced that it had finalised the sale of its 49% stake in the Gawler Craton Joint Venture, including the Tunkillia project located in South Australia to Helix Resources Limited. Consideration for the sale comprised cash of \$500,000 (A\$750,000), 1.25 million fully paid Helix shares issued at A\$0.20 per share and 1.25 million Helix options exercisable at A\$0.25 per option before 30 November 2005 with an additional payment of \$335,000 (A\$500,000) deferred to the delineation of a mineable resource of 350,000 ounces. Helix's proposed acquisition of AngloGold's rights to the Tarcoola project, 60 kilometres to the south, was excluded from the final agreement. This resulted in a restructure of the terms of the original agreement as announced on 8 April 2003. On 23 April 2005, the company received a further 416,667 fully paid Helix shares and 37,281 Helix options following a rights issue. The company did not exercise its rights in terms of the Helix options which expired on 30 November 2005.

On 2 July 2003, AngloGold announced that it had concluded the sale of its interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc., effective 30 June 2003. Queenstake paid the Jerritt Canyon Joint Venture partners,



AngloGold and Meridian Gold, \$1.5 million in cash and 32 million shares issued by a subsidiary, Queenstake Resources Limited, with \$6 million in deferred payments and \$4 million in future royalties. Queenstake accepted full closure and rehabilitation liabilities. The shares acquired by AngloGold in this transaction, were sold in November 2003.

On 8 July 2003, AngloGold disposed of its entire investment of 8,348,600 shares held in East African Gold Mines Limited for a consideration of \$25 million and in the second half of 2003 AngloGold disposed of 952,481 shares in Randgold Resources Limited for a consideration of \$23 million.

On 18 September 2003, AngloGold and Gold Fields Limited jointly announced that agreement had been reached on the sale by Gold Fields of a portion of the Driefontein mining area in South Africa to AngloGold for a cash consideration of R315 million (\$48 million).

On 20 January 2004, AngloGold announced that it had received a cash payment of A\$4 million (\$3 million) and 25 million fully paid ordinary shares from Tanami Gold NL in Australia, as consideration

for Tanami Gold's purchase of the Western Tanami project. This followed an initial payment of A\$0.3 million (\$0.2 million) made on 24 November 2003, when the Heads of Agreement was signed by the companies. In addition, a further 2 million fully paid ordinary shares were received from Tanami Gold in respect of a rights issue in June 2004. During the period, 10 October to 18 October 2005, AngloGold Ashanti Australia reduced its shareholding in Tanami Gold to 5%, with the sale of 8 million fully paid ordinary shares for a cash consideration of A\$1.3 million (\$1 million) and in February 2006, disposed of the entire investment in Tanami Gold with the sale of 19 million shares for a cash consideration of A\$3.9 million (\$3 million).

The business combination between AngloGold and Ashanti Goldfields Company Limited, initially announced on 16 May 2003, was completed with effect from Monday, 26 April 2004, following the confirmation by the High Court in Ghana on Friday, 23 April 2004, of the scheme of arrangements, in terms of which AngloGold acquired the entire issued share capital of Ashanti. In terms of the business combination, Ashanti shareholders received 0.29 ordinary shares or 0.29 ADSs of AngloGold for every Ashanti share or Ashanti GDS (Global Depositary Security) held. Each ADS represents one AngloGold ordinary share. Ashanti became a private company and a wholly owned subsidiary of AngloGold, and AngloGold changed its name to AngloGold Ashanti Limited on 26 April 2004, the effective date of the transaction. As a result of the business combination, a total of 38,400,021 ordinary shares were issued to Ashanti shareholders, 75,731 ordinary shares were issued to Ashanti warrant holders and 2,658,000 ordinary shares were issued to the government of Ghana in fulfillment of the agreements and undertakings contained in the Stability Agreement during 2004.

Following the business combination, \$75 million of Mandatorily Exchangeable Notes issued by Ashanti were redeemed.

On 27 February 2004, AngloGold Holdings plc, a subsidiary of AngloGold, completed an offering of \$1 billion principal amount 2,375% convertible bonds, due 2009. The bonds are guaranteed by AngloGold Ashanti.

On 1 July 2004, AngloGold Ashanti announced that it had entered into an agreement with Trans-Siberian Gold plc (TSG)

**Group information cont.**

Page 28\_AngloGold Ashanti

\_Annual Financial Statements 2006

AngloGold Ashanti

**Annual Financial Statements 2006** Page 29

for the acquisition of a 29.9% stake in the company through an equity investment of approximately £18 million (\$32 million) in two subscriptions for ordinary shares. The terms for the second subscription of shares in TSG were subsequently revised and TSG shareholders approved a reduction in the subscription price from £1.494 per share to £1.30 per share. On 31 May 2005, the date on which the second subscription was finalised, AngloGold Ashanti's shareholding in TSG was 12,263,170 ordinary shares (29.9%). During June 2006, AngloGold Ashanti extended a loan to TSG in the amount of \$10 million. On 21 September 2006, AngloGold Ashanti announced that it had made an offer to acquire from TSG two of its exploration companies, namely 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), for \$40 million cash. These exploration sites will be part of AngloGold Ashanti's initial contribution towards its strategic alliance with Polymetal, also as announced on 21 September 2006. Both transactions are anticipated to be completed during the first half of 2007.

On 5 August 2004, AngloGold Ashanti announced the sale of its Union Reefs assets to the Burnside Joint Venture, comprising subsidiaries of Northern Gold NL (50%) and Harmony Gold Mining Company Limited (50%), for a total consideration of A\$4 million (\$2 million). The Burnside Joint Venture is responsible for all future obligations associated with the assets, including remaining site rehabilitation and reclamation.

In a joint announcement on 10 September 2004, AngloGold Ashanti confirmed its agreement to sell its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Proprietary) Limited for a deferred consideration of \$2 million. The sole operating asset of Ashanti Goldfields Zimbabwe Limited was the Freda-Rebecca Gold Mine. The sale was effective on 1 September 2004.

On 11 October 2004, AngloGold Ashanti announced that it had signed an agreement with Philippines explorer Red 5 Limited to subscribe for a 12.3% stake in the expanded issued capital of Red 5 Limited for a cash consideration of A\$5 million (\$4 million). The placement was to be used to fund the exploration activities situated next to the current mineral

resources at the Siana Project, and to test the nearby porphyry gold-copper targets in the Surigao region of the Republic of the Philippines. On 26 August 2005, AngloGold Ashanti subscribed for additional shares in Red 5 Limited, for a cash consideration of A\$0.8 million (\$0.6 million), thereby increasing its holding to 14.1%. AngloGold Ashanti now holds 13% in Red 5 Limited, after the dilution in the shareholding resulting from the increase in issued share capital. For a period of two years commencing in October 2004, AngloGold Ashanti had the right to enter into Joint Venture arrangements on Red 5's tenements (excluding their Siana project) with the potential to earn up to a 67.5% interest in areas of interest through further investment in exploration in these Joint Venture areas. On 18 September 2006, AngloGold Ashanti elected to exercise a second Joint Venture option with Red 5 Limited – the Outer Siena Joint Venture, located to the south-east of Boyongan – in terms of which the company will spend a minimum of A\$1.5 million (\$1.2 million) in the first year with no interest. The company however may earn between 52% and 58.5% interest in two tenements through an additional expenditure of A\$4 million (\$3 million), with a right to increase its holding by 8% to 9% through an additional spend of A\$5 million (\$4 million). In 2004, Queenstake approached the Jerritt Canyon Joint Venture partners, AngloGold and Meridian Gold, about the possibility of monetising all or at least a majority of the \$6 million in deferred payments and \$4 million in future royalties, payable in the concluded sale of AngloGold's interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc., effective 30 June 2003. Based on the agreement reached between the parties, on 25 August 2004, AngloGold Ashanti was paid approximately \$7 million for its portion of the deferred payments and future royalties, thereby monetising all outstanding obligations, except for a minor potential royalty interest that AngloGold Ashanti retained.

Agreement was reached to sell AngloGold Ashanti's 40% equity interest in Tameng Mining and Exploration (Pty) Limited of South Africa (Tameng) to Mahube Mining (Pty) Limited for a cash consideration of R20 million (\$3 million). Tameng owns certain mineral rights in Platinum Group Metals (PGMs) on the farm Locatie Van M'Phatlele KS 457, on the northern limb of the Bushveld Complex in the Limpopo Province in South Africa. The sale was effective on 1 September 2004.

AngloGold Ashanti completed a substantial restructuring of its hedge book in January 2005, details of which are available in the December 2004 quarterly report which is available on the corporate website.

On 26 January 2005, AngloGold Ashanti signed a three-year revolving credit facility for \$700 million.

On 29 April 2005, AngloGold Ashanti announced the conditional sale of exploration assets in the Laverton area in Australia, comprising the Sickie royalty of \$30 per ounce, the

Child Harold prospect, various 100% AngloGold Ashanti Australia- owned interests including the Lord Byron and Fish projects as well as its interests in the Jubilee, Black Swan and Jasper Hills joint ventures to Crescent Gold Limited, for a total consideration of A\$4 million (\$3 million). The transaction was concluded in December 2006.

On 19 July 2005, Aflase Gold and Uranium Resources Limited (Aflase) announced that it had purchased from AngloGold Ashanti, its Weltevreden mine in exchange for Aflase shares in a transaction valued at R75 million (\$11 million). On 19 December 2005, Aflase was acquired by srx Uranium One Incorporated (formerly Southern Cross Incorporated). The Director-General of Minerals and Energy notified AngloGold Ashanti in August 2005 that application for the new order mining rights in terms of the South African Mineral Resources and Petroleum Development Act had been granted. AngloGold Ashanti is of the conviction that the new **Group information cont.**

*Page 30\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 31

mineral rights dispensation seeks to begin to remedy the economic legacy of apartheid by ensuring that economic opportunity becomes available to increasing numbers of South African citizens, while simultaneously seeking to maintain local and international economic confidence, and to promote economic growth.

On 11 August 2005, AngloGold Ashanti announced that it had disposed of its La Rescatada project to ARUNANI SAC, a local Peruvian corporation, for a total consideration of \$12.5 million, with an option to repurchase 60% of the project should economically viable reserves in excess of 2 million ounces be identified within three years. The exploration project is located approximately 800 kilometres south-east of the city of Lima in Peru.

On 27 February 2006, AngloGold Ashanti announced that it had signed an agreement with China explorer, Dynasty Gold Corporation, to acquire an effective stake of 8.7% in that company, through the purchase of 5.75 million Dynasty units at a price of C\$0.40 each. Each unit will consist of one ordinary share and one-half ordinary share purchase warrant, exercisable at a price of C\$0.60 per unit for two years.

On 10 April 2006, AngloGold Ashanti's shareholders in a general meeting gave authority to the directors to allot sufficient ordinary shares of the company to allow it to raise \$500 million before expenses but after underwriters fees in a private offering. On the same day AngloGold Ashanti announced that its offering of 9,970,732 ordinary shares had been priced at \$51.25 per ADS and R315.19 per ordinary share.

On 1 June 2006, AngloGold Ashanti and Bema Gold Corporation announced that they will form a new company which will jointly explore a select group of AngloGold Ashanti's mineral opportunities located in Northern Colombia, with initial work focused on the La Mina and El Pino targets. As part of the agreement, AngloGold Ashanti has initially agreed to provide a minimum of eight exploration properties while Bema will provide a minimum of \$5 million in exploration funding.

On 30 June 2006, AngloGold Ashanti (U.S.A.) Exploration Inc. (AngloGold Ashanti), International Tower Hill Mines Ltd (ITH) and Talon Gold Alaska, Inc. (Talon), a wholly-owned subsidiary of ITH, entered into an Asset Purchase and Sale and Indemnity Agreement whereby AngloGold Ashanti sold to Talon a 100% interest in six Alaskan mineral exploration properties and associated databases in return for 5,997,295 ordinary shares of ITH stock, representing an approximate 19.99% interest in ITH. The sales transaction was closed on 4 August 2006. AngloGold Ashanti also granted to ITH the exclusive option to acquire a 60% interest in each of its LMS and Terra projects by incurring \$3 million of exploration expenditure on each project (total of \$6 million) within four

years of the grant date of the options. As part of the two option agreements, AngloGold Ashanti will have the option to increase or dilute its stake in these projects, subject to certain conditions.

On 14 July 2006, AngloGold Ashanti announced the signing of a Heads of Agreement with Antofagasta plc to jointly explore a highly prospective belt in Southern Colombia for new gold and copper deposits. AngloGold Ashanti will include all of its mineral applications, contracts and third party contracts within the area of interest in the new joint venture, while Antofagasta will commit to fund a minimum of \$1million of exploration within 12 months of the signing of the agreement, with an option to invest an additional \$7 million within four years in order to earn-in to 50% of the joint venture. Both AngloGold Ashanti and Antofagasta will have the right to increase their interests by 20% in copper-dominant and gold-dominant properties subject to certain conditions.

On 23 August 2006, AngloGold Ashanti announced that it had entered into an agreement with Central African Gold plc (CAG)

to sell its entire business undertaking, 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 Bibiani North prospecting license, and procure the cessation and delegation of all contracts related to Bibiani to CAG for a total consideration of \$40 million.

On 30 August 2006, AngloGold Ashanti announced that it had been advised by the Volta River Authority (VRA) of potential power shortages at its Ghanaian operations due to water shortages impacting the VRA's power generating facilities. This announcement was followed by an update on 6 September 2006 in which AngloGold Ashanti announced that following discussions between the VRA and the Chamber of Mines in Ghana, the industry had agreed to collaborate with the authority and the government of Ghana in a range of activities designed to minimise the impact of the power shortages on the economy and the mining industry and to provide for a sustainable solution in the future. At the same time, AngloGold Ashanti provided guidance to investors as to the potential impact of the power shortages on production at its three Ghanaian operations should the situation be prolonged.

On 21 September 2006, AngloGold Ashanti announced that it had entered into a 50:50 strategic alliance with Russian gold and silver producer, OAO Inter-Regional Research and Production Association Polymetal (Polymetal), in terms of which Polymetal and AngloGold Ashanti will co-operate in exploration and the acquisition and development of gold mining opportunities within the Russian Federation. On 8 January

**Group information cont.**

*Page 32\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**



AngloGold Ashanti

Annual Financial Statements 2006 Page 33

2007, Polymetal announced its plans to sell global depository receipts on the LSE and new and existing common stock on Moscow's Russian Trading System, part of the proceeds of which would finance the venture with AngloGold Ashanti.

On 2 October 2006, AngloGold Ashanti announced the imminent finalisation of an empowerment transaction with two components: the first being the development of an employee share ownership plan (ESOP) wherein all qualifying employees of AngloGold Ashanti's South African operations, including the corporate office, would be beneficiaries; and the second component being the acquisition by Izingwe Holdings (Pty) Limited (an empowerment company) of an equity interest in AngloGold Ashanti. On 11 December 2006, AngloGold Ashanti shareholders approved this transaction and shares were issued on 15 December 2006 to the Bokamoso Trust, which trust will hold and administer the shares on behalf of the employees participating in the employee share ownership plan, and Izingwe Holdings (Pty) Limited.

In each of the above matters, the investor public was duly informed through the routes prescribed by the stock exchanges on which the company is listed.

## **Products**

AngloGold Ashanti's main product is gold. Revenue is also derived from the sales of silver, uranium oxide and sulphuric acid. AngloGold Ashanti sells its products on world markets.

### **Gold market**

The gold market is relatively liquid compared with many other commodity markets. Physical demand for gold is primarily for fabrication purposes, including jewellery (which accounts for 80% of fabricated demand), electronics, dentistry, decorations, medals and official coins. In addition, central banks, financial institutions and private individuals buy, sell and hold gold bullion as an investment and as a store of value.

The use of gold as a store of value (a consequence of the tendency of gold to retain its value in relative terms against basic goods, and particularly in times of inflation and monetary crisis) and the large quantities of gold held for this purpose in relation to annual mine production have meant that, historically, the potential total supply of gold is far greater than demand at any one time. Thus, while current supply and demand play some part in determining the price of gold, this does not occur to the same extent as with other commodities.

Instead, the gold price has from time to time been significantly affected by macro-economic factors such as expectations of inflation, interest rate changes, exchange rate changes, changes in reserve policy by central banks, and by global or regional political and economic events. In times of price inflation and currency devaluation, gold is often bought as a store of value, leading to increased purchases and support for the price of gold.

### **The market in 2006**

Continued strong levels of investor and speculator interest in 2006 combined with exceptional volatility in the first half of the year pushed the gold price to 26-year highs. After reaching a \$725 per ounce peak in the second quarter, gold pulled back to \$562 per ounce in June, followed by a renewed bout of investor interest that drove the price back to the mid-\$600s in July. Unsurprisingly, price volatility peaked in the second quarter, with relative stability returning to the gold market in the latter part of August and continuing through to year-end.

In 2006 there was again a correlation between the dollar exchange rate against the euro and the gold price. From an opening exchange rate of \$/

€1.18 for the year, the dollar closed the year at \$/€1.33, thus providing strong support for a higher gold price.

During 2006, the South African rand did not appreciate in line with the weaker US currency. The rand opened the year at R6.34/\$1 and closed the year very much weaker at R7.00/\$1. This weakening helped push the rand gold price to new highs of R157,000/kg in July and to an average of R131,335/kg for the year, or some 45% higher than the average rand gold price for the previous year.

### **Investment**

The wholesale market of exchange traded funds (ETFs), commodity exchange activity and over-the-counter purchases was generally

strong in 2006, with particularly robust interest evident in the gold ETF market, which saw the launch of several new funds. The total net number of ounces held by ETFs almost doubled over the course of 2006, from 11 million ounces in January to 20 million ounces at year-end, and these investors would appear to be longer-term holders, as the ETFs only experienced small net disinvestment during periods of weakening gold prices.

Another key development in 2006 was the rise in investor interest in physical gold, especially among high net worth individuals seeking wealth preservation instruments in the face of continued geopolitical and economic uncertainty. This type of safe haven buying was a

**Business overview – the gold market**

*Page 34\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 35

marked difference to the approach of this group to gold investments in the past several years, when the main focus seemed to be short-term profits.

Gold has also benefited from the move by some investment funds, such as pension funds, to allocate a portion of their assets to commodities. Some of this investment is made through commodity indexed funds, which saw investment values grow by some \$100 billion during the year.

**Demand**

The decline in physical offtake that began in the last quarter of 2005 continued through the first half of the year and into the early part of the third quarter. Although some recovery was seen in the last months of the year, total global demand for 2006 ended 5% lower year-on-year, or 3,866 tonnes compared with 4,070 tonnes in 2005. The decline was due chiefly to a considerable decrease in jewellery offtake, particularly apparent in the first two quarters of the year, when jewellery demand dipped below total mine production in the face of a high spot price and considerable volatility in the market. Scrap supplies of gold onto the market increased significantly during this period, and gold jewellery manufacturers were further adversely affected as banks made margin calls to cover the higher value of gold inventory loans. In response, manufacturers were generally forced to increase their loan collateral or repay loans by cutting production or liquidating stock.

A marked change in trend was evident in the third quarter when the gold price began to stabilise, albeit at relatively elevated levels.

This appeared to denote a move amongst consumers, particularly in Asia and the Middle East, towards accepting gold prices closer to \$600 per ounce. Consumption increases in the second half of the year were evident in key markets such as India, when declining price volatility coincided with the Diwali period, which resulted in record gold imports for the fourth quarter even as the spot price steadied above \$600 per ounce. To a lesser extent, a late-year recovery in consumption was also evident in most parts of the Middle East, and Chinese jewellery fabrication had actually increased by the end of December, supported primarily by local consumption, with 18-carat gold taking a rising share of the market. North America saw some of the most significant retail price increases in recent years, with gold jewellery consumption in the United States down significantly in tonnage terms in 2006, despite the industry's shift to lighter carat and mixed-material products in response to the year's price volatility.

Despite the recovery in the fortunes of the physical market during the second half of the year, the significant May price rise and the related volatility that was the hallmark of the first six months of the year had a sustained impact on jewellery exports to price sensitive markets, including India and the Middle East. Major gold jewellery manufacturer and export hubs, such as Italy, suffered in turn as many distributors were reluctant to commit to stocks later in the

year. The end result of a year of relatively high and volatile gold prices was a 16%, or 437 tonne, decline in global gold jewellery fabrication for the year.

Industrial demand grew healthily through the year, posting a 7% increase, thanks to especially robust demand from the electronics industry, which set a new record of 79 tonnes in the third quarter.

The importance of a strong physical market to provide offtake and floor price support remains. Significantly, research indicates that positive attitude and socio-economic changes have occurred among consumers, particularly women, in key markets towards gold jewellery, which bodes well for gold should investors and speculator interest subside.

#### Official market

Official sector sales for the year are estimated to be 330 tonnes, some 50% lower than in 2005. The main cause of this decline was the 34% drop in gold sales by the Central Bank Gold Agreement (CBGA) signatories after this group did not fully utilise their allocation, selling only 104 of their 500 annual permissible tonnes. This was read as a bullish signal for both the gold market and investors, with most market analysts continuing to speculate that the CBGA signatories are indeed unlikely to fulfil their full quota for the remaining three years of the agreement. On an equally positive note, the reserves of many of the Asian central banks continue to grow at a relatively fast rate, and the prospect remains for these banks to diversify their reserve holdings into other investments, including gold.

#### Hedging

Gold producers continued to reduce their hedging positions during the year through deliveries into hedges and through buybacks. It is estimated that this added some 403 tonnes of demand during 2006. It is expected that the hedged producers will continue this strategy in 2007.

As at 31 December 2006, the net delta hedge position of AngloGold Ashanti was 10.16 million ounces or 316 tonnes, valued at the spot price of gold on that day of \$636 per ounce. The marked-to-market value of the hedge position at this date was negative \$2.903 billion. Due to the higher gold price of \$636 per ounce at year-end compared with the previous year-end gold price of \$517 per ounce, the hedge position only reduced by 0.68 million ounces while the marked-to-market value increased by negative \$0.962 billion from a negative \$1.941 billion.

#### Marketing channels

Gold produced by AngloGold Ashanti's mining operations is processed to saleable form at various precious metals refineries. Once refined to a saleable product – either a large bar weighing approximately 12.5 kilograms and containing 99.5% gold, or smaller bars weighing 1.0 kilograms or less with a gold content of 99.5% and above – the metal is sold directly by the refineries to bullion banks and the proceeds are paid to the company.

Bullion banks are registered commercial banks that deal in gold. They participate in the gold market by buying and selling gold and distribute physical gold bullion bought from mining companies and refineries to physical offtake markets worldwide. Bullion banks hold consignment stocks in all major physical markets such as those in India and South East Asia, and finance such consignment stocks from the margins charged by them to physical buyers, over and above the amounts paid by such banks to mining companies for the gold.

Where forward sales contracts exist against which AngloGold Ashanti elects to deliver physical product, the same channel of the refinery is used. In this case, the refinery does not sell the metal on the company's behalf, but instead delivers the finished gold bars to the bullion bank with which the group's forward contract is held. The physical delivery to the counterparty bank of the appropriate amount

of gold fulfills AngloGold Ashanti's obligations under the forward contract, and AngloGold Ashanti is paid for this gold by the relevant bullion bank, at the price fixed under the forward contract, rather than at the spot price of the day.

**Gold market development**

Since its inception AngloGold Ashanti has been committed to growing the market for its product, particularly as gold jewellery sales in many developed markets have declined materially over the years in favour of other luxury goods. In response, the company's marketing programmes aim to increase the desirability of gold to sustain and grow demand and to support the deregulation of the

**Business overview – the gold market *cont.***

*Page 36*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 37

market in key economies. AngloGold Ashanti's market development activities centre on the following areas:

strategic projects undertaken in key and critical gold jewellery offtake markets (USA, India, China, Italy, Middle East), which aim to develop positive corporate identification and recognition while achieving, where sensible and possible, financial returns for AngloGold Ashanti;

host country projects of a downstream development nature; and

AuDITIONS, the company's gold jewellery design competition.

AngloGold Ashanti remains a member of the World Gold Council (WGC) and through its membership receives assistance in all its marketing endeavours. Beyond this, AngloGold Ashanti has committed to undertake marketing projects in partnership with the WGC, which also separately ensures that core global co-operative marketing activities are serviced.

### **Strategic projects**

#### **INDIA**

In India, the world's largest consumer market in terms of tonnage, gold demand is firmly based on cultural and religious traditions and is seen as a symbol of wealth and prosperity. It is also considered to be an auspicious metal that is bought and given as gifts during religious festivals.

With the assistance of a pre-eminent Indian jewellery retailer, AngloGold Ashanti's projects in India are intended to help bring about the modernisation of the country's traditional gold jewellery sector. One concept centres on transforming the traditional, semi-urban jewellery retailing environment into a more modern and efficient one that presents rural consumers with a high-quality, professional and trusted 'local' jewellery store, which can better compete with stores selling such lifestyle items as electronics and cell phones. Other concepts focus on the development and distribution of branded collections of jewellery into the market.

#### **CHINA**

China has been identified as a key strategic market by AngloGold Ashanti both because of its size – it is the third largest market worldwide for jewellery – and because of its potential for growth. In China, AngloGold Ashanti has partnered with a Hong Kong-based retailer to develop jewellery that targets the independent, educated woman wishing to express her independence and individuality through accessories in gold.

Together with the retailer, AngloGold Ashanti is co-sponsoring a gold jewellery design competition based on the theme Just Women to encourage the design of gold jewellery profiled on modern and independent Chinese women. The competition jewellery range will be commercialised and retailed through the partner's stores.

AngloGold Ashanti has also undertaken to support the development and roll-out of the partner's flagship retail outlets in key cities on mainland China.



## USA

The American gold jewellery market – the largest region by value and third largest by volume – is characterised primarily as an adornment market in which gold jewellery is purchased mainly as a fashion accessory. During the past 10 years, there has been slippage in gold jewellery consumption in volume terms in this market relative to other luxury and lifestyle goods. Contributing in part to this decline has been the ‘commoditisation’ of gold jewellery with the mass-market retail channel tending to sell jewellery according to price rather than design style. Consumer research, however, suggests that customers here shop in a fashion- and trend-conscious way and are therefore receptive to brands and branding. Furthermore, this market is viewed by consumers in other important consumption categories as

an opinion- and trend-forming market, thus influencing the purchasing motives and buying patterns of the consumer base in the United States which in turn can influence other key consumption regions around the world.

In response to these factors, AngloGold Ashanti, together with the World Gold Council, partnered with a large United States jewellery wholesaler and distributor in 2005 to develop and promote at retail level selected collections of gold jewellery from the new product ranges of the Italian-based Gold Expressions manufacturers. This project was launched at the Vicenza Jewellery Fair in January 2006 and is intended to strategically promote the sale of fashionably-designed and progressively-styled gold jewellery in the United States retail market and to lay the foundation for Italian manufacturers to build either themselves or their products into consumer brands.

#### MIDDLE EAST

As a region, the Middle East (comprising the United Arab Emirates, Turkey and Saudi Arabia) is the second largest consumer market for gold in volume terms. The increase in disposable income in this region as a result of both higher oil revenues and rising numbers of tourists has had a positive impact on gold jewellery consumption. While the challenge from increasingly more prominent lifestyle, luxury and branded products is clearly growing – as it is in other markets – the gold category in the Middle East has so far sustained its already high gold consumption per capita rates compared with growth in population and per capita disposable income.

AngloGold Ashanti has partnered with the WGC and a leading jewellery wholesaler in the region to develop a business concept to launch and promote at the local retail level selected collections of mid- to high-end gold jewellery from the product ranges of Italian-based manufacturers, some of whom already participate in the Gold Expressions initiative. The project is intended to improve the gold jewellery product and retailing proposition offered both to the domestic and also to tourist segments in the Middle East.

#### HOST COUNTRY JEWELLERY SECTOR DEVELOPMENT

Historically, AngloGold Ashanti's marketing efforts have been involved in the growth and development of the jewellery sector in countries that host the company's operations. These projects are intended to bring benefit to the company on several levels:

- corporate image building;
- creation of potential goodwill by supporting, where possible, host governments' beneficiation agendas; and
- providing a platform for strategic market development projects.

These projects will continue to be important for jewellery sector development going forward and will be focused primarily in South Africa, Brazil and Ghana. AngloGold Ashanti continues to hold a 25% stake in OroAfrica, the largest gold jewellery manufacturer in South Africa, with projects in Ghana and Brazil currently under investigation.

#### AuDITIONS

In 2004, following the merger of AngloGold with Ashanti, the AngloGold Ashanti AuDITIONS brand was created to unite the

company's gold jewellery design competitions and to reinforce the company's brand in look, feel and character. The concept of AuDITIONS is premised on the metaphor of the performing arts, with designers auditioning in gold through their pieces.

The overall strategic objective of AuDITIONS is to stimulate innovative design in high-carat gold around the world in order to raise the profile of and stimulate demand for this jewellery category amongst consumers. By ultimately providing consumers with AuDITIONS-inspired consumer product, the project seeks to promote AngloGold Ashanti to jewellery industry participants and

**Business overview – the gold market *cont.***

*Page 38*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 39

consumers and to build relationships with stakeholders in key gold markets.

It is the intention to build AngloGold Ashanti AuDITIONS into a global brand and, with the help of the WGC, the competition has been extended to the key gold markets of India and China, with the Middle East to be added in 2007. The first AuDITIONS India competition was launched in 2005, with the final awards event taking place in March 2006, while the first Chinese competition was launched in 2006 and will culminate in an awards event in March 2007.

### **Uranium**

As South Africa's largest uranium producer, AngloGold Ashanti announced in July 2006 that its London-based nuclear fuel marketer and trader, Nufcor International Limited, a 50:50 joint venture with First Rand International had established and listed a new investment company, Nufcor Uranium Limited, on London's Alternative Investment Market (AIM). This new listing, in which Nufcor International holds 10% and the remaining shares are held by institutional investors, for the first time gives equity investors direct exposure to the uranium price in the form of U3O8 on a European exchange. Nufcor Uranium listed on AIM at 205 pence and ended the year up 49% at 304.50 pence. The strategy of Nufcor Uranium is to buy and hold uranium oxide, in the form of

U  
3  
O  
8

, for the long term and not to trade it actively. Nufcor International is contracted to provide custodial and advisory services to Nufcor Uranium.

More generally, the nuclear fuel market remained strong during 2006 with uranium oxide prices increasing from \$36 per pound to \$72 per pound by year-end and indeed increasing by a factor of 10 this decade. A number of drivers have sustained the price increases, including significant changes in the uranium sales processes. Most notable, however, is the fact that the underlying supply-demand fundamentals for uranium are strong, given robust projected demand for nuclear energy from countries such as India, Russia, and China. In addition, operational difficulties on the supply side in Canada in late October triggered the highest monthly increase in the uranium oxide price on record. Given these strong market fundamentals, further substantial increases in prices can be anticipated in the near term.

## **Results for the year**

Average dollar gold spot price of \$604 per ounce, 36% higher than in 2005.

2006 received gold price increased by 31% to \$577 per ounce.

Adjusted gross profit up by 125% to \$1,058 million.

Adjusted headline earnings increased by 105% to \$413 million from \$201 million or to 151 US cents per share in 2006 from 76 US cents per share in 2005.

A final dividend of 240 South African cents per share or approximately 33 US cents per share was declared, resulting in a total dividend for 2006 of 450 South African cents or approximately 62 US cents per share.

Successful \$500 million equity raising in April 2006 at a discount of less than 1% to the prevailing market price.

Return on net capital employed increased from 5% to 9%.

Return on equity increased from 4% to 9%.

Gold production from continuing operations was 9% lower at 5.6 million ounces, largely owing to decreased production from the Tanzanian operations and planned reductions in production at the South African operations.

Total cash costs increased by 10% to \$308 per ounce, largely owing to the impact of stronger operating currencies, inflation and lower grades mined in the year.

Ore Reserves increased 6% to 66.9 million ounces and Mineral Resources 3% higher at 181.6 million ounces as at the end of December 2006.

## **Exchange rates**

The average exchange rate for the year ended 31 December 2006 was R6.77:\$1 compared with R6.37:\$1 in 2005. The average value of the Australian dollar versus the US dollar for 2006 was A\$1:\$0.75 compared with A\$1:\$0.76 in 2005. The average value of the Brazilian real versus the US dollar for 2006 was BRL2.18:\$1 compared with BRL2.44:\$1 in 2005.

## **Gold production**

The decrease in production of 531,000 ounces to 5.6 million ounces was largely a result of delays in the mining schedule to access the high-grade ore at the Geita mine in Tanzania, which reported production of 308,000 ounces in 2006 compared to 613,000 ounces in 2005, a decline of 305,000 ounces. The South African mines reported production of 2,554,000 ounces compared to 2,676,000 ounces in 2005, a reduction of 122,000 ounces, in line with our plans for 2006. With the move to tailings-only production, the Bibiani mine in Ghana produced 37,000 ounces in 2006 compared to 115,000 ounces in 2005, a reduction of 78,000 ounces, before the operation was sold at the end of November 2006. The remaining group mines generally reported production similar to that of 2005.

## **Income statement**

Gold income

The average gold spot price of \$604 per ounce for the year was 36% higher than that in 2005. However, the received gold price increased

by \$138 per ounce or 31% to \$577 per ounce.

Gold income increased by 13%, rising from \$2,629 million in 2005 to \$2,964 million in 2006.

This increase was primarily a result of the improvement in the received price of gold offset by the reduction in ounces sold.

Cost of sales

Cost of sales declined by 1% from \$2,309 million in 2005 to \$2,282 million in 2006. This was largely attributable to the lower production, and a mix of currency and inflationary effects, resulting from increased mining contractor costs and higher diesel, fuel, transport and electricity prices. This was partially offset by the effects of cost-saving initiatives.

**Business overview – financial review**

*Page 40\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

**Annual Financial Statements 2006** *Page 41*

Cost of sales changes can be analysed as follows:

Total cash costs decreased to \$1,746 million in 2006 from \$1,766 million in 2005 (although unit costs increased from \$281 to \$308 per ounce), mainly as a result of the 9% reduction in production to 5.6 million ounces in 2006. Of the \$27 per ounce increase in per ounce cash costs, \$14 per ounce was due to inflation and \$36 per ounce to lower grades. These increases were partially offset by efficiency savings of \$10 per ounce, favourable exchange variances of \$7 per ounce, higher by-product effects of \$3 per ounce and other variances of \$3 per ounce.

The cost savings programme was designed to eliminate \$100 million in costs by the end of 2006 and achieved savings of \$73 million.

Retrenchment costs were \$22 million in 2006 compared with \$26 million in 2005. The costs in 2005 were incurred as a result of a general cost efficiency drive, the downsizing of operations at Savuka as it moves to closure, and staff reductions at other South African mines. In 2006, the general cost efficiency drive was continued with \$15 million incurred at Obuasi and a further \$7 million at the South African mines.

Rehabilitation and other non-cash costs decreased by \$60 million compared with the previous year resulting in a credit of \$3 million compared to an expense of \$57 million, largely because of changes to estimates, the effect of interest rates in the discounting and a reassessment of the processes to be undertaken to complete the group's restoration obligations.

The amortisation of tangible assets at \$597 million was \$94 million higher than in 2005. This increase is largely attributable to a full year's amortisation of Moab Khotsong, which is in its first full year of production, and a reassessment of the useful lives of our mining assets in accordance with the revisions to the business plans at the beginning of the year.

Inventory movement increased by \$37 million in 2006 compared with an increase of \$10 million in 2005. The favourable movement in inventory arose mainly as a result of the increase in heap-leach inventory at Cripple Creek & Victor in the United States and grade streaming at Siguir in Guinea which resulted in more ore being milled than was mined.

**Other expenses**

Corporate and other administration expenses increased by \$20 million on the previous year to \$84 million, mainly as a result of the costs associated with share-based payment expenses, increased audit fees related to the implementation of Sarbanes-Oxley and inflation.

Market development costs amounted to \$16 million, most of which was spent through the World Gold Council.

Exploration continued to focus around the operations in the countries in which the group operates, namely, Argentina, Australia, Brazil, Ghana, Guinea, Tanzania, Mali, Namibia, South Africa and the USA. In addition, exploration activities are moving to new prospects in the Democratic Republic of Congo, Colombia, Alaska, China, Mongolia and Russia. Total exploration spend for 2006 was \$103 million of which \$51 million was for greenfields exploration. The increase in exploration costs of \$24 million on the previous year was a result of increased expenditure particularly in South America and Australia.

Loss on non-hedge derivatives and other commodity contracts was \$239 million in 2006 compared to a loss of \$135 million in the previous year. The loss is primarily a 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 with the previous year.



Other operating expenses include post-retirement medical provisions for operations, mainly in South Africa, of \$8 million and other employment costs of \$9 million.

The group incurred an operating special items loss of \$18 million which arose from an impairment of various assets of \$6 million, underprovisions in indirect taxes of \$28 million and share-based payment expenses of \$38 million arising from performance grants and the costs of the BEE transaction, partially offset by profits on the disposal of and recoveries from various assets of \$54 million.

Operating profit (loss)

The group achieved an operating profit in 2006 of \$246 million compared with an operating loss of \$34 million in 2005, as a result of the increased revenue from the average gold price, reduced costs of sales, offset by the effects of the unrealised loss on the hedges.

Adjusted gross profit increased by 125%, from \$470 million to \$1,058 million. Major factors affecting adjusted gross profit positively were the significantly higher gold price, which contributed \$773 million and the effect of weakening operating currencies, mainly in South Africa of \$54 million, improved by-product credits from sales of uranium, silver and sulphuric acid of \$39 million, and estimate revisions on rehabilitation and restoration of \$60 million. On the negative side was inflation, which reduced profit by \$89 million, lower grades mined \$229 million and increased royalties of \$19 million as a result of the higher average gold price. Amortisation costs increased due to increased capital expenditure.

Loss attributable to equity shareholders

After achieving an operating profit of \$246 million, the loss attributable to equity shareholders resulted from the net effect of the following: Interest received increased by \$7 million to \$32 million, mainly as a result of increased funds arising from the share issue completed during the year and the increased positive cash flow from the higher average gold price.

Finance costs increased by \$15 million to \$123 million, mostly as a result of interest due on overdrafts and bank loans, and the convertible bond. The unwinding of the decommissioning and restoration obligations amounted to \$16 million for the current year compared to \$9 million in the previous year.

The taxation charge increased by \$215 million to \$180 million from a credit of \$35 million in 2005, primarily a result of increased earnings for the year and the increase in effective taxation rates; the effect of non-allowable deductions mainly related to the hedge losses in non-taxable jurisdictions, BEE transactions and the effect of certain foreign operations exiting their tax holidays. Minorities' share of earnings of \$30 million.

Adjusted headline earnings increased by 105% from \$201 million to \$413 million. Factors affecting adjusted headline earnings were mainly those affecting adjusted gross profit, increases in corporate and operating expenses, increased interest received and finance costs.

**Cash flow**

Operating activities

Cash generated from operations was a combination of profits before taxation of \$168 million as set out in the income statement, adjusted for movements in working capital and non-cash flow items. The most significant non-cash flow items were the movement on non-hedge derivatives of \$627 million and the amortisation of tangible assets of \$597 million.

Cash generated by operations of \$1,281 million was reduced by normal taxes paid of \$143 million to \$1,137 million.

Net cash inflow from operating activities was \$1,137 million in 2006, which is 86% higher than the amount of \$612 million recorded in 2005.

The increase was mainly a result of the higher average gold price received for the year which in turn resulted in increased receipts from customers.

**Business overview – financial review *cont.***

*Page 42\_AngloGold Ashanti*

**Annual Financial Statements 2006**

AngloGold Ashanti

**Annual Financial Statements** 2006 *Page 43*

Investing activities

Funds of \$1,137 million generated from operating activities were used to grow the group and a sum of \$817 million was invested in capital projects.

Total capital expenditure for 2006 was \$95 million more than in 2005, mainly owing to increased expenditure of \$101 million for the Cuiabá expansion in Brazil and, in Australia, for Sunrise Dam as well as the build-up at Boddington of \$48 million in 2006. This increased expenditure was offset by reduced expenditure of \$34 million in South Africa and \$20 million in Guinea.

Investments acquired during 2006 include an increase in investments in the rehabilitation trust funds established by AngloGold Ashanti in compliance with regulatory requirements, the investments made for the establishment of a listed vehicle fund in uranium by a joint venture.

Proceeds from the disposal of investments, tangible and discontinued assets amounted to \$132 million. This related to the disposal of assets and discontinued assets arising from the cessation of operations at Ergo and various smaller exploration properties and the net proceeds on disposal of part of the interest in the listed vehicle fund in uranium on its initial listing in London.

Financing activities

The net cash flows from financing activities decreased by \$192 million to an outflow of \$110 million in 2006 (inflow of \$82 million in 2005):

Proceeds from the share issue undertaken in April 2006 and employee share options exercised amounted to \$507 million,

Proceeds from borrowings during 2006 amounted to \$226 million, and included a \$140 million drawdown on the \$700 million syndicated loan facility and other sundry amounts.

Repayment of borrowings amounted to \$623 million and included \$415 million on the \$700 million syndicated loan facility, and \$129 million on short-term money market borrowings. Other loan repayments included normal scheduled payments in terms of loan agreements.

Dividend payments totalling \$132 million were made during the year, compared with dividends paid of \$169 million in 2005.

The net result of AngloGold Ashanti's operating, investing and financing activities was a net cash inflow of \$289 million which, when combined with the opening balance of \$209 million, and a negative translation of \$3 million, resulted in a closing cash and cash equivalents balance of \$495 million.

Overview of the hedge book

AngloGold Ashanti actively manages its hedged commitments in a value accretive manner. During 2006, in addition to delivering in and buying back a number of hedge contracts, the company also restructured a number of hedge contracts maturing in the near term into later years. The company currently believes that market circumstances favourable to the gold price are likely to remain in place for some time.

## Outlook

AngloGold Ashanti expects production for 2007 to improve to 5.8 million ounces as Moab Khotsong continues to ramp up production, the Cuiabá expansion in Brazil is completed and higher grades are accessed at Sunrise Dam in Australia. Total cash costs are anticipated to be \$309 per ounce, based on the following exchange rate assumptions: R7.50/\$, A\$/0.76, BRL2.2/\$ and ARS3.15/\$. Capital expenditure for 2007 is expected to be \$1,070 million and will be managed in line with profitability and cash flows. The largest increase over prior years is due to Boddington in Australia and some expansion at the South African operations.

In order to simplify the reporting effect of gold hedges on the received price, from 1 January 2007, AngloGold Ashanti will report an average received gold price which will be similar across all of its mines.

### **Products and geographic locations**

AngloGold Ashanti's main product is gold, although a portion of its revenue is derived from the sale of silver, uranium oxide and sulphuric acid. All of these products are sold on world markets.

As at the end of 2006, the company had 21 operations in 10 countries around the world. This follows the sale in the last quarter of the year of Bibiani, one of the company's Ghanaian assets, to Central African Gold for a total consideration of \$40 million. The transaction was completed on 1 December 2006. The 21 operations include Boddington, a joint venture expansion project with Newmont, which is currently under way in Australia.

### **Operating review**

In 2006, gold production declined 9% to 5.6 million ounces, primarily as a result of lower ounces from the South African operations, from Geita in Tanzania, and from Cripple Creek & Victor in the United States. Total cash costs, at \$308 per ounce, were consequently 10% higher for the group in 2006.

Capital expenditure, at \$817 million, was 13% higher than that of the previous year. Of this, 33% was stay-in-business capital expenditure, 29% was ore reserve development primarily at the South African operations, and the remainder was applied to the development of new projects.

Key expansion projects in 2006 included the commissioning of the new South African mine Moab Khotsong, deepening projects at the TauTona and Mponeng mines, the expansion and deepening of the Cuiabá mine in Brazil, and, in Australia, the underground expansion of the Sunrise Dam mine and Boddington, the joint venture expansion project with Newmont.

### **Safety and health**

In 2006, 37 AngloGold Ashanti employees regrettably lost their lives in work-related accidents (2005: 25). Of these fatalities, 32 occurred at the South African operations, two at Obuasi in Ghana, two at Siguiiri in Guinea and one at Yatela in Mali. The group's fatal injury frequency rate (FIFR) for 2006 marked a deterioration in what had been an improving trend in fatalities at 0.22 per million man-hours worked, compared with the 2005 rate of 0.14. Management has reviewed the safety strategy for the entire group and re-committed itself to taking every action to returning the company to the improving safety trends of recent years, with the obvious objective of achieving a fatality-free work environment.

The group's lost time injury frequency rate (LTIFR) in 2006 rose by 14% to 7.70 per million man-hours worked, in comparison with 6.77 in the previous year. Renewed efforts are being made to reverse this upward trend. Notwithstanding the overall increase in LTIFR, several operations reported excellent safety performances over the year,

### **Review of operations – introduction**

Page 44\_AngloGold Ashanti

\_Annual Financial Statements 2006

AngloGold Ashanti

Annual Financial Statements 2006 Page 45

including Cripple Creek & Victor, which has operated without a lost-time injury since November 2003.

Comprehensive reporting on occupational safety and health, HIV/Aids and malaria, the environment, corporate social investment and labour practices and other issues relating to sustainable development can be found in the company's Report to Society 2006, which will be published at the end of March 2007 and will be available on the company's website at [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com) and the 2006 Annual Report website, [www.aga-reports.com](http://www.aga-reports.com), or from the contact persons listed at the end of this report. The information published in the Report to Society is disclosed in accordance with the Global Reporting Initiative (GRI).

**Outlook**

Gold production in 2007 is expected to be around 5.8 million ounces. Total cash costs are estimated at \$309 per ounce, assuming the following exchange rates: R/\$7.50, A\$/0.76, BRL/\$2.20 and Argentinean peso/\$3.15. Capital expenditure is estimated to be around \$1,070 million, assuming the same exchange rates. Some 30% of this amount will be spent on the Boddington expansion project in Australia.

**Location of AngloGold Ashanti's operations**

**Review of operations – South Africa**

Page 46\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

In South Africa, AngloGold Ashanti operates seven underground mines located in two geographical regions on the Witwatersrand Basin. These mines are:

the Mponeng, Savuka and TauTona mines which comprise the West Wits operations; and

the Great Noligwa, Kopanang, Tau Lekoa and Moab Khotsong mines which make up the Vaal River operations.

Gold production from the South African operations declined by 5% to 2,554,000 ounces in 2006, due primarily to the reduced volumes mined at Tau Lekoa, which this year underwent a restructuring, and TauTona, where seismicity further reduced the planned lower volumes for the year. Despite decreased gold production, total cash costs improved by 2% to \$285 per ounce, partly as a result of cost savings initiatives implemented in the region. Cost savings of \$50 million were recorded for the year, achieved chiefly from operational efficiencies which contributed 57% to total savings, improved procurement practices (9%) and the restructuring of both the Savuka and Tau Lekoa mines (34%).

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

In 2006, capital expenditure at the South Africa operations totalled \$313 million, with ore reserve development representing 60% of this amount, expansion capital 21%, and stay-in-business capital 19%. Major components of the expansion capital included the completion and commissioning of the Moab Khotsong mine, the deepening project at Mponeng, and the acceleration of the uranium plant upgrade in Vaal River.

Vaal River Operations

Great Noligwa

Kopanang

Tau Lekoa

Moab Khotsong

West Wits Operations

Savuka

TauTona

Mponeng

Pretoria

Johannesburg

### **Geology of the Witwatersrand Basin**

The Witwatersrand Basin comprises a 6 kilometre-thick sequence of interbedded argillaceous and are nacreous sediments that extend laterally for some 300 kilometres north-east/south-west and 100 kilometres north-west/south-east on the Kaapvaal Craton. The upper portion of the basin, which contains the orebodies, outcrops at its northern extent near Johannesburg. Further west, south and east the basin is overlain by up to four kilometres of Archaean, Proterozoic and Mesozoic volcanic and sedimentary rocks. The Witwatersrand Basin is late Archaean in age and is considered to be around 2.7 billion to 2.8 billion years old.

Gold occurs in laterally extensive quartz pebble conglomerate horizons or reefs, which are generally less than two metres thick, and are widely considered to represent laterally extensive braided fluvial deposits. Separate fan systems were developed at different entry points and these are preserved as distinct goldfields.

There is still much debate about the origin of the gold mineralisation in the Witwatersrand Basin. Gold was generally considered to have been deposited syngenetically with the conglomerates, but increasingly an epigenetic theory of origin is being supported.

Nonetheless, the most fundamental determinant of gold distribution in the basin remains the sedimentary features, such as facies variations and channel directions. Gold generally occurs in native form often associated with pyrite and carbon, with quartz being the main gangue mineral.

### **West Wits**

Description: The West Wits operations – the Mponeng, Savuka and TauTona mines – are located near the town of Carletonville in North West Province, south-west of Johannesburg, straddling the boundary with the province of Gauteng. Savuka and TauTona share a processing plant, while Mponeng has its own processing plant.

Geology: Two reef horizons are exploited at the West Wits operations: the Ventersdorp Contact Reef (VCR), located at the top of the Central Rand Group, and the Carbon Leader Reef (CLR) near the base. The separation between the two reefs increases from east to west, from 400 metres to 900 metres, owing to non-conformity in the VCR. TauTona and Savuka exploit both reefs, while Mponeng only mines the VCR. The structure is relatively simple, with rare instances of faults greater than 70 metres.

The CLR consists of one or more conglomerate units and varies from several centimetres to more than three metres in thickness.

Regionally, the VCR dips at approximately 21°, but may vary between 5° and 50°, accompanied by changes in thickness of the conglomerate units. Where the conglomerate has the attitude of the regional dip, it tends to be thick, well-developed and accompanied by higher gold accumulations. Where the attitude departs significantly from the regional dip, the reef is thin, varying from several



centimetres to more than 3 metres in thickness.

AngloGold Ashanti

Annual Financial Statements 2006 *Page 47*

South Africa

2006

2005

2004

Gold production (000oz)

2,554

2,676

2,857

Total cash costs (\$/oz)

285

291

284

Capital expenditure (\$ million)

313

347

335

Total number of employees,  
including contractors

35,968

40,754

43,282

**Review of operations – South Africa cont.**

Page 48\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

## Operating review

During 2006, production at Mponeng increased by 16% to 596,000 ounces as a result of higher volumes and an improved yield. Total cash costs consequently declined by 15% to \$237 per ounce, also aided by the benefit of the cost savings initiatives undertaken in the beginning of the year. In local terms, total cash costs were 10% lower at R51,524/kilogram.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts was considerably higher year-on-year at \$156 million, primarily as a result of both increased gold production and an improved price received.

Capital expenditure was marginally higher year-on-year at \$48 million.

At TauTona, production declined to 474,000 ounces due to the planned lower volume mined, as well as seismicity concerns in the first and fourth quarters of the year.

Total cash costs, in local currency terms, consequently increased by 12% to R58,419/kilogram and in dollar terms by 5% to \$269 per ounce, although the continued implementation of cost-savings initiatives at the mine helped offset the effect of reduced ounces.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts improved significantly to \$101 million, as a considerably higher price received helped mitigate the effect of a decline in production and increased total cash costs.

## Mponeng

2006

2005

2004

## Pay limit (oz/t)

0.23

0.34

0.41

## Pay limit (g/t)

7.74

11.53

13.71

## Recovered grade (oz/t)

0.290

0.267

0.237

## Recovered grade (g/t)

9.93

9.15

8.14

## Gold production (000oz)

596

512  
438  
Total cash costs (\$/oz)  
237  
279  
322  
Total production costs (\$/oz)  
338  
363  
386  
Capital expenditure (\$ million)  
48  
47  
62  
Total number of employees  
5,284  
5,574  
5,876  
Employees  
4,760  
4,897  
5,164  
Contractors  
524  
677  
712

Capital expenditure, at \$70 million, was 5% lower year-on-year. At Savuka, the strength of the gold price led to a revision of the closure plans reported in the Annual Report 2005, and the operation's life has now been extended, although at a lower rate of production. Management of Savuka now falls under that of the neighbouring Mponeng mine.

Production for the year therefore totalled 89,000 ounces which, although 29% less than that produced in 2005, was 535% more than had been planned. Total cash costs decreased by 16% in local currency terms to R72,865/kilogram and by 22% in dollar terms to \$336 per ounce.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts increased to \$21 million from a loss in 2005 of \$8 million, owing to better cost control and a significantly higher price received for the year.

Capital expenditure for the year was minimal at \$2 million, compared with \$6 million in 2005.

Growth prospects

Mponeng VCR below 120 project: This project consists of four parallel declines which are to be sunk from the 120 level to gain access to the VCR reef on levels 123 and 126. The declines will be equipped with a conveyor belt, monorail and chairlift to service the new mining areas. The project, from which production will start in 2013, is expected to produce 2.5 million ounces of gold over a period of 10 years, at a capital cost of \$252 million, and will extend AngloGold Ashanti

**Annual Financial Statements 2006** *Page 49*

TauTona

2006

2005

2004

Pay limit (oz/t)

0.53

0.72

0.73

Pay limit (g/t)

18.25

24.43

24.47

Recovered grade (oz/t)\*

0.297

0.281

0.317

Recovered grade (g/t)\*

10.18

9.62

10.88

Gold production (000oz)

474

502

568

Total cash costs (\$/oz)

269

256

245

Total production costs (\$/oz)

384

364

311

Capital expenditure (\$ million)

70

74

65

Total number of employees

5,166

5,455

5,498

Employees

4,164

4,459

4,673

Contractors

1,002

996

825

\*

Excluding surface (2005 and 2006).

the life of mine by approximately eight years. Construction is scheduled to begin in early 2007.

TauTona CLR below 120 level project: The CLR reserve block below 120 level is being accessed via a twin decline system into its geographical centre, down to 128 level. The project, from which production will begin in 2008, is expected to produce 2.6 million ounces of gold over a period of nine years (2009 to 2017), at a capital cost of \$168 million. Of this, \$56 million has been spent to date.

TauTona CLR shaft pillar extraction project: This project allows for stoping operations up to the infrastructural zone of influence. The project, from which production began in 2004, is expected to produce 534,000 ounces of gold over a period of six years (2004 to 2009), at a capital cost of \$45 million (converted at the 2005 closing exchange rate), most of which has been committed. The expected average project cash cost is \$118 per ounce.

VCR pillar project: This project aims to access the VCR pillar area situated outside the zone of influence (top and eastern block). The project, from which production began in 2005, is expected to produce 200,000 ounces of gold over a period of eight years (2005 to 2012), at a capital cost of \$19 million (at the 2005 closing exchange rate). Of this, \$11 million has been spent to date. The expected average project cash cost is \$158 per ounce.

#### Outlook

The 2007 projections for the West Wits operations are as follow:

Production at Mponeng is expected to decrease to 550,000

#### **Review of operations – South Africa *cont.***

Page 50\_AngloGold Ashanti

#### **Annual Financial Statements 2006**

Savuka

2006

2005

2004

Pay limit (oz/t)

0.31

0.45

0.44

Pay limit (g/t)

10.75

15.18

14.89

Recovered grade (oz/t)

0.224

0.198

0.181

Recovered grade (g/t)

7.68

6.80

6.19

Gold production (000oz)

89

126

158  
Total cash costs (\$/oz)  
336  
430  
455  
Total production costs (\$/oz)  
359  
517  
523  
Capital expenditure (\$ million)  
2  
6  
8  
Total number of employees  
1,040  
2,325  
3,229  
Employees  
975  
2,178  
3,001  
Contractors  
65  
147  
228

ounces at a total cash cost of approximately \$249 per ounce. Capital expenditure is expected to be \$87 million, with the bulk of this to be spent on the project to expand the mine to below the 120 level.

Production at TauTona should decline to 470,000 ounces and total cash costs are expected to improve to \$252 per ounce as a result of anticipated higher volumes. Capital expenditure will remain relatively high at \$79 million, most of which will be spent on a project to expand the mine below the 120 level, as well as on ore reserve development.

At Savuka, production will decline to 70,000 ounces, although the life of mine has been extended for at least another three years in terms of the restructuring programme.

Total cash costs are expected to be \$372 per ounce as a result of lower grades, while capital expenditure will be minimal at about \$4 million, and will be used primarily for ore reserve development and the maintenance of infrastructure.

#### **Vaal River**

Description: AngloGold Ashanti's Vaal River operations – Great Noligwa, Kopanang, Moab Khotsong and Tau Lekoa – are located near the towns of Klerksdorp and Orkney in the North West and Free State provinces.

The Vaal River complex also has four gold plants, one uranium plant and one sulphuric acid plant. Although these operations produce uranium oxide as a by-product, the value is not significant relative to the value of gold produced.

Geology: In order of importance, the reefs mined at the Vaal River operations are the Vaal Reef, the VCR and the C Reef:

the Vaal Reef contains approximately 85% of the reserve tonnage with mining grades of between 10g/t and 20g/t and comprises a series of oligomictic conglomerates and quartzite packages developed on successive non-conformities. Several distinct facies have been identified, each with its own unique gold distribution and grade characteristic;

the VCR has a lower grade than the Vaal Reef, and contains approximately 15% of the estimated reserves. The economic portion is concentrated in the western part of the lease area and can take the form of a massive conglomerate, a pyritic sand unit with intermittent pebble layers, or a thin conglomerate horizon. The reef is located at the contact between the overlying Kliprivierberg Lavas of the Ventersdorp Super Group and the underlying sediments of the Witwatersrand Super Group, which creates a distinctive seismic reflector. The VCR is located up to one kilometre above the Vaal Reef; and

the C Reef is a thin, small-pebble conglomerate with a carbon-rich basal contact, located approximately 270 metres above the Vaal Reef. It has less than 1% of the estimated reserves with grades similar to those of the Vaal Reef, but more erratic. The most significant structural features are the north-east striking normal faults which dip to the north-west



and south-east, resulting in zones of fault loss.

Operating review

At Great Nologwa, production in 2006 decreased by 11% to 615,000 ounces owing primarily to a 13% decline in yield from 9.30g/t to 8.08g/t. Total cash costs in local currency terms were R56,390/kilogram, an increase of 5% due to the lower gold production. Continued focus on cost savings helped limit the effect of reduced production on the operation's costs and, in dollar terms, total cash costs were 1% better at \$261 per ounce.

Assisted by lower total cash costs, gross profit adjusted for the effect of unrealised non-hedge derivatives and other

AngloGold Ashanti

***\_Annual Financial Statements 2006\_Page 51***

**Review of operations – South Africa cont.**

Page 52\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

commodity contracts increased by 79% to \$156 million. This was also as a result of the increase in the price received for the year.

Capital expenditure of \$49 million was 14% higher than that of 2005, largely as a consequence of the acceleration of the plan to upgrade the operation's uranium plant.

At Kopanang, a lower mine call factor and 5% decline in yield resulted in a decrease in production of 7% to 446,000 ounces for the year. As a result, total cash costs, at R62,908/kilogram, were 11% higher than those of the previous year. In dollar terms, total cash costs increased by 5% to \$291 per ounce.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts at \$109 million was double that of 2005. This increase was mainly the consequence of a 32% improvement in the price received.

Capital expenditure was steady year-on-year at \$41 million.

Tau Lekoa was downscaled in 2006 in order to return the operation to profitability in a rising gold price environment. As a result, production declined by 34% to 176,000 ounces, and total cash costs, at R94,730/kilogram, were 13% higher year-on-year. In dollar terms, total cash costs were \$440 per ounce, 7% higher year-on-year.

Gross loss adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts improved to \$4 million from a loss of \$14 million in 2005.

Great Noligwa

2006

2005

2004

Pay limit (oz/t)

0.28

0.39

0.43

Pay limit (g/t)

9.57

13.24

14.36

Recovered grade (oz/t)

0.236

0.271

0.303

Recovered grade (g/t)

8.08

9.30

10.38

Gold production (000oz)

615

693

795

Total cash costs (\$/oz)

261

264

231

Total production costs (\$/oz)

342

329

260

Capital expenditure (\$ million)

49

43

36

Total number of employees

6,579

6,856

7,100

Employees

5,883

5,704

6,192

Contractors

696

1,152

908

AngloGold Ashanti

**Annual Financial Statements** 2006\_Page 53

04

05

06

Capital expenditure declined by 27% to \$11 million.

Moab Khotsong began commercial production in January 2006 and the operation was marked by the high total cash costs and low volumes typical of a deep-level underground operation's start-up phase. For the year, production was 44,000 ounces and total cash costs were \$655 per ounce or R141,574/kilogram. In 2007, production is expected to increase by 82%. Total cash costs will decline as this operation builds up to full production which is currently scheduled for 2012.

Gross loss adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts was \$22 million.

Capital expenditure declined by 12% to \$83 million.

Outlook

The 2007 projections for the Vaal River operations are as follow:

At Great Noligwa, mining into lower grade areas will continue and production is expected to decline to 580,000 ounces, at a total cash cost of \$295 per ounce.

Capital expenditure during 2007 is anticipated to be \$40 million, to be spent mostly on ore reserve development and infrastructure maintenance.

At Kopanang, grade is expected to increase in 2007 and production is scheduled to improve accordingly to approximately 470,000 ounces. Total cash costs are expected to decline to \$260 per ounce, while capital expenditure is anticipated to increase to \$59 million, and will

Kopanang

2006

2005

2004

Pay limit (oz/t)

0.32

0.39

0.43

Pay limit (g/t)

10.92

13.25

14.52

Recovered grade (oz/t)

0.204

0.215

0.215

Recovered grade (g/t)

7.01

7.38

7.37

Gold production (000oz)

446  
482  
486  
Total cash costs (\$/oz)  
291  
277  
281  
Total production costs (\$/oz)  
355  
341  
317  
Capital expenditure (\$ million)  
41  
41  
38  
Total number of employees  
5,815  
6,030  
6,312  
Employees  
5,360  
5,506  
5,758  
Contractors  
455  
524  
554

**Review of operations – South Africa cont.**

Page 54\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

be spent primarily on the construction of a new uranium leach plant as well as on ore reserve development.

Production at Tau Leko is expected to decline next year to 160,000 ounces, at which level it will remain relatively steady for the next several years. Total cash costs are anticipated to be in the region of \$426 per ounce. Capital expenditure will increase to around \$15 million in 2007.

Moab Khotsong's production is expected to nearly double in 2007 to 80,000 ounces. Consequently, total cash costs are expected to decline to \$470 per ounce. Capital expenditure, to be spent mostly on ore reserve development, is anticipated to remain steady at about \$80 million.

Moab Khotsong

2006

2005\*

2004\*

Recovered grade (oz/t)

0.185

Recovered grade (g/t)

6.35

Gold production (000oz)

44

Total cash costs (\$/oz)

655

Total production costs (\$/oz)

1,107

Capital expenditure (\$ million)

83

94

80

Total number of employees

2,904

2,521

1,874

Employees

1,539

1,320

1,066

Contractors

1,365

1,201

808

\*

Commercial production began on 1 January 2006.

Tau Leko

2006

2005

2004

Pay limit (oz/t)

0.14

0.19

0.20

Pay limit (g/t)

4.85

6.23

6.81

Recovered grade (oz/t)

0.110

0.116

0.113

Recovered grade (g/t)

3.76

3.96

3.87

Gold production (000oz)

176

265

293

Total cash costs (\$/oz)

440

410

370

Total production costs (\$/oz)

614

509

432

Capital expenditure (\$ million)

11

15

25

Total number of employees

2,893

4,105

4,252

Employees

2,514

3,021

3,398

Contractors

379

1,084

854

AngloGold Ashanti

Annual Financial Statements 2006 Page 55

**Review of operations – Argentina**

AngloGold Ashanti has a single operation in Argentina, Cerro Vanguardia. In 2006, the mine produced 215,000 attributable ounces of gold at a total cash cost of \$225 per ounce.

Description: Cerro Vanguardia is located to the north-west of Puerto San Julian in the province of Santa Cruz. AngloGold Ashanti has a 92.5% interest in the mine with the province of Santa Cruz holding the remaining 7.5%. Cerro Vanguardia consists of multiple small open pits with high stripping ratios.

Geology: The oldest rocks in this part of Patagonia are of Precambrian-Cambrian age. These are overlain by Permian and Triassic continental clastic rocks which have been faulted into a series of horsts and grabens, and are associated with both limited basaltic sills and dykes and with calc-alkaline granite and granodiorite intrusions. Thick andesite flows of Lower Jurassic age occur above these sedimentary units. A large volume of rhyolitic ignimbrites was emplaced during the Middle and Upper Jurassic age over an area of approximately 100,000 square kilometres. These volcanic rocks include the Chon Aike formation ignimbrite units that host the gold-bearing veins at Cerro Vanguardia. Post-mineral units include Cretaceous and Tertiary rocks of both marine and continental origin, the Quaternary La Avenida formation, the Patagonia gravel and the overlying La Angelita basalt flows. These flows do not cover the area of the Cerro Vanguardia veins.

Gold and silver mineralisation at Cerro Vanguardia occurs within a vertical range of about 150 to 200 metres, in a series of narrow, banded quartz veins that occupy structures within the Chon Aike ignimbrites. These veins form a typical structural pattern related to major north-south (Concepcion) and east-west (Vanguardia) shears. Two sets of veins have formed in response to this shearing one set strikes about N40W and generally dips 65° to 90° to the east while the other set strikes about N75W and the veins dip 60° to 80° to the south.



Page 56\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

They are typical of epithermal, low-temperature, adularia-sericite character and consist primarily of quartz in several forms as massive quartz, banded chalcedonic quartz and quartz-cemented breccias.

Dark bands in the quartz are due to finely disseminated pyrite, now oxidised to limonite. The veins show sharp contacts with the surrounding ignimbrite, which hosts narrow stockwork zones that are weakly mineralised, and appear to have been cut by a sequence of north-east trending faults that have southerly movement with no appreciable lateral displacement.

Operating review

At Cerro Vanguardia, attributable gold production increased by 2% to 215,000 ounces. While the yield varied over the course of the year as anticipated, the average grade in 2006 was 7.3g/t compared with an average grade of 7.7g/t in 2005. Ore throughput, however, increased by 8% to 1 million tonnes in 2006.

Total cash costs rose by 32% to \$225 per ounce, mainly as a result of higher local inflation and increases in both commodity prices and

Cerro Vanguardia

2006

2005

2004

Pay limit oz/t

0.13

0.12

0.12

Pay limit g/t

4.56

4.02

4.05

Recovered grade oz/t

0.213

0.225

0.222

Recovered grade g/t

7.29

7.70

7.60

Gold production

000oz (100%)

232

228

229

000oz (92.5%)

215

211

211

Total cash costs \$/oz

225

171

156

Total production

costs \$/oz

361

277

274

Capital expenditure

\$ million (100%)

19

15

13

\$ million (92.5%)

18

14

12

Total number of employees

906

946

791

Employees

623

487

389

Contractors

283

459

402

**Review of operations – Argentina *cont***

mine maintenance costs. The higher mine maintenance cost was associated with a programme undertaken this year to improve the availability of mine equipment.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts increased by 13% to \$35 million, primarily as a consequence of the improved price received.

Capital expenditure was 29% higher year-on-year at \$18 million, mainly owing to the purchase of new and replacement mine equipment and expenditure related to the heap-leaching project currently under way.

#### Growth prospects

During 2006, Cerro Vanguardia began an accelerated four-year brownfields exploration programme, the focus of which is shallow, high-grade mineral resources. Results have so far been encouraging, with 39,000 metres of reverse circulation drilling and 14,000 metres of diamond drilling having been completed in 2006.

Since 1998, Cerro Vanguardia has been stockpiling low-grade material with the intention of treating it through an industrial-size heap-leach operation. As of December 2006, 9.5 million tonnes of this material had been stockpiled and a pre-feasibility study to confirm the viability of the heap-leach pad was initiated during the year. The feasibility stage of this project will begin in the early part of 2007.

#### Outlook

In 2007, attributable production at Cerro Vanguardia is expected to decrease marginally to about 200,000 ounces, mainly as a result of anticipated lower grades. Total cash costs are expected to rise to approximately \$260 per ounce. Capital expenditure will also increase to around \$23 million (\$21 million attributable), largely owing to the start of construction of the heap-leach project facilities. The exploration effort will continue according to the original programme initiated in 2006 and 65,000 metres are expected to be drilled overall.

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 57*

AngloGold Ashanti has two mines in Australia, Sunrise Dam and Boddington, both located in the western part of the country. The Sunrise Dam mine is 100% owned by AngloGold Ashanti, while the Boddington project, which is currently under construction and in which AngloGold Ashanti holds 33.33% equity, is a joint venture with Newmont Mining Corporation.

In 2006, production from Australia came solely from the Sunrise Dam operation and rose marginally to 465,000 ounces at a total cash cost of \$298 per ounce, some 11% higher than that of the previous year.

#### **Sunrise Dam**

**Description:** Sunrise Dam is located some 220 kilometres north-north-east of Kalgoorlie and 55 kilometres south of Laverton. The mine comprises a large open-pit operation and an underground project. Mining is carried out by contractors and ore is treated in a conventional gravity and leach process plant.

**Geology:** Gold ore at Sunrise Dam is structurally and lithologically controlled within gently dipping high-strain shear zones (for example, Sunrise Shear) and steeply dipping brittle-ductile low-strain shear zones (for example, Western Shear). Host rocks include andesitic volcanic rocks, volcanogenic sediments and magnetic shales.

#### **Operating review**

Production increased slightly at Sunrise Dam in 2006 to a record 465,000 ounces. This was primarily because of the operation's highest-ever quarterly production of 153,000 ounces in the final quarter, when mining concentrated, as planned, on the high-grade GQ lode in the open pit. Mining from the known underground reserves increased significantly, especially in the Sunrise and Western Shear zones. Gold production from the underground mine was 67,000 ounces. Record throughput was achieved in the process plant as a result of additional crushing and grinding circuit optimisation. Total cash costs rose to \$298 per ounce, primarily as a result of increased costs associated with diesel fuel and mining contractor rates, while gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts rose significantly year-on-year to \$137 million as a consequence of the higher price received.

Progress continued on the Sunrise Dam underground project, with 2,305 metres of underground capital development and 5,901 metres of operational development having been completed during the year. Capital expenditure amounted to \$24 million compared with \$34 million in 2005.

#### **Growth prospects**

The underground mining project involves the development of two declines and 125,000 metres of drilling from surface and

*Page 58\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

**Review of operations – Australia**

AngloGold Ashanti

**Annual Financial Statements 2006** *Page 59*

underground. These declines have been developed in the vicinity of defined underground reserves, which are now being mined. They have also provided access for underground exploration drilling.

Underground resources have increased to 1.5 million ounces. The mineralisation is complex, varying in orientation, width and grade, although mining of the known reserves has provided valuable operating experience and prospectivity remains high.

Underground exploration is planned to continue in 2007.

**Outlook**

In 2007, gold production is expected to be about 580,000 ounces as mining of the open pit will continue in the high-grade GQ lode for the year. Production will be supplemented by approximately 85,000 ounces from the underground operation.

Total cash costs of around \$266 per ounce are expected. Capital expenditure is forecast to increase to \$34 million, which is to be spent primarily on the maintenance of infrastructure and underground development.

**Boddington**

Description: Boddington gold mine is located approximately 100 kilometres south-east of Perth. The former dominantly oxide open-pit operation closed at the end of 2001. Following Newmont's purchase of Newcrest's share of the project in March 2006, Newmont holds a 66.66% share in the project and AngloGold Ashanti a 33.33% share.

**Sunrise Dam**

2006

2005

2004

Pay limit (oz/t)

0.05

0.07

0.07

Pay limit (g/t)

1.64

2.27

2.14

Recovered grade (oz/t)\*

0.099

0.107

0.101

Recovered grade (g/t)\*

3.39

3.68

3.46

Gold production (000oz)

465

455

410

Total cash costs (\$/oz)

298

269

260

Total production costs (\$/oz)

376

363

326

Capital expenditure

(\$ million)

24

34

25

Total number of employees

382

375

356

Employees

99

95

88

Contractors

283

280

268

\*

Open-pit operations.

Geology: Boddington is located within the Saddleback Greenstone Belt, a northwest-trending fault-bounded sliver of greenstones about 50 kilometres long and eight kilometres wide within the Archaean Yilgarn Craton.

The Boddington resource is located within a six-kilometre strike length and consists of felsic to intermediate volcanics and related intrusives. The resource is subdivided into Wandoo South and Wandoo North. Wandoo South is centred on a composite diorite stock with five recognisable intrusions. Wandoo North is dominated by diorites with lesser fragmental volcanic rocks.

**Operating performance, growth prospects and outlook**

In March 2006, the Boddington expansion project was approved. On a 100% project basis, approximately \$669 million of a total budget of \$1.35 billion to \$1.5 billion had been committed by the end of 2006. Based on the current mine plan, mine life is estimated to be approximately 17 years, with attributable life-of-mine gold production totalling 4.7 million ounces of gold. Average attributable gold production in the first five years will be between 320,000 to 350,000 ounces per year, while on a life-of-mine average basis, attributable production is estimated to be between 270,000 and 300,000 ounces per year. AngloGold Ashanti's share of copper production, which will be sold as concentrate, is expected to be between 10,000 and 12,500 tonnes per year. Capital expenditure for 2007 is expected to be approximately \$312 million.

At the end of 2006, engineering was approximately 42% complete, and site construction had begun. The project is on schedule to start up in late 2008 early 2009.

**Review of operations – Australia cont**

Page 60\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Boddington

2006

2005

2004

Capital expenditure

(\$ million) – 100%

180

12

8

Capital expenditure

(\$ million) – 33.33%

60

4

3

Total number of employees

97

66

45

Employees

12

18

12

Contractors

85

48

33



AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 61*

**Review of operations – Brazil**

AngloGold Ashanti's operations in Brazil comprise the wholly owned AngloGold Ashanti Brasil Mineração and a 50% interest in Serra Grande. In 2006, these mines together produced 339,000 attributable ounces of gold at total cash costs of \$195 and \$198 per ounce, respectively.

**AngloGold Ashanti Brasil Mineração**

Description: The AngloGold Ashanti Brasil Mineração complex is located in the municipalities of Nova Lima, Sabará and Santa Bárbara, near the city of Belo Horizonte in the state of Minas Gerais in south-eastern Brazil. Since the closing of the Mina Velha underground mine in 2003 and the Engenho D'Água open pit in 2004, ore is now sourced only from the Cuiabá underground mine and the Córrego do Sítio heap-leach operation. In January 2005, the board approved a major expansion at Cuiabá.

Geology: The area in which AngloGold Ashanti Mineração is located is known as the Iron Quadrangle and is host to historic and current gold mining operations, as well as a number of open-pit limestone and iron ore operations. The geology of the Iron Quadrangle is composed of Proterozoic and Archaean volcano-sedimentary sequences and Pre-Cambrian granitic complexes.

The host to the gold mineralisation is the volcano-sedimentary Nova Lima Group (NLG) that occurs at the base of the Rio das Velhas SuperGroup (RDVS). The upper sequence of the RDVS is the meta-sedimentary Maquiné Group.

Cuiabá mine, located in the municipality of Sabará, has gold mineralisation associated with sulphides and quartz veins in Banded Ironstone Formation (BIF) and volcanic sequences. At this mine, structural control and fluids flow ascension are the most important factors for gold mineralisation with a common association between large-scale shear zones and their related structures. Where BIF is mineralised the ore appears strongly stratiform due to the selective sulphidation of the iron-rich layers. Steeply plunging shear zones tend to control the ore shoots, which commonly plunge parallel to intersections between the shears and other structures.

The controlling mineralisation structures are the apparent intersection of thrust faults with tight isoclinal folds in a ductile environment. The host rocks at AngloGold Ashanti Mineração are BIF, Lapa Seca and mafic volcanics (principally basaltic). Mineralisation is due to the interaction of low salinity carbon dioxide, rich fluids with the high-iron BIF, basalts and carbonaceous graphitic schists. Sulphide mineralisation consists of pyrrhotite and pyrite with subordinate arsenopyrite and chalcopyrite; the latter tends to occur as a late-stage fracture fill and is not associated with gold mineralisation. Wallrock alteration is typically chlorite, carbonate, potassic and silicic.

**Operating performance**

Production declined at AngloGold Ashanti Brasil Mineração in 2006 to 242,000 ounces from 250,000 ounces the previous year,

when production included some trial mining projects as well as the gold remnants from the clean-up of the old Morro Velho facilities. Total cash costs, at \$195 per ounce, were consequently 15% higher year-on-year. Despite both slightly higher costs and lower production, gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts rose 79% to \$86 million primarily as a result of an improved price received.

#### Growth prospects

**Cuiabá expansion project:** This project seeks to increase production at the Cuiabá mine from 830,000 to 1.3 million tonnes per annum and includes the construction of new treatment and tailings storage facilities, roaster and acid plant at an estimated total capital cost of \$180 million. The Cuiabá expansion project will involve the deepening of the mine from 11 level to 21 level and will result in annual production increasing from an average of 190,000 to 260,000 ounces from 2007; in the first year of operation of the expansion, production is expected to reach 300,000 ounces. The project is anticipated to add six years to the life of mine.

**Córrego do Sítio underground sulphides project:** This project focuses on exploring the viability of exploiting the potential sulphide ore resources of the Córrego do Sítio underground orebodies, namely Cachorro Bravo, Laranjeira and Carvoaria. In 2006, the pre-feasibility stage of this project was concluded (results are expected in early 2007), and the exploration campaign reached 1.4 million ounces of indicated mineable resources. The total resource for the project is 2.1 million ounces. This project is expected to produce 1.4 million ounces of gold over 14 years from 6.8 million tonnes of milled ore.

Page 62\_AngloGold Ashanti

#### **\_Annual Financial Statements 2006**

AngloGold Ashanti Brasil Mineração

2006

2005

2004

Pay limit (oz/t)

0.09

0.11

0.11

Pay limit (g/t)

3.10

3.86

3.85

Recovered grade (oz/t)\*

0.222

0.212

0.229

Recovered grade (g/t)\*

7.60

7.27

7.85

Gold production (000oz)

242

250

240

Total cash costs (\$/oz)

195

169

133

Total production costs (\$/oz)

266

226

191

Capital expenditure (\$ million)

168

71

32

Total number of employees

3,611

2,597

2,243

Employees

1,546

1,363

1,222

Contractors

2,065

1,234

1,021

\*

Underground operations

**Review of operations – Brazil *cont***

AngloGold Ashanti

**Annual Financial Statements 2006** Page 63

Development of a ramp and the exposure of the Cachorro Bravo orebody are under way, as is the development of access drives to the Laranjeira and Carvoaria orebodies. Trial mining at the Cachorro Bravo orebody will continue into 2007.

Lamego: This project explores the orebodies comprising the Lamego property, which are distributed along the flanks and axis of a recumbent anticlinal in a northeast-southwest direction and with a south-eastern dip ranging between 250 and 350 metres. During 2006, the Carruagem orebody was partially developed as was the 01 panel of the Arco da Velha orebody. Construction of ramps to reach the 02 panel of the Carruagem, Queimada and Arco da Velha orebodies was also initiated. A surface infill drilling programme was completed to convert inferred resources to indicated resources.

This project is expected to produce approximately 500,000 ounces. However, given the geological similarity of Lamego to the nearby Cuiabá mine, and the lack of information regarding the deeper levels of Lamego, a more aggressive exploration programme has been budgeted for in 2007 in order to evaluate the possibility of increasing current expected production at Lamego to levels similar to those of the Cuiabá operation.

**Outlook**

In 2007, production at AngloGold Ashanti Brasil Mineração is expected to increase significantly to 320,000 ounces, primarily because of the commissioning and start-up of the Cuiabá expansion facilities. Total cash costs are expected to decline accordingly to around \$178 per ounce. Capital expenditure is anticipated to reduce markedly with the completion of the Cuiabá expansion project, and is expected to be around \$65 million. This will be spent mainly on remaining Cuiabá expansion expenditures, the Lamego and Córrego do Sítio projects, brownfields exploration, ore reserve development, and replacement equipment.

**Serra Grande**

Description: Serra Grande is located five kilometres from the city of Crixás, in the north-western area of the Goiás State in central Brazil. AngloGold Ashanti and Kinross Gold Corporation each own 50% of Serra Grande. The operation comprises two underground mines, Mina III and Mina Nova, and one open pit at Mina III, which will begin operation in 2007.

Geology: The deposits occur in the Rio Vermelho and Ribeirão das Antes formations of the Archaean Pilar de Goiás Group, which together account for a large proportion of the Crixás Greenstone Belt in central Brazil. The stratigraphy of the belt is dominated by basics and ultra-basics in the lower sequences with volcano sedimentary units forming the upper successions.

The gold deposits are hosted in a sequence of schists, volcanics and carbonates occurring in a typical greenstone belt structural setting.

The host rocks are of the Pilar de Goiás Group of the Upper Archaean. Gold mineralisation is associated with massive sulphides and vein quartz material associated with graphitic and sericitic

schists and dolomites. The ore shoots plunge to the north-west with dips of between 6° and 35°.

The greenstone belt lithologies are surrounded by Archaean tonalitic gneiss and granodiorite. The metamorphosed sediments are primarily composed of quartz, chlorite, sericite, graphitic and garnetiferous schists. The carbonates have been metamorphosed to ferroan dolomite marble with development of siderite and ankerite veining in the surrounding wallrock, usually associated with quartz veining. The basalts are relatively unaltered but do show pronounced stretching with elongation of pillow structures evident. The ultra-basics form the western edge of the belt and the basic volcanics and sediments form the core of the unit. The northern edge of the belt is in contact with a series of laminated quartzites and quartz sericite schists of the Lower

**Review of operations – Brazil cont**

Page 64\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Proterozoic Araxa Group and a narrow band of graphitic schists and intermediate to ultra-basic volcanics.

The Crixás greenstone belt comprises a series of Archaean to Palaeoproterozoic metavulcanics, metasediments and basement granitoids stacked within a series of north to north-east transported thrust sheet. Thrusting (D1) was accompanied by significant F1 folding/foliation development and progressive alteration in a brittle-ductile regime. D1 thrusting developed with irregular thrust ramp geometry, in part controlled by concealed early basin faults. The main Crixás orebodies are adjacent to a major north-north-west basement fault, and an inferred major east-west to south-east bend in the original volcano-sedimentary basin. Early D1 alteration fluids were focused from south to north, adjacent to the north-north-west structural corridor, and up the main fault ramp/corner, to become dispersed to the east and north in zones of foreland thrust flats. Fluid alteration also diminished to the west away from the main fault corner. A series of concealed east-west to north-west-south-east basement block faults may have provided secondary fluid migration, and development of early anti-formal warps in the thrust sheets; these structures probably define the quasi-regular spacing of significant mineralisation within the belt. The D1 thrust stack was gently folded by non-cylindrical folds. Gold mineralising fluids probably migrated during this event, with similar south-south-west to north-north-east migration, and focusing by bedding slip during Serra Grande

2006

2005

2004

Pay limit (oz/t)

0.09

0.09

0.09

Pay limit (g/t)

3.24

3.02

3.17

Recovered grade (oz/t)

0.219

0.231

0.228

Recovered grade (g/t)

7.51

7.93

7.80

Gold production (000oz)

– 100%

194

192

187  
Gold production (000oz)  
– 50%  
97  
96  
94  
Total cash costs (\$/oz)  
198  
158  
134  
Total production costs (\$/oz)  
265  
205  
178  
Capital expenditure  
(\$ million) – 100%  
17  
13  
7  
Capital expenditure  
(\$ million) – 50%  
8  
7  
4  
Total number of employees  
817  
775  
710  
Employees  
609  
566  
514  
Contractors  
208  
209  
196

AngloGold Ashanti

Annual Financial Statements 2006 Page 65

folding. Gold mineralisation became minor and dispersed to the north and east along the frontal thrust flat zone. Concentrations of gold along the base of quartz vein may be due to the damming of fluids migrating upward along layering.

Operating performance

Attributable production at Serra Grande was 97,000 ounces for the year, in line with that of 2005. The steady appreciation of the Brazilian real, combined with lower grades, resulted in a 25% increase in total cash cost to \$198 per ounce, in spite of stable production.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts was nevertheless 18% higher at \$26 million, as a consequence of a significantly higher price received for the year.

Growth prospects

The Serra Grande brownfields exploration programme is focused on increasing reserves and resources in areas around Mina III, Mina Nova, and the Palmeiras project by means of underground and surface diamond drilling.

A study was carried out in 2006 proving the viability of mining the Mina III open pit. Production is expected to begin in mid-2007.

Results from the exploration programme under way at the nearby Palmeiras orebody justifies the construction of an exploratory ramp and an underground conceptual study. The latter is scheduled to begin in mid-2007.

Outlook

Attributable production at Serra Grande is expected to decrease to 90,000 ounces in 2007, mainly a result of the lower grades expected. Total cash costs will increase to \$244 per ounce, while capital expenditure is anticipated to increase to \$19 million (\$10 million attributable), the bulk of which will be spent on ore reserve development, the Palmeiras project and mine equipment.



AngloGold Ashanti has two operations in Ghana, Obuasi and Iduapriem. The sale of the third operation, Bibiani, was completed on 1 December 2006 and thus contributed to AngloGold Ashanti for 11 months of the year. Combined attributable production for the year was 592,000 ounces, a decrease of 13% on 2005, at a total cash cost of \$390 per ounce.

### **Obuasi**

**Description:** The Obuasi mine is located in the Ashanti region in the south of Ghana. It is primarily an underground operation, although some surface mining still takes place. Ore is processed by two main treatment plants: the sulphide plant (for underground ore) and the tailings plant (for tailings reclamation operations). A third plant, the oxide plant, is used to batch-treat remnant opencast ore and stockpiles, of which there are adequate tonnages to keep the plant operational until 2008.

**Geology:** The gold deposits at Obuasi are part of the prominent gold belt of Proterozoic (Birimian) volcano-sedimentary and igneous formations that extend for a distance of approximately 300 kilometres in a north-east/south-west trend in south-western Ghana. Obuasi mineralisation is shear-zone related and there are three main structural trends hosting gold mineralisation: the Obuasi trend, the Gyabunsu trend and the Binsere trend.

Two main ore types are mined:

quartz veins, consisting mainly of quartz with free gold in association with lesser amounts of various metal sulphides such as iron, zinc, lead and copper. The gold particles are generally fine-grained and are occasionally visible to the naked eye. This ore type is generally non-refractory; sulphide ore that is characterised by the inclusion of gold in the crystal structure of a sulphide material. The gold in these ores is fine-grained and often locked in arsenopyrite. Higher gold grades tend to be associated with finer grained arsenopyrite crystals. Other prominent minerals include quartz, chlorite and sericite. Sulphide ore is generally refractory.

**Operating performance**

After three quarters of declining yields, Obuasi reported higher grades in the fourth quarter and ended the year with production of 387,000 ounces, slightly below that of 2005. Increased treatment of lower-grade ore throughout the year meant that yield in 2006 was 4.39g/t compared with 4.77g/t in 2005, which pushed up total cash costs by 15% to \$395 per ounce.

Gross loss adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts increased by 163% to \$42 million for the year.

*Page 66\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

**Review of operations – Ghana**

AngloGold Ashanti

Annual Financial Statements 2006 Page 67

Growth prospects

The development of the deep-level ore deposits at the Obuasi mine has the potential to extend the life of mine by 35 years.

A feasibility study is currently underway to test this potential and is expected to yield results by early 2008.

Depending upon the results of this study, the full development of Obuasi Deeps may proceed.

Outlook

Production at Obuasi in 2007 is expected to increase marginally to 400,000 ounces. Total cash costs are expected to improve to around \$355 per ounce as a result of the implementation of cost-savings and right-sizing initiatives. Capital expenditure will decline to around \$87 million.

### **Iduapriem**

Description: Iduapriem mine is located in the western region of Ghana, some 70 kilometres north of the coastal city of Takoradi, and 10 kilometres south-west of Tarkwa. The mine comprises two adjacent properties, Iduapriem and Teberebie. AngloGold Ashanti has an 80% stake in Iduapriem (the remaining 20% is owned by the International Finance Corporation) and a 90% holding in the Teberebie mine (the government of Ghana holds the remaining 10% interest). The combined AngloGold Ashanti stake is 85%.

Geology: The Iduapriem and Teberebie gold mines are located along the southern end of the Tarkwa basin. The mineralisation is

Obuasi

2006

2005

\*2004

Pay limit (oz/t)†

0.229

0.177

0.188

Pay limit (g/t)

7.13

6.06

6.43

Recovered grade (oz/t)†

0.128

0.139

0.154

Recovered grade (g/t)†

4.39

4.77

5.27

Gold production (000oz)

387

391

255

Total cash costs (\$/oz)

395  
345  
305  
Total production costs (\$/oz)  
600  
481  
426  
Capital expenditure (\$ million)  
91  
78  
32  
Total number of employees  
7,839  
8,295  
6,747  
Employees  
5,629  
5,852  
6,029  
Contractors  
2,210  
2,443  
718

\* For the eight months from May to December.

† Note pay limits and recovered grade refer to underground ore resources.

contained in the Banket Series of rocks within the Tarkwaian System of Proterozoic age. The outcropping Banket Series of rocks in the mine area form prominent, arcuate ridges extending southwards from Tarkwa, westwards through Iduapriem and northwards towards Teberebie.

Operating performance

At Iduapriem, attributable gold production decreased by 4% year-on-year to 167,000 ounces following a series of mill and crusher breakdowns that affected the operation during the first two quarters of the year. Total cash costs rose by 6% to \$368 per ounce in response to the decline in production and inflation-driven increases in operating costs.

The higher price received resulted in gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts of \$7 million for the year, compared with a loss of \$2 million in 2005.

Page 68\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Review of operations – Ghana cont.**

Iduapriem

2006

2005

\*2004

Pay limit (oz/t)

0.050

0.023

0.022

Pay limit (g/t)

1.60

0.72

0.76

Recovered grade (oz/t)\*\*

0.051

0.050

0.050

Recovered grade (g/t)\*\*

1.74

1.71

1.72

Gold production (000oz) – 100%

196

205

147

Gold production (000oz) – 85%

167

174

125

Total cash costs (\$/oz)

368

348

303

Total production costs (\$/oz)

478

451

423

Capital expenditure

(\$ million) – 100%

6

5

4

Capital expenditure

(\$ million) – 85%

5

4

3

Total number of employees

1,251

1,283

1,306

Employees

668

698

709

Contractors

583

585

597

\*

For the eight months from May to December.

\*\*

Open-pit operations.

AngloGold Ashanti

Annual Financial Statements 2006 Page 69

Attributable capital expenditure was \$5 million and was spent primarily on the start of the plant expansion project and general stay-in-business expenses.

Growth prospects

A plant expansion project to increase treatment capacity from 3.7 to 4.3 million tonnes a year began during the fourth quarter of 2006.

The expansion is expected to be commissioned in the third quarter of 2008 at a capital cost of \$41 million.

During 2007, a scoping study will be undertaken to evaluate the economics of exploiting the considerable low-grade mineral resources of other properties which lie in the Tarkwaian conglomerates extending below the economic limit of the pits.

Outlook

Production at Iduapriem in 2007 is expected to be 170,000 ounces as a result of a planned higher yield. Total cash costs are likely increase to around \$403 per ounce and capital expenditure will be significantly higher at \$46 million as a result of the plant expansion project.

#### **Bibiani**

Description: The Bibiani mine, which is located in the western region of Ghana, 90 kilometres west of Kumasi, was restarted in 1998 as an opencast mine with a carbon-in-leach (CIL) plant.

Geology: The Bibiani gold deposit lies within Birimian meta-sediments and related rocks which occur in the Proterozoic Sefwi

Bibiani

†

2006

2005

\*2004

Pay limit (oz/t)

0.030

0.020

0.020

Pay limit (g/t)

0.83

0.70

0.70

Recovered grade (oz/t)\*\*

0.016

0.042

0.056

Recovered grade (g/t)\*\*

0.55

1.46

1.93

Gold production (000oz)

37

115

105

Total cash costs (\$/oz)

437

305

251

Total production costs (\$/oz)

464

482

369

Capital expenditure (\$ million)

–

7

7

Total number of employees

353

602

871

Employees

211

462

479

Contractors

142

140

392

\*

For the eight months from May to December.

†

For the 11 months from January to November.

\*\*

Surface and dump reclamation (2006) and open-pit operations  
(2004 and 2005).

Belt of southern Ghana. Gold and gold-bearing sulphide mineralisation occurs in quartz-filled shear zones and in altered rocks adjacent to those shears. The full strike of the Bibiani structure is at least 4 kilometres. For metallurgical classification there are three main ore types at Bibiani: primary, transition and oxide. Further lithological classification gives four ore types: quartz (generally high grade), stockwork (medium-high grade), phyllites and porphyry (both low grade).

#### Operating performance

In the third quarter of 2006, the company announced the intended sale of Bibiani to Central African Gold for a total consideration of \$40 million. The deal was subject to certain regulatory conditions and was completed on 1 December 2006, effectively removing Bibiani's December production contribution.

Production declined steadily through the year in line with the forecast downscaling of the mine to a tailings-only operation. This downscaling, combined with the effect of the sale and a series of both power outages and circuit tank breakdowns in the second quarter, resulted in attributable production for 2006 of 37,000 ounces, a 68% decrease year-on-year.

Total cash costs were negatively affected by these operational difficulties, as well as by the lower tailings grades and recoveries, and therefore increased by 43% to \$437 per ounce for the year.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts was \$5 million for the year, compared with a loss of \$10 million in 2005. Improved profitability was mainly because of a 35% increase in the price received.

#### Outlook

The sale of Bibiani to Central African Gold was completed on 1 December 2006.

#### **Review of operations – Ghana cont.**

*Page 70\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**



AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 71*

### **Review of operations – Guinea**

The Siguiri mine is AngloGold Ashanti's only operation in the Republic of Guinea. The government of Guinea has a 15% stake in the mine with the balance of 85% being held by AngloGold Ashanti. In 2006, the mine produced 256,000 attributable ounces of gold at total cash cost of \$399 per ounce.

#### **Siguiri**

Description: Siguiri mine, an open-pit operation, is located in the Siguiri district in the north-east of the Republic of Guinea, West Africa, about 850 kilometres from the capital city of Conakry. The nearest major town is Siguiri (approximately 50,000 inhabitants), located on the banks of the Niger River.

Geology: This concession is dominated by Proterozoic Birimian rocks which consist of turbidite facies sedimentary sequences. Two main types of gold deposits occur in the Siguiri basin and are mined, namely:

laterite or CAP mineralisation which occurs as aprons of colluvial or as palaeo-channels of alluvial lateritic gravel adjacent to, and immediately above; and

in situ quartz-vein related mineralisation hosted in meta-sediments with the better mineralisation associated with vein stockworks that occurs preferentially in the coarser, brittle siltstones and sandstones.

The mineralised rocks have been deeply weathered to below 100 metres in places to form saprolite or SAP mineralisation. The practice at Siguiri has been to blend the CAP and SAP ore types and to process these using the heap-leach method. With the percentage of available CAP ore decreasing, however, a new carbon-in-pulp (CIP) plant was brought on stream during 2005 to treat predominantly SAP ore.

#### **Operating performance**

Once ball mill problems had been resolved in the first quarter of 2006, production at Siguiri improved and the operation finished the year with production of 256,000 attributable ounces, a 4% increase on that of the previous year.

Total cash costs were considerably higher year-on-year due to maintenance shut-downs and post-commissioning plant modifications, as well as higher fuel costs and increased royalty payments as a result of the rise in the gold price. Consequently total cash costs were \$399 per ounce in comparison with \$301 per ounce in 2005.

In spite of the higher spot price received for the year, gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts declined to a break-even position from \$12 million the previous year, mainly because of higher royalty payments, increased operating costs and additional amortisation charges related to the newly commissioned CIP plant.

Growth prospects

The new CIP plant has transformed this operation. Whereas Siguiri was previously a heap-leach operation, constrained by limited economically treatable mineral resources, the mine is now able to economically exploit the saprolitic ores that extend below the base of the existing pits. In addition, there is still considerable exploration potential adjacent to the existing mine infrastructure.

Outlook

At Siguiri in 2007, production is expected to increase to around 270,000 ounces where it should remain for the next several years. Total cash costs are anticipated to remain relatively steady at \$399 per ounce as the CIP plant settles into steady-state operation. Capital expenditure will remain steady at \$14 million, the bulk of which will be spent on brownfields exploration, tailings dam extensions and various small infrastructure projects.

Page 72\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Review of operations – Guinea cont.**

Siguiri

2006

2005

\*2004

Pay limit (oz/t)

0.030

0.017

0.017

Pay limit (g/t)

0.94

0.55

0.59

Recovered grade (oz/t)\*\*

0.032

0.035

0.032

Recovered grade (g/t)\*\*

1.08

1.21

1.10

Gold production (000oz) 100%

301

289

98

Gold production (000oz) 85%

256

246

83

Total cash costs (\$/oz)

399

301

443

Total production costs (\$/oz)

552  
414  
534  
Capital expenditure  
(\$ million) 100%  
16  
36  
57  
Capital expenditure  
(\$ million) 85%  
14  
31  
48  
Total number of employees  
2,708  
1,978  
2,606  
Employees  
1,541  
1,170  
1,194  
Contractors  
1,167  
808  
1,412  
\*

For the eight months from May to December.

\*\*

Open-pit operations (2005 and 2006) and heap leach operations (2004).

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 73*

**Review of operations – Mali**

AngloGold Ashanti has interests in three operations in Mali:

Sadiola (AngloGold Ashanti: 38%; IAMGOLD: 38%;

government of Mali: 18%; and International Finance

Corporation: 6%),

Yatela (owned by Société d'Exploitation des Mines d'Or de

Yatela SA in which AngloGold Ashanti holds 40%, IAMGOLD,

40% and government of Mali, 20%); and

Morila Joint Venture (AngloGold Ashanti: 40%, Randgold

Resources Limited: 40% and government of Mali: 20%). All

three mines are operated by AngloGold Ashanti.

In 2006, the Malian operations produced 537,000 attributable

ounces at total cash costs of \$270 per ounce (Sadiola), \$228 per

ounce (Yatela), and \$275 per ounce (Morila).

**Sadiola**

Description: AngloGold Ashanti manages the Sadiola mine, which is

situated within the Sadiola exploitation area in western Mali. The

mine is situated 77 kilometres south of the regional capital of Kayes.

Geology: The Sadiola deposit occurs within an inlier of

greenschist facies metamorphosed Birimian rocks known as the

Kenieba Window. The specific rocks that host the mineralisation

are marbles and greywackes which have been intensely

weathered to a maximum depth of 200 metres. A series of north-

south trending faults occurs that feeds the Sadiola mineralisation.

As a result of an east-west regional compression event,

deformation occurs along a north-south striking marble-

greywacke contact, increasing the porosity of this zone. North-

east striking structures, which intersect the north-south contact,

have introduced mineralisation, mainly with the marble where the

porosity was greatest.

The Sadiola Hill deposit generally consists of two zones, an upper

oxidised cap and an underlying sulphide zone. From 1996 until

2002, shallow saprolite oxide ore was the primary ore source.

Since 2002, the deeper saprolitic sulphide ore has been mined

and will progressively replace the depleting oxide reserves.

Operating performance

Attributable gold production increased by 13% year-on-year to

190,000 ounces in spite of a tailings pipeline replacement that

negatively affected tonnage throughput in the first quarter. Most of

the production improvement was related to steady treatment plant

operations and the higher yields achieved as a result of improved

metallurgical recovery on oxide ore and the increased treatment of

higher grade sulphide ore.

Total cash costs rose by 2% to \$270 per ounce, mainly owing

to increased royalty payments arising from the higher gold price.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts more than doubled to \$49 million. The higher costs were offset by increases both in production and, more significantly, in the price received. Capital expenditure decreased by 43% to \$4 million. The main areas of expenditure were additional fleet mobilisation charges, brownfields exploration and mining contract renewal costs.

Growth prospects

A recently completed pre-feasibility study showed that the hard sulphide ore below the current mining horizon can be mined economically at proven metallurgical recoveries. Additional test work is being conducted to enhance recoveries and a feasibility study is planned to begin early in 2007.

Outlook

In 2007, attributable production at Sadiola is expected to decline to around 170,000 ounces. Total cash costs are forecast to increase to about \$364 per ounce as a result of the higher cost of treating the harder sulphide ore, which will make up a greater proportion of the total ore treated in 2007. Attributable capital expenditure will increase to \$7 million and will be primarily spent on brownfields exploration to convert deep sulphides from inferred status to indicated status, and on the exploration of satellite pits. The remaining capital expenditure will

Page 74\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Sadiola

2006

2005

2004

Pay limit (oz/t)

0.06

0.05

0.06

Pay limit (g/t)

1.98

1.80

1.76

Recovered grade (oz/t)

0.094

0.080

0.081

Recovered grade g/t

3.22

2.73

2.77

Gold production (000oz)

– 100%

500

442

459

Gold production

(000oz) – 38%

	190
	168
	174
Total cash costs (\$/oz)	
	270
	265
	242
Total production costs (\$/oz)	
	335
	336
	301
Capital expenditure (\$ million) 100%	
	11
	18
	16
Capital expenditure (\$ million) 38%	
	4
	7
	6
Total number of employees	
	1,294
	1,245
	1,159
Employees	
	589
	584
	550
Contractors	
	705
	661
	609
<b>Review of operations – Mali <i>cont.</i></b>	

AngloGold Ashanti

Annual Financial Statements 2006 Page 75

be allotted to the deep sulphides feasibility study, the installation of a gravity circuit and camp relocation costs.

#### **Yatela**

Description: Yatela is located some 25 kilometres north of Sadiola and approximately 50 kilometres south-south-west of Kayes, the regional capital.

Geology: Yatela mineralisation occurs as a keel-shaped body in Birimian metacarbonates. The 'keel' is centred on a fault which was the feeder for the original mesothermal mineralisation, with an associated weakly mineralised diorite intrusion. Mineralisation occurs as a layer along the sides and in the bottom of the 'keel'. The ore dips almost vertically on the west limb and more gently towards the west on the east limb, with tight closure to the south.

#### Operating performance

Attributable production rose significantly to 141,000 ounces owing to a 38% increase in grade, from 2.99g/t in 2005 to 4.12g/t in 2006. Total cash costs declined by 13% to \$228 per ounce. This was the result of a favourable grade which was partially offset by a rise in operating costs as a result of a change at the beginning of the year from top-lift stacking of the heap-leach pad to bottom-lift stacking, which necessitated increased cement consumption.

Yatela

2006

2005

2004

Pay limit (oz/t)

0.06

0.05

0.06

Pay limit (g/t)

1.79

1.66

1.96

Recovered grade (oz/t)

0.120

0.087

0.099

Recovered grade g/t

4.12

2.99

3.41

Gold production

(000oz) 100%

352

246

242

Gold production

(000oz) 40%

141

98  
97  
Total cash costs (\$/oz)  
228  
263  
255  
Total production costs (\$/oz)  
299  
340  
323  
Capital expenditure  
(\$ million) (100%)  
3  
5  
7  
Capital expenditure  
(\$ million) (40%)  
1  
2  
3  
Total number of employees  
878  
910  
1,033  
Employees  
203  
210  
208  
Contractors  
675  
700  
825



Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts, at \$44 million, was 300% higher than in 2005 due to the 35% improvement in the price received and the increase in production.

Capital expenditure of \$1 million was 50% lower than that of the previous year and was incurred mainly on the construction of an additional leach pad.

Growth prospects

Mining of heap-leachable ore will cease in mid-2010 after which leaching and rinsing of the heaps will continue for some months. The potential for a small amount of sulphide ore below the existing Alamoutala deposit to be treated at Sadiola is being investigated.

Outlook

Attributable production at Yatela is expected to decline in 2007 to around 110,000 ounces, as the seventh push-back of the pit to access the next level of higher-grade ore gets under way. Total cash costs are forecast to increase to approximately \$326 per ounce.

Attributable capital expenditure is also expected to rise to approximately \$2 million. This will be primarily spent on additional leach pads to accommodate production from the push-back seven project.

**Morila**

Description: Morila is situated some 180 kilometres by road south-east of the capital of Mali, Bamako.

**Review of operations – Mali cont.**

Page 76\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Morila

2006

2005

2004

Pay limit (oz/t)

0.08

0.07

0.09

Pay limit (g/t)

2.41

2.27

2.81

Recovered grade (oz/t)

0.113

0.158

0.130

Recovered grade (g/t)

3.88

5.41

4.44

Gold production

(000oz) – 100%

517

655

510  
Gold production  
(000oz) – 40%  
207  
262  
204  
Total cash costs (\$/oz)  
275  
191  
184  
Total production costs (\$/oz)  
349  
293  
263  
Capital expenditure  
(\$ million) 100%  
3  
5  
4  
Capital expenditure  
(\$ million) 40%  
1  
2  
2  
Total number of employees  
1,575  
1,183  
1,398  
Employees  
500  
478  
479  
Contractors  
1,075  
705  
919

AngloGold Ashanti

Annual Financial Statements 2006 Page 77

Geology: Morila is a mesothermal, shear-zone-hosted deposit, which, apart from rising to surface in the west against steep faulting, lies flat. The deposit occurs within a sequence Birimian metal-arkoses of amphibolite metamorphic grade. Mineralisation is characterised by silica-feldspar alteration and sulphide mineralisation consists of arsenopyrite, pyrrhotite, pyrite and chalcocopyrite.

Operating performance

Gold production at Morila declined significantly this year, from 262,000 attributable ounces in 2005 to 207,000 ounces in 2006. This was as a result of a general decrease in grade at the operation, from 5.41g/t to 3.88g/t, together with a major mill re-lining undertaken in the second quarter of the year that negatively affected tonnage throughput. There was a consequent 44% increase in total cash costs to \$275 per ounce for the year.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts rose by 33% to \$52 million as a result of the significant improvement in the price received for the year.

Capital expenditure was halved to \$1 million and was spent on various small projects, including a minor plant upgrade.

Growth prospects

A regional drilling programme to discover another significant orebody is being conducted over a period of two years at a cost of \$6 million.

Outlook

In 2007, attributable production at Morila is anticipated to decline slightly to 200,000 ounces while, given inflation and declining grades, total cash costs are expected to increase to approximately \$297 per ounce. In terms of the current plan, mining will continue until early 2009, after which treatment of stockpiled ore will continue for another three years. Attributable capital expenditure for 2007 will increase to \$4 million and will be spent primarily on converting the current power plant to heavy fuel oil usage. This is expected to have a positive effect on operating costs.

AngloGold Ashanti has one operation in Namibia, the Navachab mine. In 2006, the mine produced 86,000 ounces of gold at a total cash cost of \$265 per ounce, compared with 81,000 ounces at a total cash cost of \$321 per ounce in the previous year.

#### **Navachab**

Description: AngloGold Ashanti owns 100% of the Navachab open-pit gold mine, which is located near Karibib in Namibia, on the southern west coast of Africa.

Geology: The Navachab deposit is hosted by Damaran greenschist-amphibolite facies, calc-silicates, marbles and volcano-clastics. The rocks have been intruded by granites, pegmatites and (quartz-porphyry dykes) aplite and have also been deformed into a series of alternating dome and basin structures. The mineralised zone forms a sheet-like body which plunges at an angle of approximately 20° to the north-west. The mineralisation is predominantly hosted in a sheeted vein set ( $\pm 60\%$ ) and a replacement skarn body ( $\pm 40\%$ ).

The gold is very fine-grained and associated with pyrrhotite, and minor trace amounts of pyrite, chalcopyrite, maldonite and bismuthinite. Approximately 80% of the gold is free milling.

#### Operating performance

In 2006, gold production rose by 6% to 86,000 ounces as increased tonnage throughput offset the effect of a decline in grade from 2.05g/t to 1.81g/t. Total cash costs decreased by 17% to \$265 per ounce as a result of the increase in gold production, as well as the benefits associated with a stronger US dollar in the third and fourth quarters of the year.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts more than doubled to \$22 million as a result of increases in both production and the price received.

Capital expenditure remained steady at \$5 million and was incurred mainly on preparation for mining of the Grid A satellite orebody and treatment plant optimisation.

#### Growth prospects

Historical studies on a potential pit expansion, which was previously uneconomical, are being reviewed given the current outlook for the gold price. Several brownfields prospects located within trucking distance are currently under investigation.

Page 78\_AngloGold Ashanti

\_Annual Financial Statements 2006

**Review of operations – Namibia**

## Outlook

Given the lower expected yields, total production at Navachab is estimated to decline slightly in 2007 to around 80,000 ounces.

Total cash costs are forecast to rise to approximately \$359 per ounce, with capital expenditure anticipated to remain steady at \$5 million. This will be spent mainly on a plant upgrade to accommodate higher tonnes in the future, as well as on brownfields exploration.

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 79*

Navachab

2006

2005

2004

Pay limit (oz/t)

0.04

0.05

0.05

Pay limit (g/t)

1.29

1.65

1.46

Recovered grade (oz/t)

0.053

0.060

0.046

Recovered grade (g/t)

1.81

2.05

1.59

Gold production (000oz)

86

81

67

Total cash costs (\$/oz)

265

321

348

Total production costs (\$/oz)

348

326

389

Capital expenditure

(\$ million)

5

5

21

Total number of employees

313

315

251\*

Employees

313

315

251

Contractors

—

—

—

\* No mining labour, contract or otherwise, was on site during the first half of 2004.

AngloGold Ashanti has one operation in Tanzania, the Geita Gold Mine. In 2006, Geita produced 308,000 ounces of gold at a total cash cost of \$497 per ounce. This compares with 613,000 ounces at a total cash cost of \$298 per ounce in 2005.

#### **Geita**

**Description:** The Geita mine is located 80 kilometres south-west of the town of Mwanza, in the north-west of the country. It is a multi-pit operation with a CIL plant that has the capacity to treat 6 million tonnes a year.

**Geology:** Geita is an Archaean mesothermal, mainly Banded Ironstone Formation (BIF)-hosted, deposit. Mineralisation is located where auriferous fluids, which are interpreted to have moved along shears often on BIF-diorite contacts, reacted with the BIF. Some lower grade mineralisation can occur in the diorite as well (usually in association with BIF-hosted mineralisation). Approximately 20% of the gold is hosted in the diorite.

#### **Operating performance**

In 2006, gold production at Geita decreased by 50% to 308,000 ounces owing to a combination of factors. In the first quarter, drought reduced the water supply to the processing plant and subsequent heavy rains resulted in hauling constraints. This, combined with the slower-than-anticipated cut-back of the Nyankanga pit, resulted in a 46% drop in grade for the year. These matters also contributed to a 67% increase in total cash costs at Geita year-on-year, from \$298 per ounce in 2005 to \$497 per ounce for 2006.

The lower gold production resulted in a gross loss adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts of \$2 million compared with a profit of \$9 million in 2005.

Capital expenditure of \$67 million included infrastructural expenses associated with the change from contractor mining to owner mining, as well as the purchase of larger trucks and a shovel, and brownfields exploration.

#### **Growth prospects**

Exploration to identify and generate resources for the inferred category, as well as the conversion of resources into reserves, will continue. Current inferred resources are expected to add four years to life of mine reserves and significant additional surface and underground brownfields potential is anticipated.

*Page 80\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

**Review of operations – Tanzania**

AngloGold Ashanti

Annual Financial Statements 2006 Page 81

## Outlook

A partial slope failure in the Nyankanga pit in February 2007 has changed the mining sequence of the pit's high-grade area, reducing the 2007 Geita production outlook from a planned doubling to a 30% increase to 400,000 ounces. The planned volumes and grade will still be mined at the operation, but over a longer period of time. Total cash costs are expected to be \$479 per ounce, and capital expenditure will be in the region of \$53 million.

Geita

2006

2005

2004

Pay limit (oz/t)

0.13

0.07

0.09

Pay limit (g/t)

4.16

2.27

2.81

Recovered grade (oz/t)

0.049

0.092

0.109

Recovered grade (g/t)

1.68

3.14

3.74

Gold production

(000oz) – 100%

308

613

692

Gold production (000oz)

– 100% attributable from

May 2004

308

613

570

Total cash costs (\$/oz)

497

298

250

Total production costs (\$/oz)

595

387          328

Capital expenditure

(\$ million) 100%



67

78

14

Capital expenditure (\$ million)

100% attributable from

May 2004

67

78

13

Total number of employees

3,220

2,280

2,256

Employees

2,043

1,066

661

Contractors

1,177

1,214

1,595

Cripple Creek & Victor (CC&V) is AngloGold Ashanti's only operation in the United States and is located in the state of Colorado. The mine is 67% owned by AngloGold Ashanti with a 100% interest in the gold produced until loans extended to the joint venture are repaid. CC&V produced 283,000 ounces of gold at a total cash cost of \$248 per ounce in 2006.

AngloGold Ashanti also owns the Big Springs property in Nevada, which is currently in the final stages of reclamation and closure.

### **Cripple Creek & Victor**

Description: CC&V is an open-pit operation located south-west of Colorado Springs in the state of Colorado.

Geology: The district of Cripple Creek is centred on an intensely altered alkaline, Tertiary-aged, diatreme-volcanic, intrusive complex, approximately circular in shape covering 18.4 square kilometres, and surrounded by Precambrian rocks. The Precambrian rocks consist of biotite gneiss, granodiorite, quartz monzonite and granite.

The intersection of these four units and regional tectonic events formed an area of regional dilation which subsequently localised the formation of the Tertiary-aged, volcanic complex. The majority of the complex is filled with the eruptive phase Cripple Creek Breccia host rock. This complex was subsequently intruded by a series of Tertiary-aged intrusive dykes and sills that included syenites, phonolites, phonotephrites and lamprophyres. These intrusives occupy all of the dominant district structural orientations as do laccoliths and cryptodomes. District structures are generally near vertical and strike north-north-west to north-east. These structures are commonly intruded by phonolite dykes which appear to have also acted as primary conduits for the late-stage, gold mineralising solutions. Higher grade pods of mineralisation occur at structural intersections and/or as sheeted vein zones along zones of strike deflection. High-grade gold mineralisation is associated with K-feldspar + pyrite +/- carbonate alteration and occurs adjacent to the major structural and intrusive dyke zones. The broader zones of disseminated mineralisation occur primarily as micro-fracture halos around the stronger alteration zones in the more permeable Cripple Creek Breccia wall rocks.

The average depth of oxidation is 120 metres and is also developed along major structural zones to even greater depths. Individual orebodies can be tabular, pipe-like, irregular or massive. Individual gold particles are generally less than 20 microns in size and occur as native gold with pyrite or native gold after gold-silver tellurides. Gold occurs within hydrous iron and manganese oxides and as gold-silver tellurides. Silver is present but is economically unimportant. Gold mineralisation can be encapsulated by iron and manganese oxides, pyrite, K-feldspar alteration and quartz.

Operating performance

CC&V produced 283,000 ounces of gold in 2006, 14% less than in 2005, principally as a result of reduced rainfall in the region and the consequent reduction in irrigation of the heap-leach pad.

Page 82\_AngloGold Ashanti

\_Annual Financial Statements 2006

**Review of operations – United States of America**

AngloGold Ashanti

**Annual Financial Statements 2006** *Page 83*

Total cash costs were \$248 per ounce, an increase of 8% over those of 2005, primarily as a result of higher prices of consumables and greater mining activity, which resulted in the placement of 14% more tonnes of ore on the leach pad. The impact of the higher costs, however, was partially offset by the associated increase in recoverable ounces placed on the leach pad. By the end of 2006, the water shortage issue had been addressed and gold production had returned to normal levels.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts increased by 35% to \$23 million for the year, principally as a result of the higher price received.

Capital expenditure of \$13 million was 63% higher than that of the previous year and was spent mainly on increased brownfields exploration and upgrading the operation's water delivery systems.

**Growth prospects**

CC&V has begun a feasibility study to examine the viability of a proposed mine-life extension project which, as currently conceived, would involve the staged construction of an additional heap-leach facility together with the development of new ore sources within the existing claims. Critical path activities include additional reserve definition drilling, engineering and permitting. The proposed project has the potential to extend the mine life by as much as 10 years at current production rates.

**Outlook**

In 2007, CC&V gold production is expected to increase to 310,000 ounces, as water levels within the leach pad are optimised. Total cash costs are likely to increase to \$267 per ounce, mainly owing to the rising cost of commodity inputs. Total capital expenditure is anticipated to be significantly higher at \$25 million, the bulk of which will be spent on the mine-life extension project.

**Cripple Creek & Victor**

2006

2005

2004

Pay limit (oz/t)

0.01

0.01

0.01

Pay limit (g/t)

0.34

0.34

0.34

Recovered grade (oz/t)

0.016

0.018

0.018

Recovered grade (g/t)

0.54  
0.62  
0.61  
Gold production (000oz)  
283  
330  
329  
Total cash costs (\$/oz)  
248  
230  
220  
Total production costs (\$/oz)  
356  
333  
300  
Capital expenditure (\$ million)  
13  
8  
16  
Total number of employees  
369  
357  
387  
Employees  
325  
313  
313  
Contractors  
44  
44  
74

Page 84\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Global exploration**

The replacement of production ounces through near-mine (brownfields) exploration continued to remain a high priority for AngloGold Ashanti in 2006. During the year, brownfields exploration activities continued around most of the group's current operations. In 2006, exploration activities in new areas (greenfields exploration) were primarily focused on the Tropicana Joint Venture Project in Western Australia, in Colombia, and in the Democratic Republic of Congo (DRC). Joint ventures and partnerships with other companies facilitated additional greenfields exploration activities in Russia, China, Laos, Colombia and the Philippines, while the company divested its exploration assets in both Alaska and Mongolia during the year. The discovery of new long-life, low-cost mines remains the principle objective of the greenfields exploration programme, although AngloGold Ashanti is also committed to maximising shareholder value by exiting or selling those exploration assets that do not meet its internal growth criteria and also by opportunistically investing in prospective junior exploration companies.

During 2006, total exploration expenditure amounted to \$103 million, of which \$52 million was spent on brownfields exploration. The remaining \$51 million was primarily invested in three key greenfields areas (the Tropicana joint venture in Western Australia, in Colombia, and in the DRC), with the remainder being spent in Russia, China, the Operations with brownfields exploration

**Location of AngloGold Ashanti's exploration ventures**

AngloGold Ashanti

Annual Financial Statements 2006 Page 85

Philippines and Laos. Exploration expenditure is expected to increase to \$163 million in 2007, with \$77 million to be spent on brownfields exploration and \$86 million to be spent on greenfields exploration.

#### **Argentina**

At Cerro Vanguardia, drilling of over 30 linear kilometres along an extensive array of veins was completed to detect viable oreshoots. Brownfields exploration resulted in the generation of 600,000 ounces of Mineral Resources.

#### **Australia**

**Brownfields:** At Sunrise Dam, brownfields exploration continues to focus on increasing the underground Mineral Resource inventory and increasing the confidence category of resources so that Ore Reserve conversion can occur. Underground diamond drilling has been successful in identifying extensions to many of the known zones. At Boddington Gold Mine, six diamond drill rigs were employed by the end of 2006 on drill programmes to convert Inferred Mineral Resource to Indicated Mineral Resource within the planned pit and on near-pit resource extensions. Mineral Resource conversion drilling during 2006 focused primarily on the Central Diorite zone of the Wandoo South pit where, historically, broad zones of mineralisation have been intersected.

**Greenfields:** AngloGold Ashanti holds a 70% interest in the Tropicana Joint Venture Project, a 12,260 square kilometre tenement package located to the east and north-east of Kalgoorlie in Western Australia. Prior to the start of AngloGold Ashanti's exploration programme at Tropicana in 2002, no significant gold exploration had been undertaken in the district. Joint venture partner Independence Group NL holds a free-carried interest in the project until the completion of a pre-feasibility study, at which point Independence Group NL is required to begin to contribute in terms of its 30% interest.

Initial drill target generation at Tropicana has been achieved using primarily soil geochemistry, with wide-spaced soil sampling completed over the majority of the granted tenure. Drilling to date, at both the Tropicana zone and the recently discovered Havana zone, has confirmed the potential for the project to host a multi-million ounce gold resource. Additional early-stage targets requiring closer-spaced follow-up soil sampling and drill testing have also been identified regionally.

Gold mineralisation at the Tropicana prospect (including the Havana zone), which is located 200 kilometres east-south-east of AngloGold Ashanti's Sunrise Dam operation, has been defined by both reverse circulation and diamond drilling to extend over a strike length of approximately four kilometres. The mineralisation is open to both the south and down-dip, and drilling is currently testing a potential block of fault-offset mineralisation to the north. The company is currently undertaking an intensive exploration and resource development drilling programme at Tropicana, and a pre-feasibility study is expected to begin in early 2007. For a complete listing of drill results from the Tropicana prospect, see Independence Group NL's news

releases on [www.independencegroup.com.au](http://www.independencegroup.com.au).

First-pass aircore drilling at the Beachcomber 1 prospect, located 220 kilometres south of the Tropicana prospect in the southern portion of the tenement package, has intersected four metres at 43.5g/t from a depth of 24 metres. Additional drilling is currently underway to understand the dimensions and significance of the result.

**Brazil**

At Córrego do Sítio, prospecting for both open pit and underground ore continued. Conversion of open-pittable Mineral Resources to reserves by in-fill drilling added 540,000 ounces to Ore Reserves. Some 7,000 metres were drilled during 2006 to

Page 86\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Global exploration cont.**

delineate ore shoots amenable to underground mining, although the orebodies are geometrically complex and will require detailed geological control during the exploitation phase. Drilling planned for 2007 will continue to concentrate on the Laranjeiras orebody.

Drilling has indicated an additional, probable economic orebody located south of Cachorro Bravo. Also at Córrego do Sítio, a new deposit (Paiol) is being delineated after three initial intersections returned encouraging results in the third quarter of 2006.

In March of 2006, Serra Grande acquired the mining rights to property adjacent to its current operations, permitting full access to the Palmeiras orebody, as well as to the potential upside in surrounding mineralised structures. Growth in Mineral Resources and Ore Reserves in 2006 amounted to net gains of 400,000 and 300,000 ounces respectively. This was mainly due to successful drilling and model interpretation of the open-pittable portions of the main orebodies and drilling in the vicinity of Corpo IV. Drilling in 2007 will focus on structurally controlled targets in a zone below Palmeiras and above Corpo IV.

**China**

In February 2006, AngloGold Ashanti announced the acquisition of an effective 8.7% stake in Dynasty Gold Corporation through a \$2 million private placement. Dynasty Gold is a Vancouver-based explorer with a 70% interest in the Red Valley project in Qinghai, the Wild Horse project in Gansu, and the Hatu project in Xinjiang. The proceeds of the AngloGold Ashanti placement are currently being used to fund further exploration at the Red Valley and Wild Horse projects, both of which are located in the prospective Qilian metallogenic belt. In addition to this equity investment, AngloGold Ashanti retains the right to enter into joint ventures at either or both of the Red Valley and Wild Horse projects, and may earn-in to a total 55% interest by investing \$5 million in exploration over three years. Results from a recently completed 5,397-metre diamond drill programme at Red Valley are currently being evaluated.

Complementing the company's equity investment in Dynasty Gold Corporation, AngloGold Ashanti also signed two separate co-operative joint ventures (CJV) in 2006 with local partners at Yili-Yunlong (in Xinjiang province) and Jinchanggou (in Gansu province). These prospects possess the potential for epithermal gold and porphyry copper-gold deposits, and orogenic gold deposits, respectively. Assuming final business registration approval is received from the Chinese regulatory authorities by early 2007, these projects are expected to form part of AngloGold Ashanti's 2007 greenfields exploration drilling programme.

**Colombia**

AngloGold Ashanti made significant progress in 2006 in the exploration of its extensive tenement position in Colombia, both through its own exploration activities and through its preferred joint venture partner strategy. AngloGold Ashanti has been active in



Colombia since 1999.

In terms of its own projects in 2006, AngloGold Ashanti completed first-pass drilling on the bulk-tonnage targets at Quinchia and Gramalote in central Colombia. Initial results included 255 metres at 1.16g/t and 275 metres at 1.2g/t at Gramalote, and 265 metres at 0.8g/t and 242 metres at 0.85g/t at Quinchia. Follow-up diamond drilling is underway at both Gramalote and Quinchia.

In order to capitalise on its first-mover advantage in Colombia and to optimise its resources in the process of exploring the country, AngloGold Ashanti also announced two exploration partnerships in the country during 2006. On 1 June, AngloGold Ashanti announced the signing of a Heads of Agreement with Bema Gold Corporation in order to form a new company to explore eight of AngloGold Ashanti's mineral opportunities located in northern Colombia. In terms of this agreement, the new company will have the right to earn-in to a 51% interest on any property that AngloGold Ashanti elects to farm-out

AngloGold Ashanti

**Annual Financial Statements 2006** *Page 87*

within the area of interest by carrying out a minimum of 3,000 metres of exploration drilling and by matching AngloGold Ashanti's prior exploration expenditure. Bema Gold Corporation will provide a minimum of \$5 million in exploration funding.

On 14 July, AngloGold Ashanti announced the signing of a second Heads of Agreement with Antofagasta plc to jointly explore for new copper and gold deposits in the La Vega-Mocoa belt in southern Colombia. All of AngloGold Ashanti's mineral applications and contracts in the area of interest were included in the agreement and Antofagasta has committed to funding a minimum of \$1.3 million of exploration within 12 months of signing the agreement.

**Democratic Republic of Congo (DRC)**

Greenfields exploration activities in the DRC continued to focus on a 10 km x 15 km block surrounding the town of Mongbwalu in the north-eastern part of the country. Diamond drilling in 2006 remained concentrated on defining the resource potential of the mineralised mylonite zones at Adidi-Kanga at Nzebi-Senzere, together with following up on the significant new gold intercepts returned from the adjacent Pluto area. The mineralised mylonite zones in all three areas are shallow-dipping and occur at the contact between a granodiorite intrusive and volcano-sedimentary rocks of the Kilo greenstone belt. Two reverse circulation drill rigs and one diamond drill rig will be used in 2007 to accelerate the exploration programme in the area. The company is initially targeting a 3 million-ounce gold inferred resource in the combined Adidi-Kanga and Nzebi-Senzere areas.

Regional drill target generation and evaluation programmes in the Kilo greenstone belt will also be accelerated in 2007. An airborne geophysical survey, centred on Mongbwalu and extended to cover the highest priority targets in the region, is scheduled to be flown in early 2007. First-pass drill testing of targets will then be undertaken on a priority basis.

**Ghana**

Surface drilling continued throughout the year at Obuasi with the deep surface borehole UDSDD 3 intersecting the main reef fissure at 1697.38 metres to 1766.20 metres. Both the UDSDD 2 and UDSDD 3 holes are currently experiencing technical problems that have severely curtailed progress. As a result, one of the holes has been stopped and replaced by a hole drilled from underground.

**Guinea**

Drilling at Siguiri in 2006 focused on identifying and then following up known mineralisation at Kintinian, Eureka North, Kosan North and Sintroko West prospects. Reconnaissance drilling was also undertaken at the the Foulata and Saraya anomalies. Reverse circulation drilling of selected portions of the spent heap leach in order to define a Mineral Resource began.

**Laos**

Regional reconnaissance exploration activities continued in Laos during 2006 as part of AngloGold Ashanti's exploration alliance with Oxiana Limited. A number of new target areas were defined and a

follow-up field review is underway. AngloGold Ashanti also extended its Laos exploration alliance agreement with Oxiana for another year and amended the alliance to include the Sanakham Project area, which is still under application.

**Mali**

At Morila, regional drilling was undertaken on the grant defined sub-economic mineralisation in the vicinity of the open-pit. The additional knowledge generated by drilling this campaign will be used to update the regional geological model and to further define drill targets in 2007. Infill drilling campaigns around the pit margin continued to upgrade the confidence of the Mineral Resource, while a drilling programme targeting underground potential was initiated at the near-pit Samacline anomaly.

**Global exploration cont.**

Page 88\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

At Sadiola, exploration in 2006 focused primarily on further defining the hard sulphide orebody that lies below the main pit. This orebody is currently the focus of an economic study and is expected to extend the mine's life. Infill drilling also occurred at the Tambali South and FE4 prospects, while reconnaissance drilling was undertaken at the smaller anomalies of Lakanfla East and Sekokoto South East.

**Mongolia**

Exploration activities in Mongolia were terminated in early 2006 and the tenements and related data packages were subsequently sold to a third party.

**Namibia**

At Navachab, infill drilling was undertaken north of the main pit, with the intention of converting Inferred Mineral Resources to Indicated Mineral Resources. A high-resolution magnetic survey over the mining licence was completed during the year and used to define further targets. Drilling focused on the Gecko central and north prospects with 1,000 metres of reverse circulation drilling returning positive results. Infill drilling was also undertaken at Anomaly 16, located about five kilometres west of the main pit.

**Philippines**

In 2006, AngloGold Ashanti elected to exercise its right to proceed to a second joint venture with Red 5 Limited on the Outer Siana area. This area comprises two tenements which surround, but do not include, Red 5's proposed Siana open pit development. AngloGold Ashanti and Red 5 have also entered into a joint venture to explore the Mapawa area, which is located 20 kilometres north of Siana and has potential to contain both epithermal style gold and porphyry style copper-gold deposits. The start of detailed exploration at Mapawa currently awaits the granting of a mineral production sharing agreement by the Mines and Geosciences Bureau in Manila.

**Russia**

On 21 September 2006, AngloGold Ashanti announced its intention to enter into a 50:50 strategic alliance with Russian gold and silver producer, Polymetal, in which the two companies would co-operate in the exploration, acquisition and development of gold mining assets within the Russian Federation. Simultaneously, AngloGold Ashanti agreed to acquire Trans-Siberian Gold's (TSG) interests in the Veduga and Bogunay projects in Krasnoyarsk for a consideration of \$40 million and to contribute these assets to the strategic alliance with Polymetal. In return, Polymetal agreed to contribute two projects – Imitzoloto and Eniseevskaya – located in Krasnoyarsk and Chitay respectively and valued at \$16 million, to the new alliance, as well as to make an initial payment of \$12 million to AngloGold Ashanti.

Having acquired its Veduga and Bogunay projects, AngloGold Ashanti continues to hold a 29.9% stake in TSG.

The strategic alliance is expected to be finalised by the end of the

first quarter, 2007.

As a direct result of the new strategic alliance with Polymetal, AngloGold Ashanti also announced the termination of its exploration alliance with Eurasia Mining plc in respect of the Chita and Buryat regions of eastern Russia.

**South Africa**

At Moab Khotsong, the drilling of two surface boreholes continued and a third hole was initiated during the year. These boreholes are together intended to further define the geological model of the mine. Borehole MZA9 deflected on reef that averaged 5.13 grams per tonne over 82.2 centimetres (giving 422 cm.g/t) at 3204.29 metres in three acceptable intersections. The Vaal Reef was intersected at 3108.10 metres in the long deflection, and short deflection drilling is

AngloGold Ashanti

Annual Financial Statements 2006 Page 89

in progress. Borehole MGR 7 successfully intersected the Vaal Reef. A short deflection program on the Vaal Reef gave: 12.73 grams per tonne over 43.9 centimetres (giving 559 cm.g/t) at 3424.11 metres. Long deflection drilling is still in progress. Borehole MMB5 was collared during the year and has advanced to 2733.95 metres in Witwatersrand Quartzites (Elsburg Formation).

#### **Tanzania**

At Geita, drilling programmes showed extensions to known orebodies at the Ridge 8 – Star & Comet gap as well as in the Nyankanga South area. Infill drilling programmes aimed at generating open-pit Mineral Resources were undertaken at the Lone Cone and Area 3 West prospects. An airborne electromagnetic geophysical survey was completed over a portion of the grant during the year.

#### **United States**

##### **Brownfields**

At Cripple Creek & Victor in Colorado, infill and step-out development drilling focused on the South Cresson Deposit in 2006, and the final location of the west high wall and step-out drilling between the Main Cresson and the South Cresson pits has now been prioritised. Infill drilling at 60-metre spacings was also carried out within the Life of Mine Extension Project area to determine geological potential for additional ore.

##### **Greenfields**

The divestiture of AngloGold Ashanti's Alaskan exploration assets to TSX-listed International Tower Hill Mines Limited (ITH) was completed in August 2006. The company vended to ITH a 100% interest in six existing exploration properties (Livengood, West Pogo, Coffee Dome, Gilles, Caribou and Blackshell) together with the rights to a newly-staked property, Chisna. In addition, ITH retained an exclusive option to earn-in to 60% in each of the Lost Mine South and Terra properties in return for funding \$3 million in exploration within four years. AngloGold Ashanti received a 19.99% equity stake in ITH in consideration of the divestiture.

Moz

**December 2005 Mineral Resources**

175.8

Reductions

2006 total depletion

-8.3

Tau Tona – areas on both the Ventersdorp Contact Reef and Carbon Leader Reef Shaft Pillars were determined not to have economic potential.

-1.9

Moab Khotsong – due to new exploration drilling

-1.4

Sadiola – due to a change in methodology when compared to the 2005 Mineral Resource

-0.9

Bibiani Mine – due to sale of asset

-0.9

Other – total of non-significant changes

-0.5

Additions

Obuasi – due to exploration and changes in estimation methodology below 50 level area

5.2

Boddington – due to successful exploration

2.1

Navachab – due to successful exploration, increased gold price and improved mining efficiencies.

2.1

Geita – due to revised Mineral Resource Models, successful exploration and increased gold price.

2.1

Siguiiri – due to successful exploration and increased gold price.

1.5

Savuka – due to increased gold price

1.2

Cripple Creek and Victor – due to successful exploration and gold price

1.1

Iduapriem – due to increased gold price

0.7

Cerro Vanguardia – due to successful exploration

0.6

West Wits Surface – due to inclusion of tailing dams as a result of the increased gold price

0.5

Serra Grande – due to the successful exploration in the Open Pit and Mina Nova areas

0.2

Yatela – due to increased gold price

0.2

Other – total of non-significant changes

2.0

December 2006 Mineral Resources

181.6

*Page 90\_AngloGold Ashanti*

**Annual Financial Statements 2006**

**Mineral Resources and Ore Reserves**

Ore Reserves and Mineral Resources are reported in accordance with the minimum standard described by the Australasian Code for

Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition), and also conform to the standards set out in the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC 2000 Code). Mineral Resources are inclusive of the Ore Reserve component unless otherwise stated.

**Mineral Resources**

The 2006 Mineral Resource increased by 14.1 million ounces to 181.6 million ounces before depletion. After a depletion of 8.3 million ounces, the net increase is 5.8 million ounces. Mineral Resources were estimated at a gold price of \$650 per ounce in contrast to the \$475 used in 2005. The increased gold price resulted in an increase of 5.8 million ounces while successful exploration and revised modelling resulted in a further increase of 7.6 million ounces.



AngloGold Ashanti

Annual Financial Statements 2006 Page 91

### Ore Reserves

Total AngloGold Ashanti Ore Reserves increased from 63.3 million ounces in 2005 to 66.9 million ounces in December 2006. A year-on-year increase of 10.1 million ounces (16%) occurred before depletion and an increase of 3.6 million ounces (6%) occurred after depletion.

A gold price of \$550 was used for Ore Reserve estimates in contrast to the \$400 used in 2005. The change in economic assumptions made from 2005 to 2006 resulted in the Ore Reserve increasing by 3.7 million ounces while exploration and modelling resulted in an additional increase of 6.6 million ounces.

Moz

#### December 2005 Ore Reserves

63.3

Reductions

2006 total depletion

-6.5

Moab Khotsong – due to drop in values as a result of drilling

-0.4

Bibiani Mine – due to sale of asset

-0.1

Other – total of non-significant changes

-0.4

Additions

Mponeng – due to the inclusion of the VCR below 120 level project and higher gold price

2.9

Cripple Creek and Victor – due to planned extension of life

1.1

Sadiola – due to the inclusion of the Deep Sulphide Project

1.0

Boddington – due to upgrade of Inferred Mineral Resources in the Pit and increased gold and copper prices.

0.7

Sunrise Dam – due to inclusion of North-Wall Cutback and Cosmo Ore-bodies because of an increased gold price

0.7

Iduapriem – due to increased gold price

0.5

Tau Leko – due to increased gold price

0.5

AGA Mineração – due to Córrego do Sítio Sulphide exploration drilling and Cuiabá development

0.5

Cerro Vanguardia – due to successful exploration program and increased gold price

0.4

Siguiri – additional pit included due to increased gold price

0.4

Navachab – due to the increased gold price marginal ore is now economic and the pit is larger

0.3

Savuka – due to the increased gold price

0.3

Yatela – due to the inclusion of an additional cutback

Edgar Filing: ANGLOGOLD ASHANTI LTD - Form 6-K

0.2  
Serra Grande – due to incorporation of an open pit and the development of levels with higher tons than expected  
0.2  
Morila – due to the increased gold price marginal ore is now economic  
0.1  
Other – total of non-significant changes  
1.4  
December 2006 Ore Reserves  
66.9

### **By-products**

A number of by-products are recovered as a result of the processing of gold ore reserves.

These include 11.8 thousand tonnes of uranium from the South African operations, 0.19 million tonnes of copper from Australia, 0.50 million tonnes of sulphur from Brazil and 24.5 million ounces of silver from Argentina. Details of the by-product Mineral Resources and Ore Reserves are given in the supplementary statistics document which is available on the corporate website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com).

### **Audit of 2005 Mineral Resource and Ore Reserve statement**

During the course of the year, the AngloGold Ashanti 2005 Mineral Resource and Ore Reserve Statement was submitted to independent consultants for review. The mineral resources and ore reserves from six of AngloGold Ashanti's global operations were selected and reviewed. The company has been informed that the audit identified no material shortcomings in the process by which AngloGold Ashanti's reserves and resources were evaluated. It is the company's intention to continue this process so that all its operations will be audited over a three-year period. The audit of those operations selected for review during 2007 is currently in progress.

### **Competent persons**

The information in this report that relates to exploration results, Mineral Resources or Ore Reserves is based on information compiled by the competent persons listed below. They are either members of the Australian Institute of Mining and Metallurgy (AusIMM) or recognised overseas professional organisations. They are all full-time employees of the company.

The competent person for AngloGold Ashanti exploration is:

E Roth, PhD (Economic Geology), BSc (Hons) (Geology), MAusIMM, 16 years experience.

Competent persons for AngloGold Ashanti's Mineral Resources are:

VA Chamberlain, MSc (Mining Engineering), BSc (Hons) (Geology), MAusIMM, 21 years experience.

MF O'Brien, MSc (Mining Economics), BSc (Hons) (Geology), Dip Data, Pr.Sci.Nat., MAusIMM, 27 years' experience.

Competent persons for AngloGold Ashanti's Ore Reserves are:

CE Brechtel, MSc (Mining Engineering), MAusIMM, 31 years' experience.

D L Worrall, ACSM, MAusIMM, 26 years' experience.

J van Zyl Visser, MSc (Mining Engineering), BSc (Mineral Resource Management), PLATO, 20 years' experience.

The competent persons consent to the inclusion of the exploration, Mineral Resources and Ore Reserves information in this report, in the form and context in which it appears.

### **Notes**

A detailed breakdown of the Mineral Resources and Ore Reserves is provided in the report entitled, Supplementary Information: Mineral Reserves and Ore Reserves, which is available in the annual

report section of the AngloGold Ashanti website (www.AngloGoldAshanti.com) and may be downloaded as a PDF file using Adobe Acrobat Reader. This information is also available on request from the AngloGold Ashanti offices at the addresses given at the back of this report.

**Mineral Resources and Ore Reserves *cont.***

*Page 92\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006\_*Page 93*

Ore Reserves by country

(attributable)

Metric

Imperial

Contained

Contained

Tonnes

Grade

gold

Tons

Grade

gold

Category

million

g/t

tonnes

million

oz/t

Moz

South

Africa

Proved

15.5            7.86            122.0

17.1            0.229

3.9

Probable

181.6           3.99            724.7

200.2           0.116           23.3

Total

197.2           4.29            846.7

217.3           0.125           27.2

Argentina\*

Proved

0.9

7.09            6.1

0.9

0.207           0.2

Probable

6.9            6.22            42.7

7.6

0.181           1.4

Total

7.7            6.32            48.8

8.5

0.184           1.6

Australia\*

Proved

54.9

1.18

64.7

60.5  
0.034  
2.1  
Probable  
133.2  
1.02  
135.4  
146.8  
0.030  
4.4  
Total  
188.0  
1.07  
200.1  
207.3  
0.031  
6.4  
Brazil\*  
Proved  
3.7  
5.60  
20.8  
4.1  
0.163  
0.7  
Probable  
10.3  
7.40  
76.3  
11.4  
0.216  
2.5  
Total  
14.0  
6.92  
97.1  
15.5  
0.202  
3.1  
Ghana\*  
Proved  
50.8  
2.13  
108.2  
56.0  
0.062  
3.5  
Probable  
74.5  
3.10  
231.3

82.2  
0.091  
7.4  
Total  
125.3  
2.71  
339.5  
138.1  
0.079  
10.9  
Guinea\*  
Proved  
18.2  
0.60  
10.8  
20.1  
0.017  
0.3  
Probable  
52.7  
0.85  
45.0  
58.1  
0.025  
1.4  
Total  
70.9  
0.79  
55.9  
78.2  
0.023  
1.8  
Mali\*  
Proved  
15.7  
1.79  
28.0  
17.3  
0.052  
0.9  
Probable  
20.8  
2.85  
59.1  
22.9  
0.083  
1.9  
Total  
36.4  
2.39  
87.2

40.2  
0.070  
2.8  
Namibia  
Proved  
5.3  
1.08  
5.8  
5.9  
0.032  
0.2  
Probable  
10.1  
1.63  
16.5  
11.2  
0.048  
0.5  
Total  
15.5  
1.44  
22.3  
17.0  
0.042  
0.7  
Tanzania  
Proved  
4.0  
0.97  
3.9  
4.5  
0.028  
0.1  
Probable  
74.9  
3.47  
259.6  
82.6  
0.101  
8.3  
Total  
79.0  
3.34  
263.6  
87.0  
0.097  
8.5  
USA  
Proved  
93.4  
0.93



87.0  
103.0  
0.027  
2.8  
Probable  
35.6  
0.91  
32.5  
39.2  
0.027  
1.0  
Total  
129.0  
0.93  
119.5  
142.2  
0.027  
3.8  
Totals\*  
Proved  
262.4  
1.74  
457.2  
289.2  
0.051  
14.7  
Probable  
600.6  
2.70  
1,623.3  
662.1  
0.079  
52.2  
Total  
863.0  
2.41  
2,080.5  
951.3  
0.070  
66.9

\* Reserves attributable to AngloGold Ashanti  
**Mineral Resources and Ore Reserves *cont.***  
as at 31 December 2006

Page 94\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Mineral Resources by country (1)

Metric

Imperial

Contained

Contained

Tonnes

Grade

gold

Tons

Grade

gold

Category

million

g/t

tonnes

million

oz/t

Moz

South Africa

Measured

27.3

13.97

381.0

30.0

0.408

12.2

Indicated

528.5

3.89

2,054.4

582.6

0.113

66.1

Inferred

28.4

5.66

160.7

31.3

0.165

5.2

Total

584.2

4.44

2,596.1

643.9

0.130

83.5

Argentina\*\*

Measured

11.4

2.35  
26.7  
12.6  
0.068  
0.9  
Indicated  
17.5  
3.24  
56.6  
19.2  
0.095  
1.8  
Inferred  
10.4  
3.03  
31.4  
11.4  
0.088  
1.0  
Total  
39.2  
2.93  
114.7  
43.2  
0.085  
3.7  
Australia\*\*  
Measured  
71.2  
1.08  
76.6  
78.5  
0.031  
2.5  
Indicated  
213.9  
0.87  
186.3  
235.8  
0.025  
6.0  
Inferred  
233.3  
0.73  
170.3  
257.1  
0.021  
5.5  
Total  
518.4  
0.84

433.2

571.5

0.024

13.9

Brazil\*\*

Measured

8.6

6.16

52.7

9.4

0.180

1.7

Indicated

18.5

7.35

136.3

20.4

0.214

4.4

Inferred

25.7

7.11

182.9

28.3

0.207

5.9

Total

52.8

7.04

371.8

58.2

0.205

12.0

Ghana\*\*

Measured

82.1

3.60

295.7

90.4

1.105

9.5

Indicated

93.3

4.77

445.4

102.9

0.139

14.3

Inferred

43.9

6.47

284.2  
48.4  
0.189  
9.1  
Total  
219.3  
4.68  
1,025.4  
241.8  
0.136  
33.0  
Guinea\*\*  
Measured  
18.7  
0.60  
11.2  
20.6  
0.018  
0.4  
Indicated  
74.1  
0.83  
61.5  
81.6  
0.024  
2.0  
Inferred  
131.4  
0.66  
86.4  
144.8  
0.019  
2.8  
Total  
224.1  
0.71  
159.2  
247.1  
0.021  
5.1  
Mali\*\*  
Measured  
18.8  
1.90  
35.7  
20.8  
0.055  
1.1  
Indicated  
23.4  
2.80

65.6  
25.8  
0.082  
2.1  
Inferred  
16.7  
2.48  
41.5  
18.4  
0.072  
1.3  
Total  
59.0  
2.42  
142.8  
65.0  
0.071  
4.6  
Namibia  
Measured  
11.4  
0.81  
9.3  
12.6  
0.024  
0.3  
Indicated  
53.8  
1.29  
69.1  
59.3  
0.037  
2.2  
Inferred  
33.7  
1.16  
38.9  
37.1  
0.034  
1.3  
Total  
98.9  
1.19  
117.3  
109.0  
0.035  
3.8  
Tanzania  
Measured  
4.0  
0.97

3.9  
4.5  
0.028  
0.1  
Indicated  
114.2  
3.32  
379.2  
125.8  
0.097  
12.2  
Inferred  
24.3  
3.09  
75.2  
26.8  
0.090  
2.4  
Total  
142.5  
3.22  
458.3  
157.1  
0.094  
14.7  
USA  
Measured  
180.2  
0.82  
148.3  
198.7  
0.024  
4.8  
Indicated  
95.7  
0.75  
71.5  
105.4  
0.022  
2.3  
Inferred  
14.1  
0.59  
8.3  
15.6  
0.017  
0.3  
Total  
290.0  
0.79  
228.1

319.7

0.023

7.3

Totals

Measured

433.7

2.40

1,041.1

478.1

0.070

33.5

Indicated

1,232.8

2.86

3,525.8

1,359.0

0.083

113.4

Inferred

561.9

1.92

1,079.9

619.4

0.056

34.7

Total

2,228.5

2.53

5,646.9

2,456.5

0.074

181.6

\*\* Resources attributable to AngloGold Ashanti

(1)

Inclusive of the Ore Reserve component

**Mineral Resources and Ore Reserves *cont.***

as at 31 December 2006



AngloGold Ashanti

Annual Financial Statements 2006\_Page 95

**Corporate governance**

**Board of directors**

*Corporate governance reference checklist*

Key category

Key indicator

Key information

Reference/Additional information

Chairman

Deputy chairman

Independent non-executive directors

Non-independent non-executive directors

Executive directors

Appointment and retirement of directors

Board

Russell Edey

Dr James Motlatsi

Frank Arisman

Reginald Bannerman

Elisabeth Bradley

Colin Brayshaw

Russell Edey

Joseph Mensah

Dr James Motlatsi

Prof. Wiseman Nkuhlu

Sipho Pityana

Dr Sam Jonah (President)

René Médori

Bill Nairn

Simon Thompson

Tony Trahar

Lazarus Zim

Bobby Godsell (CEO)

Neville Nicolau (COO: Africa)

Roberto Carvalho Silva (COO: International)

Srinivasan Venkatakrishnan (CFO)

Kelvin Williams (Marketing)

Directors retire by rotation every three years.

Board has the power to appoint new directors but such directors must resign and stand for election at the next annual general meeting following their appointment by the board.

All appointments to the board are reviewed by the Nominations Committee prior to nomination to the board  
17 directors (as at date of publication of this report)

Independent chairman and deputy chairman

Nine independent non-executive directors

Four executive directors

Five non-executive directors

(non-independent)

Board Charter

Sets out powers, responsibilities, functions, delegation of authority, and the areas of authority expressly reserved for the board

Approved by the board 30 July 2003; amended 27 October 2004

Independent director and chairman

Independent director and deputy chairman

Independent in terms of Listings Requirements of JSE Limited (JSE)

Sipho Pityana was appointed to the board effective 13 February 2007

Joseph Menash and Prof. Wiseman Nkuhlu were appointed to the board on 4 August 2006

Dr Sam Jonah resigned from the board on 12 February 2007

Lazarus Zim resigned from the board on 4 August 2006 together with his alternate David Barber.

Kelvin Williams retired from the board on 6 May 2006

The following directors were re-elected or elected at the annual general meeting on 5 May 2006:

Frank Arisman

Reginald Bannerman

Elisabeth Bradley

Roberto Carvalho Silva

Russell Edey

Bobby Godsell

René Médori

Dr James Motlatsi

Neville Nicolau

Srinivasan Venkatakrishnan

The following directors have been appointed by the board since the last annual general meeting:

Joseph Mensah (4 August 2006)

Prof. Wiseman Nkuhlu (4 August 2006)

Sipho Pityana (13 February 2007)

The following directors will stand for re-election or election at the annual general meeting in May 2007:

Frank Arisman

Reginald Bannerman

Joseph Mensah

Bill Nairn

Prof. Wiseman Nkuhlu

Simon Thompson

Sipho Pityana

Dr Sam Jonah resigned from the board on 12 February 2007. Colin Brayshaw and Tony Trahar retire from the board at the annual general meeting and have not made themselves available for re-election.

2006: 8 board meetings

Number of board committees: 9

Full biographical details, including each director's qualifications and year of appointment to the board, are available in the directors and executive management section on pages 20 to 24.

**Board  
committees**

***Corporate governance reference checklist***

Key category

Key indicator

Key information

Reference/Additional information

Audit and Corporate

Governance

Committee

Employment Equity

& Development

Committee

Executive Committee

Investment

Committee

Market Development

Committee

Nominations

Committee

Members:

Colin Brayshaw (Chairman)

Prof. Wiseman Nkuhlu (Deputy Chairman)

Frank Arisman

Elisabeth Bradley

Russell Edey

Members:

Dr James Motlatsi (Chairman)

Frank Arisman

Reginald Bannerman

Roberto Carvalho Silva

Bobby Godsell

Bill Nairn

Neville Nicolau

Lazarus Zim

Members:

Bobby Godsell (Chairman)

Roberto Carvalho Silva

Richard Duffy

Neville Nicolau

Thero Setiloane

Srinivasan Venkatakrishnan

Kelvin Williams

Members:

Russell Edey (Chairman)

Elisabeth Bradley

Roberto Carvalho Silva

Dr Sam Jonah

Joseph Mensah

Bill Nairn

Neville Nicolau

Simon Thompson  
Srinivasan Venkatakrishnan  
Peter Whitcutt  
Kelvin Williams

Members:

Elisabeth Bradley (Chairman)  
Frank Arisman  
Roberto Carvalho Silva  
Bobby Godsell  
Dr Sam Jonah  
Dr James Motlatsi  
Sipho Pityana  
Kelvin Williams  
Lazarus Zim

Members:

Russell Edey (Chairman)  
Frank Arisman  
Reginald Bannerman  
Elisabeth Bradley  
Colin Brayshaw  
Dr James Motlatsi  
Tony Trahar

Fully independent committee in terms of JSE's Listings  
Requirements and the United States' Sarbanes-Oxley  
Act

See page 100 for details on the committee

Prof. Wiseman Nkuhlu was appointed to the board on  
4 August 2006.

Financial experts for purposes of the Sarbanes-Oxley  
Act: Colin Brayshaw and Prof Wiseman Nkuhlu

2006: eight committee meetings

Independent chairman

Reginald Bannerman was appointed to the committee  
on 13 February 2007

See page 101 for details on the committee

2006: four committee meetings

Lazarus Zim resigned from the committee effective  
4 August 2006

Executive management committee comprising executive  
directors and the executive officers for business  
development and marketing

Meetings are generally held on a weekly basis

Kelvin Williams retired from the board on 6 May 2006

and accordingly ceased to be a member of the  
committee from that date. Thero Setiloane was  
appointed to the committee with effect from 22  
February 2006.

Independent chairman

See page 102 for details on the committee

2006: two committee meetings

Kelvin Williams retired from the board on 6 May 2006 and Dr Sam Jonah retired from the board on 12 February 2007 and accordingly they ceased to be members of the committee from those dates. Joseph Mensah was appointed to the committee effective 13 February 2007.

Independent chairman

See page 102 below for details on the committee

2006: two committee meetings

Lazarus Zim resigned from the committee effective 4 August 2006.

Kelvin Williams retired from the board on 6 May 2006 and Dr Sam Jonah retired from the board on 12 February 2007 and accordingly they ceased to be members of the committee from those dates. Siphon Pityana was appointed to the committee effective 13 February 2007.

Independent chairman

Majority independent committee (6 out of 7)

See page 102 for details on the committee

2006: one committee meeting

Reginald Bannerman was appointed to the committee on 5 May 2006

*Page 96\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

**Corporate governance *cont.***

AngloGold Ashanti

Annual Financial Statements 2006\_Page 97

**Board**

**committees**

**Directors'**

**policy**

**Insider**

**trading**

**Code of**

**ethics for**

**employee**

**Code of**

**ethics for**

**senior**

**financial**

**officers**

**Whistle**

**blowing**

**Disclosures**

**policy\***

*Corporate governance reference checklist*

Key category

Key indicator

Key information

Reference/Additional information

Political Donations

Committee

Remuneration

Committee\*

Safety, Health and

Sustainable

Development

Committee

Directors' induction

policy\*

Fit and proper

standards for directors

and company

secretaries policy\*

Professional advice

for directors policy\*

Market abuse (Insider

trading) policy\*

Code of ethics for

employees\*

Code of ethics for the

chief executive

officer, principal

financial officer and

senior financial

officers\*

Confidential reporting  
policy\*

Disclosures policy\*

Members:

Dr James Motlatsi (Chairman)

Elisabeth Bradley

Colin Brayshaw

Members:

Russell Edey (Chairman)

Reginald Bannerman

Colin Brayshaw

Tony Trahar

Members:

Bill Nairn (Chairman)

Sipho Pityana (Deputy Chairman)

Bobby Godsell

Dr Sam Jonah

Joseph Mensah

Dr James Motlatsi

Neville Nicolau

Simon Thompson

Approved by the board

30 January 2004

Approved by the board

30 January 2004

Approved by the board

30 January 2004

Policy approved by the board

30 October 2002;

amended 28 April 2005

Principles of Business Conduct

approved by the board

30 January 2003

Code approved by the board

30 July 2003. Amended July 2006.

Policy approved by the board

30 January 2004

Policy approved by the Executive

Committee on 6 December 2004

Fully independent committee

Policy on Political Donations\*

See page 102 for details on the committee

2006: No meetings

Independent chairman

Majority independent committee (3 out of 4)

See page 102 for details on the committee

2006: 3 committee meetings

Reginald Bannerman was appointed to the committee on

5 May 2006.

Non-executive chairman

See page 102 for details on the committee



2006: 4 committee meetings

Dr Sam Jonah retired from the board on 12 February

2007. Joseph Mensah and Sipho Pityana were appointed  
to the committee on 13 February 2007

See page 106 for details on the code of ethics

See page 106 for details on the code of ethics

See page 106 for details on the policy

See page 105 for details on the policy

\* Policies/Committee Charters/Board Charter/Codes available on the company website: [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com)  
under > About > Corporate governance > Guidelines.

AngloGold Ashanti is compliant with the South African King Code on Corporate Governance, 2002, (the King Code) except in a few areas where the company has chosen not to adhere. Areas of non-compliance with the King Code are fully detailed below as required by the Listings Requirements of the JSE. The company is compliant with the applicable corporate governance requirements of the Sarbanes-Oxley Act in the United States. Compliance with Section 404 of the Act is required for the 2006 financial year.

Significant corporate governance milestones achieved during the year include:

inclusion in the JSE Sustainability Index 2006;

being awarded first place in 2006 in the category of best annual report at the Institute of Chartered Secretaries and Administrators of Southern Africa and JSE Annual Report Awards, in the mining and non-mining resources sector;

being ranked seventh in the 2006 Accountability Rating:

South Africa by the UNISA Centre for Corporate Citizenship; and

receiving an Excellent Rating in the Ernst & Young Excellence in Sustainability Reporting Survey.

#### **The board of directors**

The board comprises a unitary board structure consisting of 18 directors who assume complete responsibility for the activities of the company, including the total risk management framework of the company. The board has a written charter that governs its powers, functions and responsibilities. The board contains the mix of skills, experience and knowledge required of a multinational gold company.

Directors' retirement follows a staggered process with one-third of the directors retiring at least every three years at the annual general meeting (AGM). A curriculum vitae of each director standing for re-election is placed before shareholders at the annual general meeting to help inform the process of re-election. The board is authorised by the company's articles of association to appoint new directors, provided such appointees retire at the next annual general meeting and stand for election by shareholders. A Nominations Committee has been established as a sub-committee of the board to help identify suitable candidates for appointment to the board. The executive directors are appointed by the board to oversee the day-to-day running of the company through effective supervision of management. Executive directors are held accountable by regular reporting to the board, and their performance is measured against pre-determined criteria as well as the performance of their respective business units.

Only executive directors have contracts of employment with the company. There are no contracts of service between the directors and the company, or any of its subsidiaries that are terminable at periods of notice exceeding one year or that require the payment of compensation. Non-executive directors do not hold service contracts with the company. Details on the remuneration of executive and non-executive directors are presented in the

Remuneration Report on page 126.

Non-executive directors provide the board with invaluable and balanced advice and experience that is independent of management and the executive. The presence of independent directors on the board, and the critical role they play as board representatives on key committees such as the Audit and Corporate Governance, Nominations, Political Donations and Remuneration committees, together with their calibre, experience and standing within the community, ensures that the company's interests are served by impartial views that are separate from those of management and shareholders.

**Corporate governance cont.**

*Page 98\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

**Annual Financial Statements** 2006 *Page 99*

During the course of 2006, Anglo American plc began the process of reducing its shareholding in the company with the effect that AngloGold Ashanti is no longer regarded as a controlled company as defined in the NYSE Listing Manual. The manual requires that all companies listed on the NYSE have a board comprising a majority of independent directors unless it is a controlled company. In any event, as a foreign private issuer listed on the NYSE and in terms of section 303A.00 of the NYSE Listing Manual, AngloGold Ashanti is not required to have a majority independent board if the company's primary exchange does not require this. The JSE, on which exchange the company has its primary listing, does not require a majority independent board.

In terms of board policy, a director will qualify as being independent provided AngloGold Ashanti has not, over the preceding year, done business in excess of \$10 million or 5% of the company's treasury business with the employer of that director. Furthermore, in compliance with JSE Listings Requirements, an independent director must not be a representative of a shareholder who has the ability to control or materially influence management and/or the board; not have been employed by the company or be the spouse of a person employed by the company in an executive role in the past three years; not been an adviser to the company other than in the capacity as a director of the company; not be a material supplier, customer or have a material contractual relationship with the company; and be free of any relationship that could be seen to materially interfere with the independence of that person. The board has affirmatively determined that all nine independent directors comply with these requirements of independence.

The board, its sub-committees, and the directors all completed an annual evaluation process to review their effectiveness. The chairman of each committee and the chairman of the board led the processes to evaluate the committees and the board respectively. Both the managing secretary and company secretary played a critical role in this process. The evaluation of each non-executive director's performance was led by the board chairman, while the assessment of the performance of the board chairman was led by the deputy chairman of the board. The performance evaluation of the executive directors is conducted by the Remuneration Committee. For full details, see Remuneration Committee on page 102.

A managing secretary and company secretary have been appointed to assist the board in its deliberations, informing members of their legal duties and ensuring, together with the executive directors and senior management, that its resolutions are carried out. Together with the investor relations department, the company secretarial function also provides a direct communications link with investors and liaises with the company's share registrars on all issues affecting shareholders. The company secretarial function, in consultation with other departments, furthermore, provides mandatory information required by various regulatory bodies and stock exchanges on which the company is listed.

The managing secretary and company secretary are responsible for compliance with all the statutory requirements related to the administration of the Share Incentive Scheme. The managing secretary and company secretary ensure that minutes of all shareholders', board and board committees' meetings are properly recorded in accordance with the South African Companies Act of 1973. The company secretarial and compliance functions also play a crucial role in the induction of new directors.

A compliance function has been established to assist the board and management to determine their statutory duties, ensure legal compliance and advise on issues of corporate governance.

All members of the board have access to management and the records of the company, as well as to external professional advisers should the need arise.

Eight board meetings took place during the course of 2006. All directors, or their designated alternates, attended the board meetings during their tenure except for Mr Médori who was unable to attend five meetings; Mr Thompson and Dr Jonah who were unable to attend four; Messrs Arisman and Bannerman and Dr Motlatsi who were unable to attend three and Messrs Brayshaw, Edey, Nairn, Trahar and Prof Nkuhlu who were unable to attend two. The non-executive directors met during the year in the absence of executive directors and management, and under the stewardship of the independent chairman of the board.

AngloGold Ashanti does not permit directors and key employees (that is, employees having access to price sensitive information) to trade in company shares during closed periods. Directors and key employees are required to follow a formal process before trading in the company's shares. Closed periods are in effect from the end of the reporting period to and including the date of publication of the quarterly, half-yearly and year-end results. Where appropriate, a closed period is also effective during periods when major transactions are being negotiated and a public announcement is imminent.

#### **Board sub-committees**

To facilitate the activities and deliberations of the board, the board has established a number of sub-committees, comprising members of the board, with written terms of reference governing the powers, functions and activities of each sub-committee.

Members of board committees have access to management and the records of the company, as well as to external professional advisers should the need arise. A description of each sub-committee is provided below.

##### **The Audit and Corporate Governance Committee**

The Audit and Corporate Governance Committee, inclusive of its chairman, comprises five independent non-executive directors. The Sarbanes-Oxley Act requires the board to identify a financial expert from its ranks. The board has resolved that Mr Brayshaw, chairman of the committee, and Professor Nkuhlu, the committee's deputy chairman, are the board's financial experts. All members of the committee have considerable financial knowledge and experience to help oversee and guide the board and the company in respect of the audit and corporate governance disciplines. In relation to independent directors' membership of the committee, AngloGold Ashanti deviates from the guidelines of the King Code but complies with the requirements of the Sarbanes-Oxley Act as the chief executive officer is not a member of the committee but, if required, may attend by invitation from the chairman of the committee. In addition, AngloGold Ashanti deviates from the guidelines of the King Code, in that the board chairman is a member of the committee. The board considers that the board chairman possesses invaluable experience and knowledge warranting his membership of the committee.

The group internal audit manager has unrestricted access to both the chief executive officer and the chief financial officer, the board chairman and the chairman of this committee, and is invited to

attend and report on his department's activities at all committee meetings. The board is confident that the unfettered access of the group internal audit manager to key board members, and the direct and regular reporting to the committee, together with his calibre, experience and integrity, enable him to discharge his duties as required by law and in fulfilment of his obligations to the company. The function, duties and powers of internal audit, for which the group internal audit manager is responsible, are governed by a formal internal audit charter that has been approved by the committee. In addition, the group internal audit manager meets with the committee members in the absence of management.

**Corporate governance *cont.***

*Page 100\_AngloGold Ashanti*

***\_Annual Financial Statements 2006***

AngloGold Ashanti

Annual Financial Statements 2006 Page 101

The committee meets regularly with the external audit partner, the group's internal audit manager and the executive officer: finance to review the audit plans of the internal and external auditors and ascertain the scope of the audits, and to review the half-yearly financial results, significant legal matters affecting the company, the preliminary announcement of the annual results and the annual financial statements, as well as all statutory submissions of a financial nature, prior to approval by the board.

The committee is furthermore, responsible for:

the appointment and dismissal of the external auditors;  
determining and approving external auditors' fees; overseeing the work of the external auditors; determining all non-audit work of the external auditors including consulting work, and pre-approving non-audit fees to be paid to the external auditors; and ensuring that the external auditors report regularly to the committee;

overseeing the internal audit function; receiving regular report back from the group internal audit manager; and the appointment and dismissal of the group internal audit manager;

assessing and reviewing the company's risk management framework; and

monitoring the group's corporate governance practices in relation to regulatory requirements and guidelines.

The external auditors also meet with committee members in the absence of management.

The committee met on eight occasions during 2006. All members of the committee, except Mr Edey who could not attend one meeting, attended each of the committee meetings. In addition, three meetings of the Audit and Corporate Governance sub-committee were held.

The NYSE rules require that the board determine whether a member of the committee's simultaneous service on more than three public companies' audit committees impairs the ability of such a member to effectively serve on a listed company's audit committee.

Mr Brayshaw, the chairman of the committee, is a member of nine (2005: eight) other public companies' audit committees and is the chairman of five (2005: four). Mrs Bradley is a member of three (2005: three) other public companies' audit committees and is the chairman of one (2005: one).

Mr Brayshaw is a retired managing partner and chairman of Deloitte & Touche, while Mrs Bradley has considerable financial and accounting experience. The board is confident that the experience, calibre and integrity of both directors together with their regular attendance and active contribution at meetings of the committee and the board, demonstrate their commitment to the company. The simultaneous service on other audit committees by Mr Brayshaw and Mrs Bradley has not impaired their ability to diligently execute their responsibilities to the committee, the board



or the company.

The Employment Equity and Development Committee

The committee is responsible for overseeing the company's performance in respect of employment equity by taking into account the legal requirements of applicable legislation and the monitoring targets set by the company. The committee is also responsible for employee skills development in a manner that seeks to retain and develop talent, and to provide employees with the opportunity to enhance their skills and knowledge. The committee met on four occasions during 2006. All members of the committee attended each meeting except Mr Zim who was unable to attend two meetings and Dr Motlatsi and Messrs Nicolau, Nairn and Carvalho Silva who were unable to attend one meeting each.

#### The Executive Committee

This committee is responsible for overseeing the day-to-day management of the company's affairs and for executing the decisions of the board. The committee meets generally on a weekly or ad hoc basis. The Management Committee (formerly the Operations Committee), responsible for overseeing the operational performance of the company, and the Finance Committee, responsible for overseeing the financial and administrative affairs of the company, are both sub-committees of the Executive Committee – see Other committees.

#### The Investment Committee

This committee is responsible for overseeing and reviewing strategic investments of the company. The committee met on two occasions during 2006. All members attended meetings of the committee except Mr Thompson who was unable to attend two meetings and Dr Jonah and Mr Nairn who were unable to attend one meeting each.

#### The Market Development Committee

This committee has been established to extend the influence of AngloGold Ashanti as a major global gold company in the development of a broader gold business, both nationally and internationally. The committee met on two occasions during 2006 with Dr Jonah unable to attend two meetings and Dr Motlatsi and Mr Zim unable to attend one meeting each.

#### The Nominations Committee

The appointment of directors is a matter for the board as a whole but the Nominations Committee is responsible for determining and recommending suitable candidates to the board. The fit and proper standards policy for directors guides this process. The committee is also responsible for establishing and reviewing succession plans for members of the board, particularly those of the chief executive officer and board chairman. The committee met on one occasion during 2006. All members of the committee, except Dr Motlatsi, attended the meeting.

#### The Political Donations Committee

The membership of the Political Donations Committee comprises three independent non-executive directors, and is chaired by the deputy chairman of the board. The committee determines the funding of political parties in South Africa in accordance with a formal policy adopted by the board on 29 April 2003 that sets the guiding principles for funding. The group's strategy on political funding is under review and, consequently, the committee did not meet in 2006.

#### The Remuneration Committee

The Remuneration Committee is responsible for evaluating the performance of executive directors and executive officers, and for setting appropriate remuneration for such officers of the company. Full details of the company's remuneration philosophy, the committee's deliberations during 2006, remuneration payments for all directors and information on the Share Incentive Scheme are available in the Remuneration Report on pages 126 to 133 of this Annual Report. The performances of the executive directors are considered relative to the prevailing business climate and market conditions, as well as to

annual evaluations of achievement of key predetermined objectives. Bonuses paid to executive directors are a reflection of the performance of each of the directors and the company as a whole. Executive directors have elected to receive no remuneration as directors of the company. The fees of non-executive directors are fixed by shareholders at the annual general meeting and, other than the fees they receive for their participation on board committees and an allowance for travelling internationally to attend board meetings, non-executive directors receive no further payments from the company. The committee met on three occasions during 2006. All members of the committee attended meetings of the committee except Messrs Brayshaw and Trahar who were unable to attend one meeting each. The Safety, Health and Sustainable Development Committee  
This committee is tasked with overseeing the company's performance regarding safety, health and sustainable development,

**Corporate governance cont.**

*Page 102\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

**Annual Financial Statements 2006** *Page 103*

and for establishing targets in relation to each of these areas. This committee met on four occasions during 2006. All members of the committee attended each committee meeting except for Messrs Godsell, Nicolau and Thompson who were unable to attend one meeting each and Dr Motlatsi and Dr Jonah who were unable to attend two and three meetings respectively.

**Other committees**

In addition to the committees of the board mentioned above, the executive committee has established a number of standing committees to oversee the day-to-day management of the company's affairs. The Finance Committee, which meets on a regular basis, is chaired by the chief financial officer and comprises a number of executive officers and members of senior management in the financial and legal fields. It is tasked with monitoring all financial, legal and administrative aspects of the company's affairs. The Management Committee (formerly the Operations Committee) meets on a monthly basis, is chaired by the chief executive officer and comprises all executive officers of the company and regional heads. The committee monitors and reviews the operational performance of the company. The Treasury Committee is chaired by an independent director, Mr Brayshaw, and comprises executive officers and senior management in the financial discipline. It is responsible for reviewing and evaluating market conditions, treasury operations and future hedging strategies.

**Employee and other stakeholder engagement**

The company has a variety of strategies and structures in place that are designed to promote constructive engagement with employees and other stakeholders. Full details of the company's initiatives and practices in respect of stakeholder engagement are contained in the AngloGold Ashanti Report to Society 2006, which is available on the company website, or the 2006 Annual Report website, [www.aga-reports.com](http://www.aga-reports.com).

**Employment equity and development**

In early October 2006, AngloGold Ashanti announced the proposed launch of an Employee Share Ownership Plan (ESOP) and a Black Economic Empowerment (BEE) transaction, both of which were approved by shareholders at a general meeting held on 11 December 2006. Shareholders approved the issue of up to 960,000 ordinary shares to nearly 31,000 South African employees eligible for participation of 30 shares per individual worker at an issue price of R320 per share. These shares were issued to the individual workers at nil cost. In addition, each eligible employee was allotted 90 E ordinary shares ("loan shares") issued at a fair value of R126.80 per share. These shares will vest in five equal tranches over the next eight years. The BEE transaction allows Izingwe Holdings (Pty) Ltd, a private South African investment company, to acquire 1.4 million 'loan shares' at an issue price of R0.25 per share under terms similar to those of the ESOP. In October 2006, AngloGold Ashanti submitted its sixth annual

employment equity report to the Department of Labour on progress made with the implementation of the company's employment equity plan in respect of its South African operations. The 2006 report indicates that some progress has been made year-on-year. Employment equity governance structures and monitoring processes have been entrenched at company and business unit levels. A Mining Charter Steering Committee has been established to lead and direct the overall process of compliance with the Charter. An external audit focusing on women in mining was undertaken in 2005. Issues identified by the audit are currently being addressed. The following is a summary of the 2006 report as required by section 22(1) of the Employment Equity Act of 1998. It should be noted that the 2006 Annual Employment Equity Report to the Department of Labour has been aligned as per the amended regulations to the Employment Equity Act that was launched by the Department of Labour as per Government Gazette 29130. The definition of 'non-permanent' employees now equates to 'casual workers' and not to contractors and has therefore affected the 'non-permanent worker' profile year-on-year.

2006  
 White Foreign  
 Male  
 Female  
 male  
 nationals(2)  
 Occupational levels  
 A  
 (1)  
 C  
 (1)  
 I  
 (1)  
 A  
 (1)  
 C  
 (1)  
 I  
 (1)  
 W  
 W  
 Male Female  
 Total(4) (5)  
 Top management  
 1  
 0  
 0  
 1  
 0  
 0  
 2  
 12  
 2  
 0  
 18  
 Senior management  
 3  
 1  
 6  
 1  
 0  
 0  
 9  
 135  
 14  
 2  
 171  
 Professionally qualified and experienced  
 specialists and mid-management  
 74  
 11

12  
16  
6  
8  
96  
532  
16  
3  
774  
Skilled technical and academically  
qualified workers, junior management,  
supervisors, foremen, and  
superintendents  
1,415  
51  
6  
222  
8  
6  
388  
2,109  
313  
4  
4,522  
Semi-skilled and discretionary  
decision making  
4,757  
22  
0  
463  
19  
5  
265  
187  
3,862  
2  
9,582  
Unskilled and defined decision  
making  
8,619  
22  
0  
777  
2  
1  
1  
94  
6,680  
25  
16,221  
Total permanent

14,869  
 107  
 24  
 1,480  
 35  
 20  
 761  
 3,069 10,887  
 36  
 31,288  
 Non-permanent employees  
 0  
 0  
 0  
 0  
 0  
 0  
 0  
 0  
 0  
 0  
 0  
 Grand total  
 14,869  
 107  
 24  
 1,480  
 35  
 20  
 761  
 3,069 10,887  
 36  
 31,288  
 Total(4) (5)  
 company  
 Foreign (including  
 Black White  
 Black  
 White  
 Total  
 %  
 nationals(2)  
 foreign  
 male(1)  
 male  
 female(1)  
 female  
 designated(5)  
 designated(5)  
 Male  
 Female



nationals)

Occupational levels

Top management

1

12

1

2

4

22

2

0

18

Senior management

10

135

1

9

20

12

14

2

171

Professionally qualified and  
experienced specialists and  
mid-management

97

532

30

96

223

29

16

3

774

Skilled technical and  
academically qualified  
workers, junior management,  
supervisors, foremen, and  
superintendents

1,472

2109

236

388

2096

46

313

4

4,522

Semi-skilled and  
discretionary decision  
making

4,779  
187  
487  
265  
5,531  
58  
3,862  
2  
9,582  
Unskilled and defined  
decision making  
8,641  
94  
780  
1  
9,422  
58  
6,680  
25  
16,221  
Total permanent  
15,000  
3,069  
1,535  
761  
17,296  
55  
10,887  
36  
31,288  
Non-permanent employees\*  
0  
0  
0  
0  
0  
0  
0  
0  
0  
0  
Grand total  
15,000  
3,069  
1,535  
761  
17,296  
55  
10,887  
36  
31,288  
Notes:

\* As advised by the Chamber of Mines – for 2006 onwards, “Non-Permanent employees refers to “casual workers”.  
Previously – we included  
our contract workers in this category.

(1)

Black = includes Africans, Coloureds & Indians

(2)

Foreign Nationals include any race – only distinguished as “Male” or “Female”

(3)

Above figures include all employees on SA Payroll.

(4)

Above figures include 429 PWDs (Persons With Disability)

(5)

“Designated” excludes White Males and Foreign Nationals

**Corporate governance cont.**

*Page 104\_AngloGold Ashanti\_Annual Financial Statements 2006*

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 105*

**Sustainable development**

The AngloGold Ashanti Report to Society 2006 is a reflection of the company's commitment to report on its impact and obligations in respect of its employees, the environment, economy and communities in which it operates. This report seeks to report on these issues to a wide range of stakeholders including shareholders, communities, employees and their representatives, local and national governments and other interested parties. The report has been designed to accord with the guidelines of the Global Reporting Initiative. The contents of the main, printed version of the report, including several major case studies, have been verified by independent auditors. In addition, the report incorporates a range of case studies and country reports which are available only as web-based documents. The entire report can be located at the company website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com), or the 2006 Annual Report website, [www.aga-reports.com](http://www.aga-reports.com). A limited number of hard copies of the main report are available on request from the Corporate Affairs department.

The company once again qualified for the JSE Socially Responsible Investment Index 2005, demonstrating its commitment to balancing the social, environmental and economic impacts of its business with its financial imperatives.

**Disclosures policy**

AngloGold Ashanti subscribes to a policy of full, accurate and consistent communication in respect of both its financial and operating affairs. To this end the company has adopted a Disclosures Policy, the object of which is to ensure compliance with the rules of the various exchanges on which it is listed and provide timely, accurate and reliable information fairly to all stakeholders, including investors (and potential investors), regulators and analysts. The policy is available on the company website.

**Compliance with Section 303A.11 of the NYSE Rules**

Section 303A.11 of the NYSE Rules requires a foreign-listed company on the exchange to identify significant differences between its corporate governance practices and those of a domestic company listed on the NYSE. The board does not comprise a majority of independent directors as the company's primary listing on the JSE does not require this.

The JSE Listings Requirements only require a sufficient number of independent directors. The company presently comprises nine independent directors out of a total of 18. The NYSE rules require fully independent nominations and remuneration committees. In compliance with JSE Listings Requirements, the company has a Nominations Committee and a Remuneration Committee. Both committees comprise solely of non-executive directors, the majority of whom are independent, and are chaired by the independent board chairman. The NYSE rules require the company to provide a written affirmation to the exchange in respect of the significant differences

between the NYSE and the JSE as detailed in this paragraph. These significant differences are disclosed on the company website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com).

**Electronic voting by shareholders**

The company has been in discussions with South African-based vendors for the provision of electronic voting at annual general meetings and electronic proxy voting prior to such meetings.

Electronic proxy voting will, as a first step, only be available to South African shareholders.

**Communications with directors**

In addition to any anonymous and confidential report stakeholders may wish to make using the whistle-blowing policy detailed below (under Codes of ethics and whistle-blowing policy), shareholders may address any issue, complaint or concern directly to the chairman of the board,

**Corporate governance cont.**

Page 106\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

the chairmen of any board committee or any director. Unless clearly addressed to a specific director and marked “Confidential”, all correspondence will be screened by the company secretary to determine to which director or board committee chairman the correspondence should be directed. The following contact details should be used:

Write to:

Name of director / board committee / Chairman of the board  
c/o Company Secretary AngloGold Ashanti Limited  
PO Box 62117 Marshalltown 2107 South Africa

Facsimile: +27 11 637 6677 (Attention: Company Secretary)

Email: [CompanySecretary@AngloGoldAshanti.com](mailto:CompanySecretary@AngloGoldAshanti.com)

Codes of ethics and whistle-blowing policy

In order to comply with the company’s obligations in terms of the Sarbanes-Oxley Act and the King Code, and in the interests of good governance, the company has adopted a code of ethics for employees, a code of ethics for senior financial officers, and a whistle-blowing policy that encourages employees and other stakeholders to confidentially and anonymously report acts of an unethical or illegal nature that affect the company’s interests. All reports made in terms of the whistle-blowing policy are fielded by a third party, Tip-Offs Anonymous, which ensures that all reports are treated confidentially or anonymously, depending on the preference of the caller. The information is relayed to management and internal audit for investigation. All reports and the progress of the investigations are conveyed to the Audit and Corporate Governance Committee by the group internal audit manager. Both codes and the whistle-blowing policy are available on the company website, [www.AngloGoldAshanti.com](http://www.AngloGoldAshanti.com)

**Extractive Industries Transparency Initiative**

The Extractive Industries Transparency Initiative (EITI) was launched by the UK Prime Minister, Tony Blair, at the World Summit on Sustainable

Development in Johannesburg, September 2002. The initiative is a partnership of governments, international organisations, companies, NGOs, investors and business and industrial organisations. Its aim is to increase transparency in transactions between governments and companies in the extractive industries in order to improve public awareness of the revenues from these transactions with these industries, thus increasing the likelihood that these companies will contribute to sustainable development and poverty reduction.

During 2006, AngloGold Ashanti formally became an organisational supporter of the EITI. While the company had been an active supporter of the initiative since its inception, both via the company’s membership of the ICMM and individual corporate action, it was felt timely to unambiguously state the company’s support.

As a matter of principle AngloGold Ashanti has established a practice of disclosing all payments made to governments in its annual Report to Society, regardless of whether the country is a formal supporter of the

EITI. (See the company's annual Reports to Society.) Furthermore, in countries where governments have indicated a desire to be a part of the process, AngloGold Ashanti is actively involved in contributing to the success of the initiative. These countries include Ghana, Guinea, Mali and the Democratic Republic of the Congo.

**Access to information**

The company has complied with its obligations in terms of the South African Promotion of Access to Information Act of 2000. The company's access to information manual is available on the company website and from the company secretarial department.

**Sponsor**

UBS acts as sponsor to the company in compliance with the Listings Requirements of the JSE.

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 107*

## **Risk management**

### **Risk management and internal controls**

The board, which has ultimate responsibility for the total risk management process within the group, reviews and approves the risk strategy and policies that are formulated by the executive directors and senior management. Management is accountable to the board and has established a group-wide system of internal control to manage significant group risk. This system assists the board in discharging its responsibility for ensuring that the wide range of risks associated with the group's global operations are effectively managed in support of the creation and preservation of shareholder wealth. The risk management policies are communicated to all relevant employees.

A full review of the risk, control and disclosure processes is undertaken annually to ensure that all additional requirements are incorporated into the system in the future. The systems are in place and the focus is on ensuring that the requirements of the King Code and the Sarbanes-Oxley Act are complied with timeously. In conducting its annual review of the effectiveness of risk management, the board considers the key findings from the ongoing monitoring and reporting process, management assertions and independent assurance reports. The board also takes account of material changes and trends in the risk profile, and considers whether the control system, including reporting, adequately supports the board in achieving its risk management objectives. The board furthermore, receives assurance from the Audit and Corporate Governance Committee, which derives its information, in part, from regular internal and external audit reports and, where considered necessary, from other reports on risk and internal control throughout the group.

The company has a sound system of internal control, based on the group's policies and guidelines, in all material subsidiaries and joint ventures under its control. In respect of those entities in which AngloGold Ashanti does not have a controlling interest, the directors who represent AngloGold Ashanti on the boards of these entities, seek assurance that significant risks are being managed.

The board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks and internal controls faced by the group and if any weaknesses are identified, these are promptly addressed.

The company's chief executive officer and chief financial officer are both required, in terms of the Sarbanes-Oxley Act, to certify on Form 20-F that its financial statements present a true and fair view, in all material respects, of the company's financial position, cash flows and operational results, in accordance with relevant accounting standards. The certificates further provide that both officers are responsible for establishing and maintaining disclosure and internal controls and procedures for financial reporting. The certification process is pre-approved by the board of directors prior to filing of the Form 20-F with



the SEC.

**Risk factors**

This section describes some of the risks that could materially affect an investment in AngloGold Ashanti. Additional risk factors not presently known or that are currently deemed immaterial may also impair the company's business operations.

The risk factors set out in this document have been organised into three categories:

- risks related to the gold mining industry generally;
- risks related to AngloGold Ashanti's operations; and
- risks related to AngloGold Ashanti's ordinary shares and ADSs.

Risks related to the gold mining industry generally

*The profitability of AngloGold Ashanti's operations, and the cash flows generated by these operations, are significantly affected by changes in the market price for gold.*

The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond AngloGold Ashanti's control, including:

- speculative positions taken by investors or traders in gold;
- changes in the demand for gold as an investment;
- changes in the demand for gold used in jewellery and for other industrial uses;
- changes in the supply of gold from production, disinvestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- the strength of the dollar (the currency in which the gold price trades internationally) relative to other major currencies;
- changes in interest rates;
- actual or expected gold sales by central banks and the IMF;
- gold sales by gold producers in forward transactions;
- global or regional political or economic events; and
- costs of gold production in major gold-producing nations, such as South Africa, the United States and Australia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, given the considerable size of above-ground stocks of the metal in comparison to other commodities, these factors typically do not affect the gold price in the same manner or to the same degree that the supply of and demand for other commodities tends to affect their market prices.

The following table presents the annual high, low and average afternoon fixing prices over the past 10 years, expressed in dollars, for gold per ounce on the London Bullion Market:

Year
High
Low
Average
1997
367
283
331
1998
314
273
287
1999
340
252
278
2000
317

262  
279  
2001  
298  
253  
271  
2002  
347  
278  
310  
2003  
417  
320  
364  
2004  
456  
371  
410  
2005  
536  
411  
445  
2006  
725  
525  
604

Source of data: Metals Week, Reuters and London Bullion Market Association

On 31 January 2007, the afternoon fixing price of gold on the London Bullion Market was \$650.50 per ounce.

In addition to the spot price of gold, a portion of AngloGold Ashanti's gold sales is determined at prices in accordance with the various hedging contracts that it has entered into, and will continue to enter into, with various gold hedging counterparts.

If revenue from gold sales falls below the cost of production for an extended period, AngloGold Ashanti may experience losses and be forced to curtail or suspend some or all of its capital projects or existing operations, particularly those operations having operating costs that are flexible to such short- to medium-term curtailment or closure, or it may change its past dividend payment policies. In addition, it would have to assess the economic impact of low gold prices on its ability to recover any losses that may be incurred during that period and on its ability to maintain adequate cash reserves.

**Risk management cont.**

Page 108\_AngloGold Ashanti

\_Annual Financial Statements 2006

AngloGold Ashanti

**Annual Financial Statements 2006** Page 109

*The profitability of AngloGold Ashanti's operations, and the cash flows generated by these operations, are significantly affected by fluctuations in the prices of input production factors, many of which are linked to the prices of oil and steel.*

Fuel, power and consumables, including diesel, heavy fuel oil, chemical reagents, explosives and tyres, which are used in mining operations form a relatively large part of the operating costs of any mining company. The cost of these consumables is linked, to a greater or lesser extent, to the price of oil. Furthermore, the cost of steel, which is used in the manufacture of most forms of fixed and mobile mining equipment, is also a relatively large contributor to the operating costs and capital expenditure of a mining company.

AngloGold Ashanti has estimated that for each \$1 per barrel rise in the oil price, the average cash costs of all its operations increase by \$0.33 per ounce with the cash costs of certain of its mines, which are more dependent on fuel, being more sensitive to changes in the price of oil.

Fluctuations in the price of oil and steel have a significant impact

upon operating cost and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in estimates of total expenditure for new mining projects. AngloGold Ashanti has no influence over the price of fuel, chemical reagents, explosives, steel and other commodities used in its mining activities. High oil and steel prices would have an adverse effect on the profitability of existing mining operations and the returns anticipated from new mining projects and could even render certain projects non-viable.

*AngloGold Ashanti's operations and development projects could be adversely affected by shortages of, as well as the lead times to deliver, strategic spares, critical consumables, heavy mining equipment and metallurgical plant.*

Due to the significant increase in the world's demand for commodities in recent years, the global mining industry is experiencing an increase in production capacity both in terms of expansions at existing, as well as the development of new, production facilities. This increase in expansion capacity has taken place, in certain instances, without a concomitant increase in the capacity for production of certain strategic spares, critical consumables and the mining and processing equipment used to operate and construct mining operations, resulting in shortages of, and an increase in the lead times to deliver, these items.

In particular, AngloGold Ashanti and other gold mining companies have experienced shortages in critical consumables like tyres for mobile mining equipment, as well as certain critical spares for both mining equipment and processing plants including, for example,

gears for the ball-mills. In addition, the company has experienced an increase in delivery times for these and other items. These shortages have also resulted in unanticipated increases in the prices of certain of these and other items. Shortages of critical spares, consumables and equipment result in production delays and production shortfalls. Increases in prices result in an increase in both operating costs and the capital expenditure to maintain and develop mining operations.

While suppliers and equipment manufacturers may increase capacity to meet the increased demand and therefore alleviate both shortages of, and time to deliver, strategic spares, critical consumables and mining and processing equipment, individually

the company has limited influence over manufacturers and suppliers. Consequently, shortages and increased lead times in the delivery of strategic spares, critical consumables, heavy mining and certain processing equipment could have an adverse impact upon AngloGold Ashanti's results of operations and its financial condition.

*Gold companies face many risks related to their operations (including their exploration and development activities) that may adversely affect their cash flows and overall profitability.*

*Uncertainty and cost of mineral exploration and acquisitions*

Exploration activities are speculative and are often unproductive.

These activities also often require substantial expenditure to: establish the presence, and to quantify the extent and grades (metal content), of mineralised material through exploration drilling;

determine appropriate metallurgical recovery processes to extract gold from the ore;

estimate Ore Reserves;

undertake feasibility studies and to estimate the technical and economic viability of the project; and

construct, renovate or expand mining and processing facilities.

Once gold mineralisation is discovered it can take several years to determine whether Ore Reserves exist. During this time the economic feasibility of production may change owing to fluctuations in factors that affect revenue, as well as cash and other operating costs.

From time to time, AngloGold Ashanti considers the acquisition of Ore Reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Its decisions to acquire these properties have historically been based on a variety of factors including historical operating results, estimates of and assumptions regarding the extent of Ore Reserves, cash and other operating costs, gold prices and projected economic returns and evaluations of existing or potential liabilities associated with the property and its operations and how these may change in the future. Other than historical operating results, all of these parameters are uncertain and have an impact upon revenue, cash and other operating issues, as well as the uncertainties related to the process used to estimate Ore Reserves. In addition, there is intense competition for the acquisition of attractive mining properties.

As a result of these uncertainties, the exploration programmes and acquisitions engaged in by AngloGold Ashanti may not result in the expansion or replacement of current production with new Ore Reserves or operations. This could adversely affect its operational results and financial condition.

*Development risks*

AngloGold Ashanti's profitability depends, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from its current estimates. The development of its mining projects may be subject to unexpected problems and delays.

AngloGold Ashanti's decision to develop a mineral property is typically based, in the case of an extension or, in the case of a new

development, on the results of a feasibility study. Feasibility studies estimate the expected or anticipated project economic returns. These estimates are based on assumptions regarding:

future gold, other metal and uranium prices;

anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;

anticipated recovery rates of gold, other metals and uranium from the ore;

anticipated capital expenditure and cash operating costs; and the required return on investment.

**Risk management cont.**

*Page 110\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

**Annual Financial Statements 2006** Page 111

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. Operating costs and capital expenditure are determined particularly by the costs of the commodity inputs, including the cost of fuel, chemical reagents, explosives, tyres and steel, that are consumed in mining activities and credits from by-products. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. In addition to those discussed above these uncertainties include:

the timing and cost, which can be considerable, of the construction of mining and processing facilities;

the availability and cost of skilled labour, power, water and transportation facilities;

the availability and cost of appropriate smelting and refining arrangements;

the need to obtain necessary environmental and other governmental permits and the timing of those permits; and

the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the start of mineral production could occur. Finally, operating cost and capital expenditure estimates could fluctuate considerably as a result of fluctuations in the prices of commodities consumed in the construction and operation of mining projects. Accordingly, AngloGold Ashanti's future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all.

*Ore Reserve estimation risks*

AngloGold Ashanti undertakes annual revisions to its Mineral Resource and Ore Reserve estimates based upon actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and other costs and economic parameters such as gold price and exchange rates. These factors may result in reductions in its Ore Reserve estimates, which could adversely affect the life-of-mine plans and consequently the total value of AngloGold Ashanti's mining asset base and, as a result, have an adverse effect upon the market price of AngloGold Ashanti's ordinary shares and ADSs.

*Mining industry risks*

Gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business. These events include, but are not limited to:

environmental hazards, including discharge of metals, pollutants



or hazardous chemicals;  
industrial accidents;  
underground fires;  
labour disputes;  
encountering unexpected geological formations;  
unanticipated ground and water conditions;  
unanticipated increases in gold lock-up and inventory levels at the company's heap-leach operations;  
fall-of-ground accidents in underground operations;  
failure of mining pit slopes and tailings dam walls;  
legal and regulatory restrictions and changes to such restrictions;  
seismic activity; and  
other natural phenomena, such as floods or inclement weather conditions.

Seismic activity is of particular concern to the gold mining industry in South Africa, in part because of the large percentage of deep-level

gold mines. To understand and manage this risk, AngloGold Ashanti uses sophisticated seismic and rock mechanics technologies.

Despite the implementation of this technology and modifications to mine layouts and support technology with a view to minimising the incidence and impact of seismic activity, seismic events have in the past, and may in the future, cause employee injury and death as well as substantial damage to AngloGold Ashanti's operations, both within South Africa and elsewhere where seismic activity may be a factor.

The occurrence of one or more of these events may result in the death of, or personal injury to, miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays and unanticipated fluctuations in production, environmental damage and potential legal liabilities. As a result, these events may have a material adverse effect on AngloGold Ashanti's operational results and its financial condition.

*Gold mining companies are increasingly required to consider and ensure the sustainable development of, and provide benefits to, the communities and countries in which they operate.*

Given public concern about the perceived ill-effects of economic globalisation, business generally, and in particular large multinational corporations such as AngloGold Ashanti, face increasing public scrutiny of their activities.

These businesses are under pressure to demonstrate that, as they seek to generate satisfactory returns on investment to shareholders, other "stakeholders" – including employees, communities surrounding operations and the countries in which they operate – benefit, and will continue to benefit from these commercial activities, which are also expected to minimise or eliminate any damage to the interests of those stakeholders. These pressures tend to be applied most strongly against companies whose activities are perceived to have a high impact on their social and physical environment. The potential consequences of such pressures, especially if not effectively managed, include reputational damage, legal suits and social spending obligations. All of these factors could have a material adverse effect on AngloGold Ashanti's results of operations and its financial condition.

*Gold mining operations are subject to extensive health and safety laws and regulations.*

Gold mining operations are subject to a variety of industry-specific health and safety laws and regulations, depending upon the jurisdiction in which they are located. These laws and regulations are formulated to improve and to protect the safety and health of employees. If these laws and regulations were to change and, if as a result, material additional expenditure were required to comply with such new laws and regulations, it could adversely affect AngloGold Ashanti's results of operations and its financial condition.

*Gold mining companies are subject to extensive environmental laws and regulations.*

Gold mining companies are subject to extensive environmental laws and regulations in the various jurisdictions in which they operate.

These regulations establish limits and conditions on gold producers' ability to conduct their operations. The cost of AngloGold Ashanti's compliance with environmental laws and regulations has been significant and is expected to continue to be significant.

Gold mining companies are required to close their operations and rehabilitate the lands that they mine in accordance with environmental laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are

**Risk management *cont.***

*Page 112\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 113

significant and based principally on current legal and regulatory requirements that may change materially. Environmental liabilities accrue when they are known, probable and can be reasonably estimated. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations, which could have an adverse effect on AngloGold Ashanti's financial condition.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If AngloGold Ashanti's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, its expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect AngloGold Ashanti's results of operations and its financial condition.

**Risks related to AngloGold Ashanti's operations**

*AngloGold Ashanti faces many risks related to its operations that may affect its cash flows and overall profitability.*

AngloGold Ashanti uses hedging instruments to protect against low gold prices and exchange rate movements, which may prevent it from realising all potential gains resulting from subsequent gold price increases in the future. AngloGold Ashanti currently uses hedging instruments to fix the selling price of a portion of its respective anticipated gold production and to protect revenues against unfavourable gold price and exchange rate movements. While the use of these instruments may protect against a drop in gold prices and exchange rate movements, it will do so for only a limited period of time and only to the extent that the hedge remains in place. The use of these instruments may also prevent AngloGold Ashanti from fully realising the positive impact on income from any subsequent favourable increase in the price of gold on the portion of production covered by the hedge and of any subsequent favourable exchange rate movements.

A significant number of AngloGold Ashanti's hedge contracts are not fair valued on the financial statements as they fall under the normal purchase normal sale exemption. Should AngloGold Ashanti fail to deliver gold into those contracts in accordance with their terms, then it would need to account for the fair value of all of its hedge contracts on the financial statements, which could adversely affect AngloGold Ashanti's reported financial condition.

AngloGold Ashanti has also entered into long-term contracts for the sale of uranium produced by some of its South African operations (for details see page 262). AngloGold Ashanti may therefore be prevented from realising all potential gains from increases in uranium prices to the extent that they are covered by such contracts. Furthermore, should AngloGold Ashanti not produce sufficient

quantities of uranium to cover such contracts, it may need to borrow or procure uranium in the market to meet any shortfall which could adversely affect AngloGold Ashanti's results from operations and its financial condition.

AngloGold Ashanti has also entered into long-term contracts for the sale of uranium produced by some of its South African operations and may therefore be prevented from realising all potential gains from increase in uranium prices to the extent that they are covered by such contracts. Furthermore, should AngloGold Ashanti not produce sufficient quantities of uranium to cover such contracts, it may need to procure or borrow uranium in the market to meet any shortfall which could adversely affect AngloGold Ashanti's results from operations and its financial condition.

*Foreign exchange fluctuations could have a material adverse effect on AngloGold Ashanti's operating results and financial condition.*

Gold is principally a dollar-priced commodity, and most of AngloGold Ashanti's revenues are realised in or linked to dollars while production costs are largely incurred in the applicable local currency where the relevant operation is located. The weakening of the dollar, without a corresponding increase in the dollar price of gold against these local currencies, results in higher production costs in dollar terms.

Conversely, the strengthening of the dollar, without a corresponding decrease in the dollar price of gold against these local currencies yields significantly higher revenues and lower production costs in dollar terms. If material, these exchange rate movements may have a material adverse effect on AngloGold Ashanti's results of operations. Since June 2002, the weakening of the dollar against the South African rand, the Brazilian real, the Argentinean peso and the Australian dollar has had a negative impact upon AngloGold Ashanti's profitability. Conversely, in certain prior years, the devaluation of these local currencies against the dollar has had a significant positive effect on the profitability of AngloGold Ashanti's operations. In 2006, 2005 and 2004, AngloGold Ashanti derived approximately 66%, 67% and 74%, respectively, of its revenues from these countries and approximately 58%, 63% and 72%, respectively, of production costs in these local currencies.

In 2006, the strengthening of the dollar against these local currencies reduced cash costs by nearly \$7 per ounce. In 2005, the weakening of the dollar against these local currencies accounted for nearly \$4 per ounce or 24% of the increase in total cash costs from 2004. These impacts were partially offset by the increase in the dollar price of gold, which increase was to some extent a function of dollar weakness. In addition, production costs in South African rand, Brazilian real, Argentinean peso and Australian dollar terms were only modestly offset by the effect of exchange rate movements on the price of imports denominated in dollars, as imported products comprise a small proportion of production costs in each of these countries.

To a lesser extent, and mainly as a result of AngloGold Ashanti's hedging instruments, a small proportion of its revenues are denominated in South African rands and Australian dollars, which may partially offset the effect of the dollar's strength or weakness on AngloGold Ashanti's profitability.

In addition, due to its global operations and local foreign exchange regulations, some of AngloGold Ashanti's funds are held in local currencies, such as the South African rand and Australian dollar.

The dollar value of these currencies may be affected by exchange rate fluctuations. If material, exchange rate movements may adversely affect AngloGold Ashanti's financial condition.

*AngloGold Ashanti's level of indebtedness may adversely affect its business.*

As of 31 December 2006, AngloGold Ashanti had gross borrowings of around \$1.48 billion. This level of indebtedness could have adverse effects on AngloGold Ashanti's flexibility to do business. Under the terms of AngloGold Ashanti's borrowing facilities from its banks it is obliged to meet certain financial and other covenants. AngloGold Ashanti expects to meet these covenants and to be able to pay principal and interest on its debt by utilising the cash flows from operations and, therefore, its ability to do so will depend upon its future

**Risk management cont.**

*Page 114*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 115

financial performance which will be affected by its operating performance as well as by financial and other factors, certain of which are beyond its control. AngloGold Ashanti may be required to utilise a large portion of its cash flow to pay the principal and interest on its debt which will reduce the amount of funds available to finance existing operations, the development of new organic growth opportunities and further acquisitions. AngloGold Ashanti's level of indebtedness may make it vulnerable to economic cycle downturns, which are beyond its control, because during such downturns, it cannot be certain that its future cash flows will be sufficient to allow it to pay principal and interest on its debt and also to meet its other obligations. Should the cash flow from operations be insufficient, it could breach its financial and other covenants and may be required to refinance all or part of its existing debt, utilise existing cash balances, issue additional equity or sell assets. AngloGold Ashanti cannot be sure that it will be able to do so on commercially reasonable terms, if at all.

*Inflation may have a material adverse effect on AngloGold Ashanti's results of operations.*

Most of AngloGold Ashanti's operations are located in countries that have experienced high rates of inflation during certain periods. Because it is unable to control the market price at which it sells the gold it produces (except to the extent that it enters into forward sales and other derivative contracts), it is possible that significantly higher future inflation in the countries in which AngloGold Ashanti operates may result in an increase in future operational costs in local currencies, without a concurrent devaluation of the local currency of operations against the dollar or an increase in the dollar price of gold. This could have a material adverse effect upon AngloGold Ashanti's results of operations and its financial condition.

While none of AngloGold Ashanti's specific operations is currently materially adversely affected by inflation, significantly higher and sustained inflation in the future, with a consequent increase in operational costs, could result in operations being discontinued or reduced or rationalised at higher cost mines.

*AngloGold Ashanti's new order mining rights in South Africa could be suspended or cancelled should the company breach, and fail to remedy such breach of, its obligations in respect of the acquisition of these rights.*

AngloGold Ashanti's rights to own and exploit mineral reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of its mineral reserves and deposits are located in South Africa.

The Mineral and Petroleum Resources Development Act (MPRDA) vests custodianship of South Africa's mineral rights in the State. The State issues prospecting rights or mining rights to applicants. Prospecting, mining and mineral rights formerly regulated under the Minerals Act 50 of 1991 and common law are now known as old order mining rights and the transitional arrangements provided in



Schedule II to the MPRDA give holders of such old order mining rights the opportunity to convert their old order mining rights into new order mining rights within specified time frames.

The Department of Minerals and Energy (DME) has published, pursuant to the MPRDA, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Charter).

Compliance with the Charter, which is measured using a designated Scorecard, requires that every mining company achieve 15% ownership by Historically Disadvantaged South Africans (HDSA) of its South African mining assets by 1 May 2009, and 26% ownership

by 1 May 2014 and achieve participation by HDSAs in various other aspects of management referred to below. The company has submitted to the DME two Social and Labour Plans – one for each main mining region – detailing its specific goals in these areas.

The Scorecard allows for a portion of “offset” against these HDSA equity participation requirements insofar as companies have facilitated downstream, value-adding activities in respect of the products they mine. AngloGold Ashanti carries out such downstream activities and believes these will be recognised in terms of a framework currently being devised by the South African government.

AngloGold Ashanti has completed a number of asset sales to companies owned by HDSAs in the past seven years (estimates to be equivalent to 20% of AngloGold Ashanti’s production in South Africa). Furthermore, at the end of 2006 AngloGold Ashanti implemented an Employee Share Ownership Program (ESOP) and black economic empowerment (BEE) transaction, collectively with a value equivalent to approximately 6% of its South African assets. This is consistent with the company’s stated strategic intention to develop means of promoting broad based equity participation in the company by HDSAs and with an undertaking made to the DME as a condition for the granting to the company of its new order mineral rights. AngloGold Ashanti believes that it has made significant progress towards meeting the requirements of the Charter, the Scorecard and its own undertakings in terms of human resource development, employment equity, mine community and rural development, housing and living conditions, procurement and beneficiation, including the implementation of programmes to help achieve the requirement of having 40% of management roles being held by HDSAs by 2010. AngloGold Ashanti may incur expenses in giving further effect to the Charter and the Scorecard and, if established, the implementation of an ESOP may have an adverse impact on the company’s results of operations.

AngloGold Ashanti was informed on 1 August 2005 by the Director General of Minerals and Energy that its applications to convert its old order mining rights to new order mining rights for its West Wits and Vaal River operations, as well as its applications for new mining rights to extend its mining areas at its TauTona and Kopanang mines had been successful. These applications relate to all of its existing operations in South Africa. The notarial agreement for the West Wits operations has subsequently been executed and registered. The notarial agreement for the Vaal River operations is pending.

AngloGold Ashanti submitted two applications to DME for the conversion of two unused old order prospecting rights to new order prospecting rights, one of which it has subsequently withdrawn. The DME has approved the conversion of the remaining prospecting right which has been lodged for registration.

Even where new order mining rights are obtained under the MPRDA, these rights may not be equivalent to the old order mining rights. The AngloGold Ashanti rights that have been converted and registered do not differ significantly from the relevant old order rights. The duration of the new rights will no longer be perpetual as was the

case under old order mining rights but rather will be granted for a maximum period of 30 years, with renewals of up to 30 years each and, in the case of prospecting rights, a maximum period of five years with one renewal of up to three years. Furthermore, the MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition and non-exclusion of others. In addition, the new order rights will only be transferable subject to the approval of the Minister of Minerals and Energy.

The new order mining rights can be suspended or cancelled by the Minister of Minerals and Energy if, upon notice of a breach from the Minister, the entity breaching its obligations in terms of the guidelines

**Risk management cont.**

*Page 116\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 117

issued for converted mining rights fails to remedy such breach. The MPRDA also imposes additional responsibilities on mining companies relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. AngloGold Ashanti has a policy of evaluating, minimising and addressing the environmental consequences of its activities and, consistent with this policy and the MPRDA, conduct an annual review of the environmental costs and liabilities associated with the group's South African operations in light of the new, as well as existing, environmental requirements.

*The proposed introduction of South African State royalties, where a significant portion of AngloGold Ashanti's mineral reserves and operations are located, could have an adverse effect on its results of operations and its financial condition.*

The South African government has announced the details of the proposed new legislation, whereby the new order rights will be subject to a State royalty. The Mineral and Petroleum Resources Royalty Bill was published on 11 October 2006 and provides for the payment of a royalty of 1.5% of gross revenue per year, payable quarterly. The royalty is tax deductible and the cost after tax amounts to a rate of 0.825% at the prevailing marginal tax rate applicable to the company. The payment of royalties will commence on 1 May 2009 if the Bill is passed by Parliament in its current form.

*Certain factors may affect AngloGold Ashanti's ability to support the carrying value of its property, plants and equipment, acquired properties, investments and goodwill on its balance sheet.*

AngloGold Ashanti reviews and tests the carrying value of its assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. AngloGold Ashanti values individual mining assets at the lowest level for which identifiable cash flows are identifiable as independent of cash flows of other mining assets and liabilities. If there are indications that impairment may have occurred, AngloGold Ashanti prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

For further details see note 16 to the group financial statements (Tangible assets – impairment calculations).

If any of these uncertainties occur either alone or in combination, it could require management to recognise an impairment, which could adversely affect AngloGold Ashanti's financial condition.

*AngloGold Ashanti's mineral reserves and deposits and mining operations are located in countries that face political, economic and security risks.*

Some of AngloGold Ashanti's mineral deposits and mining and

exploration operations are located in countries that have experienced political instability and economic uncertainty. In all of the countries where AngloGold Ashanti operates, the formulation or implementation of government policies may be unpredictable on certain issues including regulations which impact on its operations and changes in laws relating to issues such as mineral rights and asset ownership, taxation, royalties, import and export duties, currency transfers, restrictions on foreign currency holdings and repatriation of earnings. Any existing and new mining and exploration operations and projects AngloGold Ashanti carries out in these countries are, and will be

subject to, various national and local laws, policies and regulations governing the ownership, prospecting, development and mining of mineral reserves, taxation and royalties, exchange controls, import and export duties and restrictions, investment approvals, employee and social/community relations and other matters. If, in one or more of these countries, AngloGold Ashanti was not able to obtain or maintain necessary permits, authorisations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal, ownership, fiscal (including all royalties and duties), exchange control, employment, environmental and social laws and regimes, or the governing political authorities change materially which could result in changes to such laws and regimes, its results of operations and its financial condition could be adversely affected.

In Mali and Tanzania, AngloGold Ashanti is due refunds of input tax which remain outstanding for periods longer than those provided for in the respective statutes. In addition, AngloGold Ashanti has unresolved tax disputes in a number of countries. If the outstanding input taxes are not received and the tax disputes are not resolved in a manner favourable to AngloGold Ashanti, it could have an adverse effect upon its results of operations and its financial condition.

Certain of the countries in which AngloGold Ashanti has mineral deposits or mining or exploration operations, including the Democratic Republic of Congo and Colombia, have in the past experienced and in certain cases continue to experience, a difficult security environment as well as political instability. In particular, various illegal groups active in regions in which the company is present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on the company's operations in such regions. In the event that continued operations in these countries compromise AngloGold Ashanti's security or business principles, it may withdraw from these countries on a temporary or permanent basis, which in turn, could have an adverse impact on its results of operations and its financial condition.

*Labour disruptions could have an adverse effect on AngloGold Ashanti's operating results and financial condition.*

As at 31 December 2006, approximately 69% (2005: 72%) of AngloGold Ashanti's workforce excluding contractors or 62% of total workforce was located in South Africa. Approximately 97.8% of the workforce on its South African operations is unionised, with the National Union of Mineworkers (NUM) representing the majority of unionised workers.

AngloGold Ashanti's employees in some South American countries and Ghana are also highly unionised. Trade unions have a significant impact on AngloGold Ashanti's labour relations climate, as well as on social and political reforms, most notably in South Africa. AngloGold currently enjoys healthy relations with the relevant trade unions and industry representatives. This is in part due to the presence of the representative unions and the part they play in ensuring orderly collective bargaining. Furthermore, AngloGold Ashanti has instituted a number of processes at both mine and at company level, whereby

management and unions interact regularly and address areas of difference as they arise. It has become established practice to negotiate wages and conditions of employment with the unions every two years through the Chamber of Mines of South Africa. A two-year wage agreement was signed with the NUM in August 2005, following negotiations between the NUM, UASA (on behalf of some clerical and junior management staff) and Solidarity (on behalf of a small number of miners) and the Chamber of Mines.

Agreement was only reached after a four-day strike which affected all of AngloGold Ashanti's operations in South Africa. In contrast with previous strikes, this stoppage was peaceful and orderly and it is

**Risk management cont.**

*Page 118\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 119

estimated that lost production, as a result of the strike, was made up in a reasonably short time period.

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of AngloGold Ashanti's operations. It is uncertain whether labour disruptions will be used to advocate labour, political or social goals in the future. Should any labour disruptions occur, if material, they could have an adverse effect on AngloGold Ashanti's results of operations and its financial condition.

*The use of mining contractors at certain of AngloGold Ashanti's operations may expose it to delays or suspensions in mining activities.*

Mining contractors are used at certain of AngloGold Ashanti's mines, including Sadiola, Morila and Yatela in Mali, Siguiri in Guinea, Iduapriem in Ghana and Sunrise Dam in Australia, to mine and deliver ore to processing plants. Consequently, at these mines, AngloGold Ashanti does not own all of the mining equipment and may face disruption of operations and incur costs and liabilities in the event that any of the mining contractors at these mines has financial difficulties, or should there be a dispute in renegotiating a mining contract, or a delay in replacing an existing contractor.

*AngloGold Ashanti competes with mining and other companies for key human resources.*

AngloGold Ashanti competes with mining and other companies to attract and retain key executives and other employees with appropriate technical skills and managerial experience necessary to continue to operate its business. The retention of staff is particularly challenging in South Africa, where AngloGold Ashanti is required to achieve employment equity targets of participation by HDSAs in management and other positions. AngloGold Ashanti competes with all companies in South Africa to attract and retain a small but growing pool of HDSAs with the necessary skills and experience. For further details see the risk factor "AngloGold Ashanti's new order mineral rights in South Africa could be suspended or cancelled should the company breach, and fail to remedy such breach of, its obligations in respect of the acquisition of these rights".

There can be no assurance that AngloGold Ashanti will attract and retain skilled and experienced employees and, should it lose any of its key personnel, its business may be harmed and its results of operations and its financial condition could be adversely affected.

*AngloGold Ashanti faces certain risks in dealing with HIV/AIDS which may adversely affect its results of operations and its financial condition.*

AIDS remains the major health care challenge faced by AngloGold Ashanti's South African operations. Accurate prevalence data for AIDS is not available. The South African workforce prevalence studies indicate that the percentage of AngloGold Ashanti's South African workforce that may be infected by HIV may be as high as 30%. AngloGold Ashanti is continuing to develop and implement various



programmes aimed at helping those who have been infected with HIV and preventing new infections. Since 2002 AngloGold Ashanti has offered a voluntary monitored anti-retroviral therapy (ART) programme for employees in South Africa who are infected with HIV. This programme offers a triple combination drug regimen of ART to wellness clinic patients that meet the medical eligibility criteria for starting treatment. From April 2003, AngloGold Ashanti commenced a roll-out of the treatment to all eligible employees desiring it. Currently approximately 4,500 employees are on the wellness programme and as at December 2006, approximately 1,450 employees were receiving treatment using anti-retroviral drugs.

The cost of providing rigorous outcome-focused disease management of employees with AIDS, including the provision of an anti-retroviral therapy, is on average R1,300 (\$185) per employee on treatment per month. It is not yet possible to develop an accurate cost estimate of the programme in its entirety, given uncertainties such as drug prices and the ultimate rate of employee participation. AngloGold Ashanti does not expect the cost that it will incur related to the prevention of HIV infection and the treatment of AIDS to materially and adversely affect the results of operations. Nevertheless, it is not possible to determine with certainty the costs that AngloGold Ashanti may incur in the future in addressing this issue, and consequently its results of operations and its financial condition could be adversely affected.

*AngloGold Ashanti faces certain risks in dealing with malaria, particularly at its operations located in Africa, which may have an adverse effect on its results of operations.*

Malaria is a significant health risk at all of AngloGold Ashanti's operations in Central, West and East Africa where the disease assumes epidemic proportions because of ineffective national control programs. The disease is a major cause of death in young children and pregnant women but also gives rise to fatalities and absenteeism in adult men. Consequently, if uncontrolled, the disease could have an adverse effect upon productivity and profitability levels of AngloGold Ashanti's operations located in these regions.

*The treatment of occupational health diseases and the potential liabilities related to occupational health disease may have an adverse effect upon the results of AngloGold Ashanti's operations and its financial condition.*

The primary areas of focus in respect of occupational health within AngloGold Ashanti's operations are noise-induced hearing loss (NIHL), occupational lung diseases (OLD) and tuberculosis (TB). AngloGold Ashanti incurs costs in providing occupational health services to its employees at various occupational health centres and it continues to implement initiatives with a view to limiting the incidence and severity of these occupational health diseases. If the costs associated with providing such occupational health services increase, such increase could have an adverse effect on AngloGold Ashanti's results of operations and its financial condition.

Furthermore, the South African government, by way of a cabinet resolution in 1999, proposed a possible combination and alignment of benefits of the Occupational Diseases in Mines and Works Act (ODMWA) that provides for compensation to miners who have OLD, TB and combinations thereof, and the Compensation for Occupational Injuries and Diseases Act (COIDA) that provides for compensation to non-miners who have OLD, as well as compensation to both miners and non-miners who suffer accidental injury in the workplace. Based on a recently proposed resolution, it is possible that these acts will be combined in the future.

COIDA provides for compensation payments to workers suffering permanent disabilities from OLD, which are classified as pension

liabilities if the permanent disability is above a certain threshold, or a lump sum compensation payment if the permanent disability is below a certain threshold. ODMWA only provides for a lump sum compensation payment to workers suffering from OLD. The capitalised value of a pension liability (in accordance with COIDA) is usually greater than that of a lump sum compensation payment (under ODMWA). In addition, under COIDA compensation becomes payable at a lower threshold of permanent disability than under ODMWA. It is estimated that under COIDA about two to three times as many of AngloGold Ashanti's employees would be compensated as compared with those eligible for compensation

**Risk management cont.**

*Page 120*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 121

under ODMWA. If the proposed combination of COIDA and ODMWA were to occur, this could further increase the level of compensation claims AngloGold Ashanti could be subject to and consequently could have an adverse effect on its financial condition.

*The costs associated with the pumping of water inflows from closed mines adjacent to AngloGold Ashanti's operations could have an adverse effect upon its results of operations.*

Certain of AngloGold Ashanti's mining operations are located adjacent to the mining operations of other mining companies. The closure of a mining operation may have an impact upon continued operations at the adjacent mine if appropriate preventative steps are not taken. In particular, this can include the ingress of underground water where pumping operations at the adjacent closed mine are suspended. Such ingress could have an adverse effect upon any one of AngloGold Ashanti's mining operations as a result of property damage, disruption to operations and additional pumping costs.

AngloGold Ashanti has embarked on legal action in South Africa after the owner of an adjacent mine put the company owning the adjacent mining operation into liquidation, raising questions about its and other companies' willingness to meet their water pumping obligations. The relevant mining companies are negotiating a settlement agreement with the anticipated result being that the mining companies will establish a not for profit water company to conduct the water pumping activities at the highest lying shaft which is owned by Stilfontein Gold Mining Company (in liquidation). The three mining companies will contribute equally to the cost of establishing and initially running the water company until it becomes self funding.

*Some of AngloGold Ashanti's power supplies are not always reliable and have on occasion forced it to halt or curtail activities at its mines. Power fluctuations and power cost increases may adversely affect AngloGold Ashanti's results of operations and its financial condition.*

All of AngloGold Ashanti's mining operations in Ghana are dependent for their electricity supply on hydro-electric power supplied by the Volta River Authority (VRA), an entity controlled by the government of Ghana, although AngloGold Ashanti also has access to VRA electricity supply from a recently constructed smaller thermal plant.

The VRA's principal electricity generating facility is the Akosombo Dam and during periods of below average inflows from the Volta reservoir, electricity supplies from the Akosombo Dam may be curtailed, as occurred in 1998. In addition, this electricity supply has been subject to voltage fluctuations, which can damage the group's equipment. The VRA also obtains power from neighbouring Côte

d'Ivoire, which has intermittently experienced some political instability and civil unrest. These factors, including increased power demand from other users in Ghana, may cause interruptions in AngloGold Ashanti's power supply to its operations in Ghana or result in increases in the cost of power even if they do not interrupt supply. Consequently, these factors may adversely affect AngloGold Ashanti's results of operations and its financial condition.

In order to address this problem and to supplement the power generated by the VRA, AngloGold Ashanti together with the other three principal gold producers in Ghana namely, Gold Fields Limited, Golden Star Limited and Newmont Mining Corporation, has agreed to acquire (and equally fund), and 85MW, diesel-fired, power plant that could be converted to gas supply once the anticipated West African Gas Pipeline is developed. AngloGold Ashanti's share of the

acquisition cost and construction of this power plant is \$9 million. AngloGold Ashanti believes that this additional power should alleviate any current power shortages unless the power supply from the VRA further deteriorates as a result of either reduced power generation or increased demand from other users.

AngloGold Ashanti's mining operations in Guinea, Tanzania and Mali are dependent on power supplied by outside contractors and supplies of fuel being delivered by road. AngloGold Ashanti's power supply has been disrupted in the past and it has suffered resulting production losses as a result of equipment failure. Recently, South Africa has started to experience power outages. Should similar events occur in future, or should fluctuations or power cost increases adversely affect AngloGold Ashanti's other operations, this would have an adverse effect on AngloGold Ashanti's operational results and its financial condition.

*The occurrence of events for which AngloGold Ashanti is not insured or for which its insurance is inadequate may adversely affect its cash flows and overall profitability.*

AngloGold Ashanti maintains insurance to protect only against catastrophic events which could have a significant adverse effect on its operations and profitability. This insurance is maintained in amounts that are believed to be reasonable depending upon the circumstances surrounding each identified risk. However, AngloGold Ashanti's insurance does not cover all potential risks associated with its business. In addition, AngloGold Ashanti may elect not to insure certain risks, due to the high premiums associated with insuring those risks or for various other reasons, including an assessment that the risks are remote.

Furthermore, AngloGold Ashanti may not be able to obtain insurance coverage at acceptable premiums. AngloGold Ashanti has a captive insurance company, namely AGR Insurance Company Limited, which participates at various levels in certain of the insurances maintained by AngloGold Ashanti. The occurrence of events for which it is not insured may adversely affect AngloGold Ashanti's cash flows and overall profitability.

Risks related to AngloGold Ashanti's ordinary shares and American Depositary Shares (ADSs)

*Sales of large quantities of AngloGold Ashanti's ordinary shares and ADSs, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities.*

The market price of AngloGold Ashanti's ordinary shares or ADSs could fall if large quantities of ordinary shares or ADSs are sold in the public market, or there is the perception in the marketplace that such sales could occur. Holders of AngloGold Ashanti's ordinary shares or ADSs may decide to sell them at any time. For example, in April 2006 Anglo American plc (AAplc) sold \$1 billion worth of ordinary shares it held in AngloGold Ashanti, reducing AAplc's shareholding in the company from approximately 51% of outstanding shares to 41.67% as at 31 December 2006. AAplc has stated that it intends to reduce and ultimately to exit its gold

company holdings and that it will continue to explore all available options to exit AngloGold Ashanti in an orderly manner. AngloGold Ashanti has entered into a registration rights agreement with AAPlc that would facilitate US registration of additional offers and sales of AngloGold Ashanti shares that AAPlc makes in the future, subject to certain conditions. Sales of ordinary shares or ADSs if substantial, or the perception that sales may occur and be substantial, could exert downward pressure on the prevailing market prices for AngloGold Ashanti ordinary shares or ADSs, causing their market prices to decline.

**Risk management *cont.***

*Page 122*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

**Annual Financial Statements 2006** Page 123

*Fluctuations in the exchange rate of different currencies may reduce the market value of AngloGold Ashanti's securities, as well as the market value of any dividends or distributions paid by AngloGold Ashanti.*

AngloGold Ashanti has historically declared all dividends in South African rands. As a result, exchange rate movements may have affected and may continue to affect the Australian dollar, the British pound, the Ghanaian cedi and the US dollar value of these dividends, as well as of any other distributions paid by the relevant depository to investors that hold AngloGold Ashanti's securities. This may reduce the value of these securities to investors. The Memorandum and Articles of Association of the company allows for dividends and distributions to be declared in any currency at the discretion of AngloGold Ashanti's board of directors, or its shareholders at a general meeting. If and to the extent that AngloGold Ashanti declares dividends and distributions in dollars, exchange rate movements will not affect the dollar value of any dividends or distributions. Nevertheless, the value of any dividend or distribution in Australian dollars, British pounds, Ghanaian cedis or South African rands will continue to be affected. If and to the extent that dividends and distributions are declared in South African rands, exchange rate movements will continue to affect the Australian dollar, British pound, Ghanaian cedi and US dollar value of these dividends and distributions. Furthermore, the market value of AngloGold Ashanti's securities as expressed in Australian dollars, British pounds, Ghanaian cedis, US dollars and South African rands will continue to fluctuate in part as a result of foreign exchange fluctuations.

*The recently announced proposal by the South African government to replace the Secondary Tax on Companies with a withholding tax on dividends and other distributions may affect the amount of dividends or other distribution received by the company's shareholders.*

On 21 February 2007, the South African government announced a proposal to replace the Secondary Tax on Companies with a 10% withholding tax on dividends and other distributions payable to shareholders. This proposal is expected to be implemented in phases between 2007 and 2009. Although this could reduce the tax payable by the South African operations of the company, thereby potentially increasing distributable earnings, the withholding tax may reduce the amount of dividends or other distributions received by AngloGold Ashanti shareholders unless it is mitigated by an applicable double tax treaty.



The annual financial statements and group annual financial statements for the year ended 31 December 2006 were approved by the board of directors on 20 March 2007 and are signed on its behalf by:

Directors

RP Edey, Chairman

RM Godsell, Chief Executive Officer

S Venkatakrishnan, Executive Director: Finance

CB Brayshaw, Chairman, Audit and Corporate Governance Committee

Managing Secretary

Ms YZ Simelane

**Directors' approval**

In terms of Section 268G(d) of the Companies Act, 61 of 1973, I certify that the company has lodged with the Registrar of Companies all

such returns as are required of a public company in terms of the Act, and that all such returns are true, correct and up to date.

Ms YZ Simelane

Managing Secretary

Johannesburg

20 March 2007

**Secretary's certificate**

*Page 124*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 125

We have audited the annual financial statements of AngloGold Ashanti Limited group and company, which comprise the directors' report, the balance sheet as at 31 December 2006, the income statement, the statement of recognised income and expense and cash

flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 126 to 295.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with

International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes:

designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are

free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making

accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with

International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating

the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and company as of

31 December 2006, and of the financial performance and its cash flows for the year then ended in accordance with International Financial

Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Registered Auditors Inc.

Registered Auditor

Johannesburg, Republic of South Africa

20 March 2007

**Report of the independent auditors**

to the members of AngloGold Ashanti Limited

The Remuneration Committee sets and monitors executive remuneration for the company, in line with the Executive Remuneration Policy.

This policy has as its objectives to:

attract, reward and retain executives of the highest calibre;

align the behaviour and performance of executives with the company's strategic goals, in the overall interests of shareholders;

ensure the appropriate balance between short-, medium- and long-term rewards and incentives, with the latter being closely linked to

structured company performance targets and strategic objectives that are in place from time to time; and

ensure that regional management is competitively rewarded within a global remuneration policy, which recognises both local and global

market practice.

In particular the Remuneration Committee is responsible for:

the remuneration packages for executive directors of the company including, but not limited to, basic salary, performance-based short-

and long-term incentives, pensions, and other benefits; and

the design and operation of the company's executive share option and other incentive schemes.

#### **Remuneration Committee**

For 2006, members of the Committee comprised the following non-executive directors:

Russell Edey (Chairman)

Reginald Bannerman (appointed 5 May 2006)

Colin Brayshaw

Tony Trahar

During the year, three meetings of the Remuneration Committee were held. Attendance by members or their designated alternates was as

follows:

Number attended

RP Edey

3

RE Bannerman\*

2

CB Brayshaw

2

AJ Trahar

2

\* Attended both meetings since appointment to committee

#### **Remuneration report**

*Page 126\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 127

All meetings of the committee are attended by the chief executive officer and executive officer: human resources, except when their own remuneration or benefits are being discussed. The services of Deloitte & Touche are retained to act as independent, expert advisers on executive remuneration.

The following principles are applied in determining executive remuneration:

1.

Annual remuneration is a combination of base pay and short-, medium- and long-term incentives, with salary comprising about 50% of annual remuneration.

2.

Salary is set at the median for the relevant competitive market.

3.

All incentive plans should align performance targets with shareholder interests.

Bonus Share Plan (BSP) and Long-Term Incentive Plan (LTIP)

Shareholders approved the introduction of two new schemes to replace the old share incentive scheme at the annual general meeting held

on 29 April 2005. The purpose of both schemes is to align the interests of shareholders and the efforts of executives and managers.

To the extent that structured company performance targets are achieved, the BSP allows for the payment of an annual bonus, paid in part in cash and part in rights to acquire shares.

The LTIP allows for the granting of rights to acquire shares, based on the achievement of stretched company performance targets over a three-year period.

These targets are based on the performance of earnings per share (EPS) and relative total shareholder return (TSR), whereby the company

will need to consistently outperform its gold company peers. Additionally, certain strategic business objectives will also need to be met, such as growing the reserve base of the company.

Executive director remuneration currently comprises the following elements:

1.

Basic salary, which is subject to annual review by the Remuneration Committee and is set in line with the median of salaries in similar

companies in the relevant markets both in South Africa and globally. The individual salaries of executive directors are reviewed annually

in accordance with their own performance, experience, responsibility and company performance.

Page 128\_AngloGold Ashanti  
\_Annual Financial Statements 2006

2.

Annual bonus, which is determined by the achievement of a set of stretching company and individual performance targets. The company targets include earnings per share, cost control, safety and global production. The weighting of the respective contribution of company and individual targets is 70% company and 30% individual. Failure to achieve safety improvement targets results in the reduction of bonuses for executive directors and executive officers. Fifty per cent of the bonus is paid in cash and 50% in the awarding of rights to acquire shares. The awards have a three-year vesting period.

3.

LTIP: Executive directors are granted the right to acquire shares of value equivalent to their annual salaries, subject to the achievement of stretched company performance targets over a three-year period. These targets are based on the performance of EPS and TSR, whereby the company will need to consistently outperform its gold company peers. Additionally, strategic business objectives will also need to be met. The first tranche of LTIP awards was made to executive directors in 2005.

4.

Pensions: All executive directors who are South African citizens, are members of the AngloGold Ashanti Pension Fund, a defined benefit fund which guarantees a pension on retirement equivalent to 2% of final salary per year of service. All executive directors who are not South African citizens have other retirement benefit plans, to which the company contributes, to the level required by local practice. Death and disability cover reflects best practice amongst comparable employers in South Africa.

5.

Other benefits: Executive directors are members of an external medical aid scheme, which covers the director and his immediate family.

#### **Directors' service contracts**

Service contracts of executive directors are reviewed annually. The contractual notice period in respect of Bobby Godsell, as chief executive officer, is 12 months, and for the other three executive directors, nine months. The contracts also deal with compensation if an executive director is dismissed or if there is a material change in role, responsibilities or remuneration following a new shareholder assuming control of the company. Compensation in these circumstances is pegged at twice the notice period earnings.

**Remuneration report cont.**

AngloGold Ashanti

Annual Financial Statements 2006 Page 129**Non-executive directors' remuneration**

The following table details fees and allowances paid to non-executive directors in 2006:

2006

2005

Resigned/

All figures stated to the

Appointed

Retired

Com-

Com-

nearest R000

(1)

with effect

with effect

Directors'

mittee

Directors'

mittee

from

(2)

from

(2)

fees

(3)

fees

Travel

(4)

Total

fees

(3)

fees

Travel

(4)

Total

RP Edey (Chairman)

919 170 113

1,202

832 200 102

1,134

Dr TJ Motlatsi (Deputy chairman)

300 130

– 430

300 160

– 460

FB Arisman

113 150 113 376

102 170 77 349

RE Bannerman

10 Feb 06

113	37	59				
209						
-	-	-	-			
Mrs E le R Bradley						
110	160					
-	270					
110	190					
-	300					
CB Brayshaw						
(5)						
110	148					
-	258					
110	150					
-	260					
Dr SE Jonah						
(6)						
(President)						
1 Aug 05						
157	120					
-	277					
46	43	-	89			
AW Lea						
31 Jul 05						
-	-	-	-	59	23	51
133						
R Médori						
1 Aug 05						
111	3	-				
114						
44	17	-	61			
JH Mensah						
4 Aug 06						
47	-	28	75			
-	-	-	-			
WA Nairn						
110	130					
-	240					
110	130					
-	240					
Prof W L Nkuhlu						
4 Aug 06						
46	25	-	71			
-	-	-	-			
SR Thompson						
111	80	-				
191						
102	80	102	284			
AJ Trahar						
110	50	-				
160						
110	80	-				



190							
PL Zim							
4 Aug 06							
83							
60	–						
143							
110							
80	–						
190							
Total – non-executive directors							
2,440							
1,263	313						
4,016	2,035	1,323	332	3,690			
Alternates							
DD Barber							
4 Aug 06							
–	–	–	–	–	–	–	–
A H Calver							
–	–	–	–	–	–	–	–
PG Whitcutt							
–	37	–	37				
–	–	–	–				
Total – Alternate directors							
–	37	–	37				
–	–	–	–				
Grand total							
2,440							
1,300	313	4,053	2,035	1,323	332	3,690	

(1) Where directors' compensation is in dollars, amounts reflected are the actual South African rand values at the date of payment.

(2) Salaries are disclosed only for the period from or to which, office is held.

(3) At the annual general meeting of shareholders held on 29 April 2004, shareholders approved an increase in directors fees with effect from 1 May 2004. Shareholders will be asked to approve an increase to directors fees at the annual general meeting of shareholders to be held on 4 May 2007. Fees payable in 2006 and 2005 as follows:

- Chairman
- \$130,000 per annum
- Deputy chairman and president
- R300,000 per annum (President's fee approved by shareholders on 5 May 2006)
- South African resident directors
- R110,000 per annum
- Non-resident directors
-

\$16,000 per annum

(4)

A payment of a travel allowance of \$4,000 per meeting is made to non-executive directors who travel internationally to attend board meetings. In addition, AngloGold Ashanti is liable for the payment of all travel costs.

(5)

In addition, Mr Brayshaw was paid a fee of \$2,659 (R18,000) (2005: \$2,827 – R18,000) by AGRe Insurance Company Limited, a wholly-owned subsidiary, as chairman of its audit committee.

(6)

Dr Jonah resigned as an executive director with effect 31 July 2005, but remained a non-executive director. Dr Jonah resigned from the board with effect from 12 February 2007.

Rounding may result in computational differences

Executive directors do not receive payment of directors' fees or committee fees.

Page 130\_AngloGold Ashanti

\_Annual Financial Statements 2006

Remuneration report cont.

Executive directors' and executive officers' remuneration – 2006

Pre-tax

Appointed Resigned/  
Perform-

Pension

gains on

with retired

ance

scheme

share

effect with effect

related

contri-

Other Encashed

Sub

options

All figures in R000

from

(1)

from

(1)

Salary payments

(2)

butions

benefits

(3)

leave

(4)

total

exercised

(5)

Total

Executive directors'

remuneration 2006

R M Godsell (Chief

Executive

Officer)

6,334	2,400	935
-------	-------	-----

63

–	9,732	2,197
---	-------	-------

11,929

R

Carvalho

Silva

5,159	1,165	2,088
-------	-------	-------

50	437	8,899
----	-----	-------

–	8,899	
---	-------	--

N F Nicolau

3,692				
1,165				
561				
24				
143				
5,585				
3,452				
9,037				
S				
Venkatakrisnan				
3,801				
1,165				
646	–	–		
5,613	–			
5,613				
K H Williams				
6 May 06				
1,186				
–				
175				
88				
–				
1,449				
–				
1,449				
20,171	5,895	4,406	226	580
31,278	5,649			
36,927				
Executive officers'				
remuneration 2006				
Representing 16				
executive officers				
29,410	6,658	3,208	1,419	265
40,960	7,461			
48,421				
Total executive directors				
and executive officers				
remuneration – 2006				
49,581				
12,553	7,614	1,645	845	
72,238	13,110			
85,348				

(1)

Salaries are disclosed only for the period from or to which, office is held.

(2)

In order to more accurately disclose remuneration received/receivable by Executive Directors and Executive Officers, the tables above include the performance related payments calculated on the year's financial results.

(3)

Includes health care, personal travel and relocation expenses.

(4)

In 2005, AngloGold Ashanti altered its policy regarding the number of leave days that may be accrued. As a result, surplus leave days accrued are compulsorily encashed.

(5)

On exercising of options granted in terms of the AngloGold share incentive scheme, Messrs Godsell and Nicolau applied proceeds from the sale of the shares

to acquire 3,833 (2005: 8,717) and 2,900 AngloGold Ashanti shares respectively.

Rounding may result in computational differences.

AngloGold Ashanti

Annual Financial Statements 2006 Page 131

**Executive directors' and executive officers' remuneration – 2005**

Pre-tax

Appointed Resigned/  
Perform-

Pension

gains on

with retired

ance

scheme

share

effect with effect

related

contri-

Other Encashed

Sub

options

All figures in R000

from

(1)

from

(1)

Salary payments

(2)

butions

benefits

(3)

leave

(4)

total

exercised

(5)

Total

Executive directors'

remuneration 2005

R M Godsell (Chief

Executive

Officer)

5,951

1,891

867

25

625

9,359

3,627

12,986

J G Best

31 Jul 05

1,837

–

270

170

–

2,277

1,757  
4,034  
R Carvalho Silva  
1 May 05  
3,079  
939  
607  
120  
—  
4,745  
—  
4,745  
D L Hodgson  
30 Apr 05  
1,047  
—  
154  
8  
—  
1,209  
799  
2,008  
Dr S E Jonah  
1 Aug 05  
2,744  
—  
351  
—  
596  
3,691  
—  
3,691  
N F Nicolau  
1 May 05  
2,226  
939  
330  
18  
11  
3,524  
—  
3,524  
S Venkatakrisnan  
1 Aug 05  
1,619  
1,055  
188  
—  
—  
2,862  
—

2,862				
K H Williams				
3,258				
960				
481				
23				
2,185				
6,907				
587				
7,494				
21,761	5,784	3,248	364	3,417
34,574	6,770			
41,344				
Executive officers' remuneration 2005				
Representing 18 executive officers				
25,311	4,662	3,553	893	2,668
37,087	1,442			
38,529				
Total executive directors and executive officers remuneration				
—				
2005				
47,072				
10,446	6,801	1,257	6,086	
71,662	8,212			
79,874				

(1)

Salaries are disclosed only for the period from or to which, office is held.

(2)

In order to more accurately disclose remuneration received/receivable by Executive Directors and Executive Officers, the tables above include the performance related payments calculated on the year's financial results.

(3)

Includes health care, personal travel and relocation expenses.

(4)

In 2005, AngloGold Ashanti altered its policy regarding the number of leave days that may be accrued. As a result, surplus leave days accrued are compulsorily encashed.

(5)

On exercising of options granted in terms of the AngloGold share incentive scheme, Mr Godsell applied proceeds from the sale of the shares to acquire

8,717 AngloGold Ashanti shares in his own name.

Rounding may result in computational differences.



Page 132\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

**Share incentive schemes**

Options and rights to subscribe for ordinary shares in the company granted to, and exercised by, executive directors, executive officers and other managers during the year to 31 December 2006 and subsequent to year-end.

**Executive directors, executive officers and other managers**

RM Godsell

(1)

R Carvalho Silva

Granted and outstanding at 1 January, 2006

Number

239,735                      54,815

Average exercise/issue price per share

– R

117.58

168.98

Granted during the year

(3)

Number

29,390                      14,345

Average issue price per share

– R

–

–

Exercised during the year

Number

9,200

–

Average exercise/issue price per share

– R

104.00

–

Average market price per share at date of exercise

– R

343.62

Pre-tax gain before expenses at date of exercise

– R value

2,204,467.20

–

Lapsed during the year

Number

–

–

Average exercise/issue price per share

– R

–

–

Held at 31 December, 2006

Number

259,925                      69,160

Average exercise/issue price per share

– R

104.76

133.93

Subsequent to year end

(to 31 January 2007)

Exercised

Number

–

–

Average exercise/issue price per share

– R

–

–

Average market price per share at date of exercise

– R

–

–

Pre-tax gain before expenses at date of exercise

– R value

–

–

Lapsed

Number

–

–

Average exercise/issue price per share

– R

–

–

Held at 31 January 2007

Number

259,925

69,160

Average exercise/issue price per share

– R

104.76

133.93

Latest expiry date

31 July 2016

31 July 2016

(1)

On exercising of options granted in terms of the AngloGold share incentive scheme, Messrs Godsell and Nicolau applied proceeds from the sale of the shares to acquire 3,833 (2005: 8,717) and 2,900 AngloGold Ashanti shares respectively.

(2)

As a result in the change of status, the following movements to opening balances were made:

Quantity Average

exercise

– From director status to other management:

117,230

188.10

– From other management to executive officer

33,080	142.06
– From executive officer to other management	
12,000	287.12

(3)

Awards granted in 2005 and 2006 are granted at nil cost to participant.

Of the 4,199,820 options or rights granted and outstanding at 31 December 2006, 2,147,660 options are fully vested and 911,400 options

will vest on 1 November 2007.

**Remuneration report *cont.***

AngloGold Ashanti

Annual Financial Statements 2006\_Page 133

Total

Total

Total

Total

N F Nicolau

(1)

S Venkatakrisnan

Directors

Executive Officers

(2)

Other

(2)

Scheme

56,635

14,865

366,050

423,415

3,607,690

4,397,155

139.24

—

123.85

147.84

199.43

188.17

14,345

14,725

72,805

88,470

409,510

570,785

—

—

—

—

—

—

17,600

—

26,800

35,700

335,899

398,399

147.69

—

132.69

131.38

127.73

128.39

345.00

344.52

341.75

329.82

331.88

3,472,640.00

—

5,677,107.20

7,510,106.73

67,884,192.29

81,071,406.22

—

—

—

6,306

363,415

369,721

—

—

-		
-		
210.22		
206.64		
53,380	29,590	
412,055		
469,879	3,317,886	4,199,820
99.04		
-		
101.39		
123.24	180.89	166.64
-		
-		
-		
494	1,124	1,618
-		
-		
-		
-		
80.43		
55.87		
-		
-		
-		
325.15	333.23	330.76
-		
-		
-		
160,624.10	284,153.00	444,777.10
-		
-		
-		
-		
-		
-		
-		
-		
-		
-		
53,380	29,590	
412,055		
469,385	3,316,762	4,198,202
99.04		
-		
101.39		
123.37	180.93	166.68
31 July 2016		
31 July 2016		
31 July 2016		

8 March 2016

Page 134\_AngloGold Ashanti  
\_Annual Financial Statements 2006

**Nature of business**

AngloGold Ashanti Limited conducts mining operations in Africa, North and South America and Australia and undertakes exploration activities worldwide. In addition, the company is involved in the manufacturing, marketing and selling of gold products, as well as the development of markets for gold.

**Major shareholder**

The company's major shareholder is Anglo South Africa Capital (Proprietary) Limited, a wholly-owned subsidiary of Anglo American plc (incorporated in England and Wales). The effective shareholding of Anglo American plc in the issued ordinary share capital of the company at the undermentioned dates was as follows:

31 January

31 December

31 December

2007

2006

2005

Ordinary shares held

Number

115,102,929

115,102,929

134,788,099

Percentage

41.67

41.67

50.85

On 20 April 2006, Anglo American plc sold 19,685,170 ordinary shares of AngloGold Ashanti through a secondary public offering, thereby reducing its shareholding to 41.8%. This sale followed the announcement on 26 October 2005 in which Anglo American plc declared its intention to provide AngloGold Ashanti with greater flexibility to pursue its strategy while still remaining a significant shareholder in the medium term.

**Share capital**

*Authorised*

The authorised share capital of the company increased during 2006, with the creation of E ordinary shares as approved by shareholders, in general meeting on 11 December 2006. The authorised share capital of AngloGold Ashanti at 31 December 2006 is made up as follows:

400,000,000

ordinary shares of 25 South African cents each

R100,000,000

4,280,000

E ordinary shares of 25 South African cents each

R1,070,000

2,000,000

A redeemable preference shares of 50 South African cents each

R1,000,000

5,000,000

B redeemable preference shares of 1 South African cent each

R50,000

R102,120,000

**Directors' report**



AngloGold Ashanti

Annual Financial Statements 2006 Page 135**Share capital cont.**

The following are the movements in the issued and unissued capital from the beginning of the accounting period to 31 January 2007:

*Issued***Ordinary shares**

2006

2005

Number

Number

of shares

Rands

of shares

Rands

At 1 January

264,938,432

66,234,608

264,462,894

66,115,724

Issued during year

– \$500 million equity raising (effective 20 April 2006)

9,970,732

2,492,683

–

–

– Bokamoso ESOP transaction (approved by shareholders on 11 December 2006)

928,590

232,147

–

–

– Exercise of options by participants in the AngloGold Share Incentive Scheme

398,399

99,600

475,538

118,884

At 31 December

276,236,153

69,059,038

264,938,432

66,234,608

Issued subsequent to year-end

– Exercise of options by participants in the AngloGold Share Incentive Scheme

1,618

404

– Conversion for E ordinary shares in terms of the Bokamoso ESOP

2,627

657

At 31 January 2007

276,240,398

69,060,099

**E ordinary shares**

On 11 December 2006, shareholders in general meeting authorised the creation of a maximum of 4,280,000 E ordinary shares to be issued

pursuant to an Employee Share Ownership Plan and a Black Economic Empowerment transaction (BEE transaction).

2006		
2005		
Number		
Number		
of shares		
Rands		
of shares		
Rands		
At 1 January		
–	–	
–	–	
Issues during year		
– The Bokamoso ESOP Trust		
2,785,770	696,443	
–	–	
– Izingwe Holdings (Proprietary) Limited		
1,400,000	350,000	
–	–	
At 31 December		
4,185,770	1,046,443	
–	–	
Issued/cancelled subsequent to year-end		
– Issued		
–		
–		
– Cancelled and exchanged for ordinary shares issued		
(21,150)		
(5,288)		
At 31 January 2007		
4,164,620	1,041,155	

Page 136\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

**Redeemable preference shares**

The A and B redeemable preference shares, all of which are held by a wholly-owned subsidiary Eastvaal Gold Holdings Limited, may not be transferred and are redeemable from the realisation of the assets relating to the Moab Lease area after cessation of mining operations in the area. The shares carry the right to receive dividends equivalent to the profits (net of royalty, ongoing capital expenditure and taxation) from operations in the area. No further A and B redeemable preference shares will be issued. Further details of the authorised and issued shares, as well as the share premium, are given in note 27 to the group's financial statements.

*Unissued*

Ordinary  
 E ordinary  
 2006  
 2005  
 2006  
 2005  
 Number of  
 Number of  
 Number of  
 Number of  
 shares  
 shares  
 shares  
 shares  
 At 1 January  
 135,061,568  
 135,537,106

—  
 —  
 Authorised during the year  
 —  
 —  
 4,280,000

—  
 Issued during year  
 11,297,721  
 475,538  
 4,185,770

—  
 At 31 December  
 123,763,847  
 135,061,568  
 94,230

—  
 Issued subsequent to year-end  
 4,245  
 —  
 At 31 January 2007

123,759,602

94,230

*Cancelled*

In terms of the authority granted by shareholders, on vesting, E ordinary shares are cancelled in favour of ordinary shares, in accordance with the cancellation formula. All E ordinary shares which are cancelled may not be re-issued and therefore do not form part of the authorised but unissued share capital of the company.

E ordinary

2006

2005

Number of

Number of

shares

shares

At 1 January

–

–

Cancelled during the year

–

–

At 31 December

–

–

Cancelled subsequent to year-end

21,150

At 31 January 2007

21,150

**Directors' report *cont.***

AngloGold Ashanti

Annual Financial Statements 2006 Page 137

**Unissued ordinary shares under the control of directors**

In terms of the authority granted by shareholders at the annual general meeting held on 5 May 2006 10% of the authorised but unissued

ordinary share capital remaining at that date, after setting aside so many ordinary shares as may be required to be allotted and issued

pursuant to the Share Incentive Scheme and for the purposes of the conversion of the \$1 billion, 2.375% guaranteed convertible bonds,

issued by AngloGold Ashanti Holdings plc, are placed under the control of the directors. This authority expires at the next annual general meeting.

The unissued ordinary shares under the control of the directors at 31 December 2006 were as follows:

Shares

Rands

Authorised ordinary share capital

400,000,000

100,000,000

Ordinary shares in issue at 5 May 2006

275,090,899

68,772,725

Unissued ordinary shares at 5 May 2006

124,909,101

31,227,275

Less: Ordinary shares set aside in terms of:

– Share Incentive Scheme

7,565,000

1,819,250

– Guaranteed Convertible Bonds

15,384,615

3,846,154

Net unissued ordinary shares at 5 May 2006

101,959,486

25,489,871

Unissued ordinary shares under the control of the directors

at 5 May 2006 (10% of net unissued ordinary shares)

10,195,949

2,548,987

Less: Ordinary shares issued at the discretion of the directors

–

At 31 December 2006

10,195,949

2,548,987

In terms of the Listings Requirements of the JSE, shareholders may, subject to certain conditions, authorise the directors to issue the

ordinary shares held under their control for cash other than by means of a rights offer to shareholders. In order that the directors of the

company may be placed in a position to take advantage of favourable circumstances which may arise for the issue of such ordinary shares

for cash, without restriction, for the benefit of the company, shareholders will be asked to consider an ordinary resolution to this effect at

the forthcoming annual general meeting.

The company has not exercised the general approval granted at the annual general meeting held on 5 May 2006, to buy back shares from its

issued ordinary share capital. At the next annual general meeting shareholders will be asked to renew the general authority for the acquisition

by the company, or a subsidiary of the company, of its own shares.

**American Depositary Shares**

At 31 December 2006, the company had in issue through The Bank of New York as Depositary, and listed on the New York Stock Exchange

(NYSE), 73,572,341 (2005: 48,702,313) American Depositary Shares (ADSs). Each ADS is equal to one ordinary share. At 31 January 2007,

there were 72,504,931 ADSs in issue and listed on the NYSE.

Page 138\_AngloGold Ashanti

\_Annual Financial Statements 2006

### **Ghanaian Depository Shares**

At 31 December 2006, the company had in issue through NTHC Limited as Depository, and listed on the Ghana Stock Exchange (GSE),

18,256,500 (2005: 21,848,600) Ghanaian Depository Shares (GhDSs). Every 100 GhDSs has one underlying AngloGold Ashanti ordinary

share and carries the right to one vote. At 31 January 2007, 18,192,900 GhDSs were listed on the GhSE.

### **AngloGold Share Incentive Scheme**

AngloGold Ashanti operates a share incentive scheme for the purpose of providing an incentive to executive directors, executive officers

and managers of the company and its subsidiaries to identify themselves more closely with the fortunes of the group and its continued

growth, and to promote the retention of such employees by giving them an opportunity to acquire shares in the company. Non-executive

directors are not eligible for participation in the share incentive scheme.

The maximum number of ordinary shares that may be allocated for the purposes of the scheme is equivalent to 2.75% of the total number of

ordinary shares in issue at any time, while the maximum aggregate number of shares which may be acquired by any one participant in the

scheme is 5% of the ordinary shares allocated for the purposes of the share incentive scheme (or 0.1375% of the total number of ordinary

shares in issue) at any one time.

Employees participate in the share incentive scheme to the extent that they are granted options or rights to acquire shares, (rights), and

accept them. All options or rights which have not been exercised within ten years from the date on which they were granted, automatically

expire.

The incentives offered by AngloGold Ashanti are reviewed periodically to ensure that these incentives are globally competitive, so as to

attract, reward and retain management of the highest calibre. As a result, several types of incentives, each with their own issue and vesting

criteria have been granted to employees – collectively known as the “AngloGold Share Incentive Scheme or share incentive scheme”.

Although the Remuneration Committee has the discretion to incentivise employees through the issue of shares, only options or rights have

so far been granted. The type and vesting criteria of the options or rights granted are:

#### **Time-related**

The granting of time-related options was approved by shareholders at the general meeting held on 4 June 1998 and amended by shareholders

at the annual general meeting held on 30 April 2002, at which time it was agreed that no further time-related options will be granted and all

options granted hereunder will terminate on 1 February 2012, being the date on which the last options granted under this criteria may be

exercised or will expire.

Time-related options vest over a five-year period from date of grant and may be exercised in tranches of 20% each in years two, three and

four and 40% in year five. As of the date of this report, all options granted and outstanding have vested in full.

**Directors' report cont.**

AngloGold Ashanti

**Annual Financial Statements** 2006 *Page 139*

Performance-related

The granting of performance-related options was approved by shareholders at the annual general meeting held on 30 April 2002 and amended

at the annual general meeting held on 29 April 2005 at which time it was agreed that no further performance-related options will be granted

and all options granted hereunder will terminate on 1 November 2014, being the date on which the last options granted under this criteria may

be exercised or will expire.

Performance-related options granted vest in full, three years after date of grant, provided that the conditions under which the options were

granted, are met. If the performance condition is not met at the end of the first three-year period, then performance is retested each year

over the ten-year life of the option on a rolling three-year basis. Options are normally exercisable, subject to satisfaction of the performance

condition, between three and ten years from the date of grant. As of the date of this report the performance criteria under which these options

were granted have been met and all options granted and outstanding will vest in full on 1 November 2007.

Bonus Share Plan (BSP)

The granting of rights in terms of the BSP was approved by shareholders at the annual general meeting held on 29 April 2005. Executive

directors, executive officers and other management groups are eligible for participation. Each award made in respect of the BSP entitles the

holder to acquire one ordinary share at "nil" cost. Awards granted vest in full, three years after date of grant, provided that the participant is

still in the employ of the company at the date of vesting unless an event, such as death, occurs which may result in an earlier vesting.

Long-Term Incentive Plan (LTIP)

The granting of rights in terms of the LTIP was approved by shareholders at the annual general meeting held on 29 April 2005. Executive

directors, executive officers and selected senior management are eligible for participation. Each award made in respect of the LTIP entitles

the holder to acquire one ordinary share at "nil" cost. Awards granted vest three years after date of grant, to the extent that the stretched

company performance targets under which the rights were granted, are met and provided that the participant is still in the employ of

the company, or unless an event, such as death, occurs which may result in an earlier vesting.

The AngloGold Share Incentive Scheme is summarised as follows:

The maximum number of ordinary shares that may be allocated for purposes of the scheme, equivalent to 2.75% of the total number of

ordinary shares in issue at that date, is:

31 January 2007

31 December 2006

31 December 2005

7,596,610

7,596,494

7,285,807

The maximum aggregate number of ordinary shares which may be acquired by any one participant in the share incentive scheme at that

date is:



31 January 2007  
31 December 2006  
31 December 2005  
379,830  
379,824  
364,291

Page 140\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

As is required to be disclosed in terms of the AngloGold Share Incentive Scheme and stock exchange regulations, the movement in respect of options and rights granted and the ordinary shares issued as a result of the exercise of options and rights during the year 1 January 2006 to 31 January 2007 is:

**Options and rights**

Average

exercise

Bonus Long-Term

price

per

Ordinary`

Time- Performance-

Share

Incentive

ordinary shares

related

related

Plan

Plan

Total

share

issued

At 1 January 2006

864,710

2,897,000

271,945

363,500

4,397,155

216.71

2,715,678

Movement during year

– Granted

–

–

254,110

316,675

570,785

318.32

–

– Exercised

389,850

4,300

4,249

–

398,399

129.97

398,399

– Lapsed – terminations

1,600  
 306,900  
 41,221  
 20,000  
 369,721  
 243.77

–  
 At 31 December 2006

473,260  
 2,585,800  
 480,585  
 660,175  
 4,199,820  
 236.37  
 3,114,077

Subsequent to year-end

– Exercised  
 800

–  
 818

–  
 1,618  
 172.93  
 1,618

– Lapsed – terminations

–  
 –  
 –  
 –  
 –  
 –  
 –

At 31 January 2007

472,460  
 2,585,800  
 479,767  
 660,175  
 4,198,202  
 236.39  
 3,115,695

Analysis of options and rights outstanding at 31 December 2006:

Total exercise  
 Holding  
 Holders  
 Number  
 price – R000

1  
 –  
 100  
 434  
 9,021

30,270

101	
–	
500	
411	81,372
22,734	
501	
–	
1,000	
49	39,905
9,609	
1,001	
–	
5,000	
380	1,220,108
302,534	
5,001	
–	
10,000	
109	791,333
193,661	
10,001	
–	
100,000	
85	1,776,907
410,410	
Over 100,000	
1	
259,925	
44,730	
Total	
1,469	4,199,820
992,699	

**Financial results**

The financial statements set out fully the financial position, results of operations and cash flows of the group and the company for the financial year ended 31 December 2006. A synopsis of the financial results for the year is set out in the summarised group financial and operating results on pages 14 to 17.

**Directors' report cont.**

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 141*

**Review of operations**

The performance of the various operations are comprehensively reviewed on pages 44 to 83.

**Dividend policy**

Dividends are proposed by, and approved by the board of directors of AngloGold Ashanti, based on the interim and year-end financial

statements. Dividends are recognised when declared by the board of directors of AngloGold Ashanti. AngloGold Ashanti expects to continue

to pay dividends, although there can be no assurance that dividends will be paid in the future or as to the particular amounts that will be paid

from year to year. The payments of future dividends will depend upon the board's ongoing assessment of AngloGold Ashanti's earnings,

after providing for long term growth, cash/debt resources, the amount of reserves available for dividend using the going concern

assessment and restrictions placed by the conditions of the convertible bond and other factors.

Dividends declared since 1 January 2006

Final dividend

Interim dividend

Final dividend

number 99

number 100

number 101

Declaration date

9 February 2006

26 July 2006

12 February 2007

Last date to trade ordinary shares cum dividend

21 February 2006

11 August 2006

2 March 2007

Record date

3 March 2006

18 August 2006

9 March 2007

Amount paid per ordinary share

– South African currency (cents)

62

210

240

– United Kingdom currency (pence)

5.79

16.32

16.85

– Ghanaian currency (cedis)

920.018

2,845.50

3,041.21

Amount per CDI\* – Australian currency (cents)

2.747

8.076

8.414

Payment date

10 March 2006

25 August 2006

16 March 2007

Amount per GhDS\*\* – Ghanaian currency (cedis)

9.20018

28.455

30.41

Payment date

13 March 2006

28 August 2006

19 March 2007

Amount per ADS\*\*\* – United States currency (cents)

9.865

29.407

# 33.37

Payment date

20 March 2006

5 September 2006

26 March 2007

Rounding may result in computational differences

\*

Each CDI (Chess Depository Interest) is equal to one-fifth of one ordinary share

\*\*

Each GhDS (Ghanaian Depository Share) is equal to one-hundredth of one ordinary share

\*\*\* Each ADS (American Depository Share) is equal to one ordinary share

#

Illustrative value assuming a rate of exchange of R7.19:\$. The actual rate of payment will depend on the exchange rate on the date of

payment

Shareholders on the South African register who have dematerialised their ordinary shares receive payment of their dividends electronically,

as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who may intend retaining their

shareholding in the company in certificated form, the company operates an electronic funds transmission service, whereby dividends be

electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for

all future dividends.

Page 142\_AngloGold Ashanti  
\_Annual Financial Statements 2006

### **Borrowings**

The company's borrowing powers are unlimited. As at 31 December 2006, the group's borrowings totalled \$1,482 million, R10,376 million (2005: \$1,894 million, R12,015 million).

On 19 February 2004, AngloGold announced the launch of an offering of \$900 million convertible bonds due 2009, subject to increase by up

to \$100 million pursuant to an option, by its wholly owned subsidiary, AngloGold Ashanti Holdings plc. The bonds are guaranteed by AngloGold

Ashanti. This was followed by an announcement on 20 February 2004 which advised the pricing of the offering at 2.375%, while on 25

February 2004, AngloGold announced that the bond managers had exercised the option to subscribe for additional bonds in a principal amount

of \$100 million, increasing the offering to \$1 billion. The offer closed and was settled on 27 February 2004. The \$1 billion remains outstanding.

On 27 January 2005 AngloGold Ashanti announced the signing of a new three-year \$700m revolving credit facility to replace the \$600 million

facility which matured in February 2005. The new facility, which will be used for general corporate purposes, will reduce the group's cost of

borrowing with the borrowing margin over LIBOR reducing from 70 basis points to 40 basis points. The facility was arranged with a number

of AngloGold Ashanti's local and international relationship banks.

### **Significant announcements**

On 27 February 2006, AngloGold Ashanti announced that it had signed an agreement with Dynasty Gold Corporation, a Vancouver-based

exploration company with projects in China, to acquire an effective 8.7% stake in the company through a \$2 million private placement in

shares and warrants. The investment will be used to fund further exploration of the Red Valley and Wild Horse projects, both located in the

prospective Quilian metallogenic belt.

On 24 March 2006, AngloGold Ashanti posted to its shareholders, a circular detailing ordinary resolutions to be voted on at a general meeting,

together with notice of such meeting. The general meeting which was held on 10 April 2006, at which the ordinary resolutions were passed

with the requisite majority, provided authority to the directors to allot sufficient ordinary shares of the company to allow it to raise \$500 million

before expenses but after underwriters' fees in a private offering. On 10 April 2006, AngloGold Ashanti announced that its offering of

9,970,732 ordinary shares had been priced at \$51.25 per ADS and R315.19 per ordinary share.

On 1 June 2006, AngloGold Ashanti and Bema Gold Corporation announced that they are to form a new company which will jointly explore

a select group of AngloGold Ashanti's mineral opportunities located in Northern Colombia, with initial work focused on the La Mina and El Pino

targets. As part of the agreement, AngloGold Ashanti has initially agreed to provide a minimum of eight exploration properties while Bema will

provide a minimum of \$5 million in exploration funding.

On 30 June 2006, AngloGold Ashanti (U.S.A.) Exploration Inc. (AngloGold Ashanti), International Tower Hill Mines Ltd (ITH) and Talon Gold

Alaska, Inc. (Talon), a wholly-owned subsidiary of ITH, entered into an Asset Purchase and Sale and Indemnity Agreement whereby

AngloGold Ashanti sold to Talon a 100% interest in six Alaskan mineral exploration properties and associated databases in return for 5,997,295 ordinary shares of ITH stock, representing an approximate 19.99% interest in ITH. The sales transaction was closed on 4 August 2006. AngloGold Ashanti also granted to ITH the exclusive option to acquire a 60% interest in each of its LMS and Terra projects by incurring \$3 million of exploration expenditure on each project (total of \$6 million) within four years of the grant date of the options. As part of the two option agreements, AngloGold Ashanti will have the option to increase or dilute its stake in these projects, subject to certain conditions.

**Directors' report *cont.***



AngloGold Ashanti

Annual Financial Statements 2006\_Page 143

**Significant announcements cont.**

On 14 July 2006, AngloGold Ashanti announced the signing of a Heads of Agreement with Antofagasta PLC to jointly explore a highly prospective belt in Southern Colombia for new gold and copper deposits. AngloGold Ashanti will include all of its mineral applications, contracts and third party contracts within the area of interest in the new joint venture, while Antofagasta will commit to fund a minimum of \$1.3 million of exploration within 12 months of the signing of the agreement, with an option to invest an additional \$6.7 million within four years in order to earn-in to 50% of the joint venture. Both AngloGold Ashanti and Antofagasta will have the right to increase their interests by 20% in copper-dominant and gold-dominant properties subject to certain conditions.

On 23 August 2006, AngloGold Ashanti announced that it had entered into an agreement with Central African Gold plc (CAG) to sell its entire business undertaking, 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 Bibiani North prospecting licence, and procure the cessation and delegation of all contracts related to Bibiani to CAG for a total consideration of \$40 million.

On 30 August 2006, AngloGold Ashanti announced that it had been advised by the Volta River Authority (VRA) of potential power shortages at its Ghanaian operations due to water shortages impacting the VRA's power generating facilities. This announcement was followed by an update on 6 September 2006 in which AngloGold Ashanti announced that following discussions between the VRA and the Chamber of Mines in Ghana, the industry had agreed to collaborate with the authority and the government of Ghana in a range of activities designed to minimise the impact of the power shortages on the economy and the mining industry and to provide for a sustainable solution in the future. At the same time, AngloGold Ashanti provided guidance to investors as to the potential impact of the power shortages on production at its three Ghanaian operations should the situation be prolonged.

On 21 September 2006, AngloGold Ashanti announced that it had entered into a 50:50 strategic alliance with Russian gold and silver producer, OAO Inter-Regional Research and Production Association Polymetal (Polymetal) in terms of which, Polymetal and AngloGold Ashanti would co-operate in exploration and the acquisition and development of gold mining opportunities within the Russian Federation.

On 11 December 2006, shareholders in general meeting approved the creation of E ordinary shares and the implementation of an Employee Share Ownership Plan (ESOP) to be introduced at its operations in South Africa. In addition, shareholders approved a Black Economic Empowerment transaction as well as the introduction of an ESOP in countries outside of South Africa. This follows the announcement made on 2 October 2006, in which AngloGold Ashanti advised the imminent finalisation of an employee share ownership plan with the National Union of Mineworkers, Solidarity, United Association and Izingwe Holdings (Proprietary) Limited.

**Investments**

Particulars of the group's principal subsidiaries and joint venture interests are presented on pages 292 to 295.

**Litigation**

There are no legal or arbitration proceedings in which any member of the AngloGold Ashanti group is or has been engaged, including any such proceedings which are pending or threatened of which AngloGold Ashanti is aware, which may have, or have had during the 12 months preceding the date of this Annual Report 2006, a material effect on the group's financial position. Non-material litigation and disputes have been disclosed. Refer to note 38.

Page 144\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Material change**

There has been no material change in the financial or trading position of the AngloGold Ashanti group since the publication of its results for the quarter and year ended 31 December 2006.

**Material resolutions**

Details of special resolutions and other resolutions of a significant nature passed by the company and its subsidiaries during the year under review, requiring disclosure in terms of the Listings Requirements of the JSE, are as follows:

Nature of resolution

Effective date

AngloGold Ashanti Limited

Passed at the annual general meeting held on

5 May 2006:

– General approval for the acquisition by the company, or a subsidiary of the company, of its own shares.

25 May 2006

Passed at the general meeting held on

11 December 2006:

12 December 2006

– Increased the share capital of the company through the creation of 4,289,000 E ordinary shares of R0.25 each;

– Amended the company's Memorandum and Articles of Association by inserting a new article containing the rights and privileges attaching to the E ordinary shares;

– Approved the implementation of Employee Share Ownership Plans, both in South Africa and in countries other than South Africa where the company has operations; and

– Approved the implementation of a Black Economic Empowerment transaction.

**Subsidiaries**

AngloGold Health Service (Pty) Limited

Change of name to AngloGold Ashanti Health

(Pty) Limited

23 October 2006

AngloGold Ashanti Exploration Services Limited

Change of name to AngloGold Ashanti International

Services Limited

27 November 2006

AngloGold Ashanti Brasil Ltda

Change of name to AngloGold Ashanti Brasil

Mineração Ltda

1 September 2006

**Directors' report cont.**

AngloGold Ashanti

Annual Financial Statements 2006 Page 145

**Annual general meetings**

At the 62nd annual general meeting held on 5 May 2006, shareholders passed ordinary resolutions relating to: the adoption of the financial statements for the year ended 31 December 2005; the re-election of Mr FB Arisman, Mrs E le R Bradley, Mr RP Edey, Mr RM Godsell and Dr TJ Motlatsi as directors of the company; the election of Mr RE Bannerman; Mr R Carvalho Silva, Mr R Médori, Mr NF Nicolau and Mr S Venkatakrishnan, who were appointed since the previous annual general meeting, as directors of the company; the renewal of a general authority placing 10% of the unissued ordinary shares of the company, after setting aside sufficient shares attributable to the Share Incentive Scheme and guaranteed convertible bonds, under the control of the directors; the granting of a general authority to issue ordinary shares in the capital of the company for cash, subject to certain limitations in terms of the Listings Requirements of the JSE; and the remuneration for the president of the company, including his remuneration as a director to be R300,000 per annum, effective 6 May 2006.

Details concerning the special resolution passed by shareholders at this meeting are disclosed above. Notice of the 63rd annual general meeting, which is to be held in Johannesburg at 11:00 (South African time) on Friday, 4 May 2007, is enclosed as a separate document with the Annual Report 2006. Additional copies of the notice of meeting may be obtained from the company's corporate contacts and the share registrars or may be accessed from the company's website.

Directorate and secretary

Mr RE Bannerman was appointed to the board on 10 February 2006. Mr JH Mensah and Prof. WL Nkuhlu were appointed to the board on 4 August 2006. Simultaneously, Mr PL Zim, together with his alternate, Mr DD Barber resigned from the board. Dr SE Jonah resigned from the board on 12 February 2007 and Mr SM Pityana was appointed to the board effective 13 February 2007. The directors retiring by rotation at the forthcoming annual general meeting in terms of the articles of association are Mr FB Arisman, Mr RE Bannerman, Mr WA Nairn, and Mr SR Thompson who, being eligible, offer themselves for re-election. Mr CB Brayshaw and Mr AJ Trahar who retire by rotation have not made themselves available for re-election. In addition to the abovementioned directors, Mr JH Mensah and Prof. WL Nkuhlu, who were appointed as directors during the year, and Mr SM Pityana, who was appointed a director with effect from 13 February 2007, are due to retire at the annual general meeting and offer themselves for election.

Non-executive directors do not hold service contracts with the company.

The names and biographies of the directors and alternate directors of the company are listed on pages 20 and 24.

Page 146\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

There has been no change in the office of the managing secretary, however, Mr CR Bull retired as company secretary on 30 November 2006 and Ms L Eatwell was appointed to the position with effect from 1 December 2006. The names and business and postal addresses of the managing secretary and company secretary are set out on page 24 of this report.

**Directors' interests in shares**

The interests of the directors and alternate directors in the ordinary shares of the company at 31 December 2006, which did not individually

exceed 1% of the company's issued ordinary share capital, were:

31 December 2006

31 December 2005

Beneficial

Non-

Beneficial

Non-

Direct

Indirect

beneficial

(1)

Direct Indirect

beneficial

(1)

Executive directors

JG Best (retired 1 August 2005)

—

—

—

—

—

—

R Carvalho Silva

—

—

—

—

—

—

RM Godsell

13,010

—

—

9,177

—

—

DL Hodgson (retired 29 April 2005)

—

—

—

—

430

—

Dr SE Jonah (until 31 July 2005)

—

—

—

—

—

—

NF Nicolau

3,000

—

—

100

—

—

S Venkatakrisnan

652

—

—

652

—

—

KH Williams (retired 6 May 2006)

—

—

—

—

920

—

Total

16,662

—

—

9,929

1,350

—

Non-executive directors

FB Arisman

—

2,000

—

—

2,000

—

RE Bannerman

E le R Bradley

—

23,423

3,027

—

23,423

3,027\*

CB Brayshaw

—

—

—

—

—

—

RP Edey

—

1,000

—

—

1,000

—

SE Jonah

—

18,469

—

6,297

—

—

AW Lea (retired 1 August 2006)

—

—

—

—

—

—

R Médori

—

—

—

—

—

JH Menash

TJ Motlatsi

—

—

—

—

—

WA Nairn

—

—

—

—

—

-  
WL Nkuhlu  
SR Thompson

-  
-  
-  
-  
-  
-  
-

AJ Trahar

-  
-  
-  
-  
-  
-

PL Zim (resigned 4 August 2006)

-  
-  
-  
-  
-  
-

Total

-  
44,892  
3,027  
6,297  
26,423  
3,027\*

Alternate directors

DD Barber (resigned 4 August 2006)

-  
-  
-  
-  
-  
-

AH Calver

-  
-  
-  
-  
46

PG Whitcutt

-  
-  
-  
-  
-



—  
Total  
—  
—  
—  
—  
46  
—  
Grand total  
16,226  
44,892  
3,027  
16,226  
27,819  
3,027\*

(1)

The director derives no personal benefit.

\*

Restated

There have been no changes in the above interests since 31 December 2006 and Mr SM Pityana, who was appointed a director effective

13 February 2007, holds no interest in the company's ordinary shares.

A register detailing directors' and officers' interests in contracts is available for inspection at the company's registered and corporate office.

**Directors' report *cont.***

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 147*

**Annual financial statements**

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly present the state of affairs of the company and the AngloGold Ashanti group at the end of the financial year, and the results of operations and cash flows for the year, in conformity with International Financial Reporting

Standards (IFRS) and in terms of the JSE Listings Requirements.

In preparing the annual financial statements reflected in dollars and South African rands on pages 150 to 291, the group has complied with

International Financial Reporting Standards (IFRS) and has used appropriate accounting policies supported by reasonable and prudent

judgements and estimates. The directors are of the opinion that these financial statements fairly present the financial position of the

company and the group at 31 December 2006, and the results of their operations and cash flow information for the year then ended.

AngloGold Ashanti, through its executive committee and treasury committee, reviews its short-, medium- and long-term funding, treasury

and liquidity requirements and positions monthly. The board of directors also reviews these on a quarterly basis at its meetings.

Cash and cash equivalents at 31 December 2006 amounted to \$495 million, R3,467 million, together with cash budgeted to be generated

from operations in 2007 and the net incremental borrowing facilities available are, in management's view, adequate to fund operating, mine

development and capital expenditure and financing obligations as they fall due for at least the next twelve months.

Taking these factors into

account, the directors of AngloGold Ashanti have formed the judgement that, at the time of approving the financial statements for the year

ended 31 December 2006, it is appropriate to use the going concern basis in preparing these financial statements.

The external auditors, Ernst & Young Registered Auditors Inc., are responsible for independently auditing and reporting on the financial

statements in conformity with International Standards of Auditing and the Companies Act in South Africa. Their unqualified report on these

financial statements appears on page 125.

To comply with requirements for reporting by non-US companies registered with the SEC, the company has prepared a set of financial

statements in accordance with US Generally Accepted Accounting Principles (US GAAP) which will be available from The Bank of New York

to holders of the company's securities listed in the form of American Depositary Shares on the NYSE. Copies of the annual report on Form

20-F, which must be filed with the SEC by no later than 30 June 2007, will be available to stakeholders and other interested parties upon

request to the company's corporate office or its contacts as listed on the inside back cover of this report.

Under the Sarbanes-Oxley Act, the chief executive officer and chief financial officer are required to complete a group certificate stating that

the financial statements and reports are not misleading and that they fairly present the financial condition, results of operations and cash

flows in all material respects. The design and effectiveness of the internal controls, including disclosure controls, are also included in the

declaration. As part of the process, a declaration is also made that all significant deficiencies and material weaknesses, fraud involving management or employees who play a significant role in internal control and significant changes that could impact on the internal control environment, are disclosed to the Audit and Corporate Governance Committee and the board.

*Page 148\_AnglogoldAshanti*

**\_Annual Financial Statements 2006**

**Financial statements – contents**

Group financial statements

Income statement

150

Balance sheet

151

Cash flow statement

152

Statement of recognised income and expense

153

Notes to the group financial statements

154

Company financial statements

Income statement

264

Balance sheet

265

Cash flow statement

266

Statement of recognised income and expense

267

Notes to the company financial statements

268

Investment in principal subsidiaries and joint  
venture interests

292

AnglogoldAshanti

**\_Annual Financial Statements 2006** *Page 149*

Page 150\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

Notes

**2006**

2005

**SA Rands**

**US Dollars**

17,388

21,104

Revenue

3

3,106

2,730

16,750

20,137

Gold income

2,3

2,964

2,629

(14,702)

(15,482)

Cost of sales

4

(2,282)

(2,309)

(949)

(1,955)

Loss on non-hedge derivatives and other commodity contracts

(239)

(135)

1,099

2,700

Gross profit

443

185

(410)

(567)

Corporate administration and other expenses

(84)

(64)

(84)

(108)

Market development costs

(16)

(13)

(288)

(417)

Exploration costs

(61)  
(45)  
(127)  
(129)  
Other operating expenses  
5  
(18)  
(20)  
(499)  
(130)  
Operating special items  
6  
(18)  
(77)  
(309)  
1,349  
Operating profit (loss)  
246  
(34)  
155  
218  
Interest received  
3  
32  
25  
(29)  
(17)  
Exchange loss  
(2)  
(5)  
(211)  
137  
Fair value adjustment on option component of convertible bond  
16  
(32)  
Finance costs and unwinding of decommissioning and  
(690)  
(822)  
restoration obligations  
7  
(123)  
(108)  
(5)  
—  
Fair value loss on interest rate swaps  
—  
(1)  
(17)  
(6)  
Share of associates' loss  
8

(1)  
(3)  
(1,106)  
859  
Profit (loss) before taxation  
9  
168  
(158)  
216  
(1,232)  
Taxation  
12  
(180)  
35  
(890)  
(373)  
Loss after taxation from continuing operations  
(12)  
(123)  
Discontinued operations  
(219)  
(12)  
Loss for the year from discontinued operations  
13  
(2)  
(36)  
(1,109)  
(385)  
Loss for the year  
(14)  
(159)  
*Allocated as follows*  
(1,255)  
(587)  
Equity shareholders  
(44)  
(182)  
146  
202  
Minority interest  
30  
23  
(1,109)  
(385)  
(14)  
(159)  
Basic loss per ordinary share (cents)  
14  
(391)  
(211)  
Loss from continuing operations



(1)  
(15)  
(55)  
(83)  
(4)  
Loss from discontinued operations  
(1)  
(1)  
(14)  
(474)  
(215)  
Loss  
(16)  
(69)  
Diluted loss per ordinary share (cents)

14  
(391)  
(211)  
Loss from continuing operations

(2)  
(15)  
(55)  
(83)  
(4)  
Loss from discontinued operations

(2)  
(1)  
(14)  
(474)  
(215)  
Loss

(16)  
(69)  
Dividends

(3)  
15  
232  
450  
Dividends declared per ordinary share (cents)

62  
36  
(1)  
Calculated on the basic weighted average number of ordinary shares.  
(2)  
Calculated on the diluted weighted average number of ordinary shares.  
(3)

Dividends are translated at actual rates on date of payment. The current period is an indicative amount only.

**Group income statement**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 *Page 151*

2005

**2006**

Figures in million

Notes

**2006**

2005

**SA Rands**

**US Dollars**

**ASSETS**

Non-current assets

37,487

42,382

Tangible assets

16

6,054

5,908

2,533

2,909

Intangible assets

17

415

399

223

300

Investments in associates

18

43

35

645

884

Other investments

19

126

102

1,182

2,006

Inventories

21

287

186

124

405

Trade and other receivables

23

58

20

243

45

Derivatives

39
6
38
279
432
Deferred taxation
33
62
44
101
313
Other non-current assets
22
44
16
42,817
49,676
7,095
6,748
Current assets
2,442
3,424
Inventories
21
489
385
1,553
1,300
Trade and other receivables
23
185
245
4,280
4,546
Derivatives
39
649
675
43
5
Current portion of other non-current assets
22
1
7
52
75
Cash restricted for use
24
11
8
1,328

	3,467
Cash and cash equivalents	25
	495
	209
	9,698
	12,817
	1,830
	1,529
	100
	123
Non-current assets held for sale	
	26
	18
	16
	9,798
	12,940
	1,848
	1,545
	52,615
	62,616
Total assets	
	8,943
	8,293
<b>EQUITY AND LIABILITIES</b>	
	19,047
	22,083
Share capital and premium	
	27
	3,154
	3,002
	(2,539)
	(1,188)
Retained earnings and other reserves	
	28
	(169)
	(399)
	16,508
	20,895
Shareholders' equity	
	2,985
	2,603
	374
	436
Minority interests	
	29
	62
	59
	16,882
	21,331
Total equity	

3,047  
 2,662  
 Non-current liabilities  
 10,825  
 9,963  
 Borrowings  
 30  
 1,423  
 1,706  
 2,265  
 2,785  
 Environmental rehabilitation and other provisions  
 31  
 398  
 356  
 1,249  
 1,181  
 Provision for pension and post-retirement benefits  
 32  
 169  
 197  
 87  
 150  
 Trade, other payables and deferred income  
 34  
 21  
 14  
 2,460  
 1,984  
 Derivatives  
 39  
 283  
 388  
 7,320  
 7,722  
 Deferred taxation  
 33  
 1,103  
 1,154  
 24,206  
 23,785  
 3,397  
 3,815  
 Current liabilities  
 1,190  
 413  
 Current portion of borrowings  
 30  
 59  
 188  
 2,813

3,701  
Trade, other payables and deferred income  
34  
528  
442  
6,814  
12,152  
Derivatives  
39  
1,736  
1,074  
710  
1,234  
Taxation  
35  
176  
112  
11,527  
17,500  
2,499  
1,816  
35,733  
41,285  
Total liabilities  
5,896  
5,631  
52,615  
62,616  
Total equity and liabilities  
8,943  
8,293  
**Group balance sheet**  
As at 31 December

Page 152\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

Notes

**2006**

2005

**SA Rands**

**US Dollars**

Cash flows from operating activities

17,175

21,237

Receipts from customers

3,134

2,707

(12,907)

(12,438)

Payments to suppliers and employees

(1,853)

(2,034)

4,268

8,799

Cash generated from operations

36

1,281

673

(188)

(6)

Cash utilised by discontinued operations

(1)

(31)

(188)

(968)

Taxation paid

35

(143)

(30)

3,892

7,825

Net cash inflow from operating activities

1,137

612

Cash flows from investing activities

Capital expenditure

16

(1,721)

(2,117)

– project expenditure

(313)

(270)

(2,879)  
(3,416)  
– stay-in-business expenditure  
(504)  
(452)  
53  
393  
Proceeds from disposal of tangible assets  
57  
8  
27  
63  
Proceeds from disposal of assets of discontinued operations  
9  
4  
(83)  
(471)  
Other investments acquired  
(71)  
(12)  
(93)  
(63)  
Associate loans and acquisitions  
(9)  
(15)  
7  
449  
Proceeds from disposal of investments  
66  
1  
112  
(19)  
Cash restricted for use  
(3)  
17  
113  
173  
Interest received  
25  
18  
(45)  
(5)  
Loans advanced  
(1)  
(7)  
38  
38  
Repayment of loans advanced  
6  
6  
(415)



–	
Utilised in hedge restructure	
–	
(69)	
(4,886)	
(4,975)	
Net cash outflow from investing activities	
(738)	
(771)	
Cash flows from financing activities	
60	
3,068	
Proceeds from issue of share capital	
512	
9	
–	
(32)	
Share issue expenses	
(5)	
–	
4,194	
1,525	
Proceeds from borrowings	
226	
659	
(2,183)	
(3,957)	
Repayment of borrowings	
(623)	
(343)	
(471)	
(586)	
Finance costs	
(88)	
(74)	
(1,051)	
(913)	
Dividends paid	
(132)	
(169)	
549	
(895)	
Net cash (outflow) inflow from financing activities	
(110)	
82	
(445)	
1,955	
Net increase (decrease) in cash and cash equivalents	
289	
(77)	
143	

184

Translation

(3)

(3)

1,630

1,328

Cash and cash equivalents at beginning of year

209

289

1,328

3,467

Cash and cash equivalents at end of year

25

495

209

**Group cash flow statement**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 *Page 153*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

Actuarial gain (loss) on pension and post-retirement benefits

(1)

(173)

283

(note 28)

42

(27)

Net loss on cash flow hedges removed from equity and reported in

391

1,274

income (notes 28 and 29)

217

18

(1,281)

(1,604)

Net loss on cash flow hedges (notes 28 and 29)

(229)

(202)

16

78

Gain on available-for-sale financial assets (note 28)

12

2

446

50

Deferred taxation on items above (note 28)

8

69

1,534

2,292

Net exchange translation differences (notes 28 and 29)

281

294

933

2,373

Net income recognised directly in equity

331

154

(1,109)

(385)

Loss for the year

(14)

(159)
(176)
1,988
Total recognised income (expense) for the year
317
(5)
Attributable to:
(348)
1,755
Equity shareholders
289
(26)
172
233
Minority interest
28
21
(176)
1,988
317
(5)
(1)

The cumulative effect of the actuarial gain and loss accounted through equity is a cumulative loss of \$6 million, R45 million (2005: \$36 million, R227 million) in reserves after deferred taxation of \$7 million, R29 million (2005: \$22 million, R131 million).

**Group statement of recognised income and expense**

For the year ended 31 December

Page 154\_AngloGold Ashanti  
\_Annual Financial Statements 2006

**1**

**Accounting policies**

Statement of compliance

The consolidated and company financial statements are prepared in compliance with International Financial Reporting Standards

(IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and applicable legislation.

During the current financial year, the following new and revised accounting standards, amendments to standards and new

interpretations were adopted by AngloGold Ashanti Limited:

IAS 39 and IFRS 4

Amendment – financial guarantee contracts;

IFRS 6

Exploration for and evaluation of Mineral Resources;

IFRIC 4

Determining whether an arrangement contains a lease;

IFRIC 6

Liabilities arising from Participating in a Specific market: Waste Electrical and Electronic Equipment.

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

IFRIC 7

Applying the Restatement approach under IAS 29, Financial reporting in Hyperinflationary Economies;

IFRIC 8

Scope of IFRS 2;

IFRIC 9

Reassessment of embedded derivatives;

IFRIC 10

Interim reporting and Impairment.

The adoption of the above identified accounting standards, amendments to standards and new interpretations, other than IFRIC 8

as disclosed in note 1.2, had no material financial impact on the annual financial statements.

The following accounting standards, amendments to standards and new interpretations, which are not yet mandatory for AngloGold

Ashanti Limited, have not been adopted in the current year:

IAS 1

Amendment – capital disclosures

Effective years beginning on or after 1 January 2007

IFRS 7

Financial instruments disclosures

Effective years beginning on or after 1 January 2007

IFRS 8

Operating segments

Effective years beginning on or after 1 January 2009

IFRIC 11

IFRS 2 – Group and Treasury Share Transactions

Effective years beginning on or after 1 March 2007

IFRIC 12

Service Concession Arrangements

Effective years beginning on or after 1 January 2008

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

**Notes to the group financial statements**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 155

1

**Accounting policies cont.**

1.1

**Basis of preparation**

The financial statements are prepared according to the historical cost accounting convention, as modified by the revaluation of

certain financial instruments to fair value. The group's accounting policies as set out below are consistent in all material respects

with those applied in the previous year, except for the adoption of the above mentioned new and revised standards.

AngloGold Ashanti presents its consolidated financial statements in South African rands and US dollars for the benefit of local

and international investors. The functional currency of a significant portion of the group's operations is the South African rand.

Other main subsidiaries have functional currencies of US dollars and Australian dollars.

**Basis of consolidation**

The group financial statements incorporate the financial statements of the company, its subsidiaries and its proportionate interest

in joint ventures.

The financial statements of subsidiaries, the Environmental Rehabilitation Trust Fund and joint ventures, are prepared for the

same reporting period as the holding company, using the same accounting policies, except for Rand Refinery Limited which

reports on a three-month time lag. Adjustments are made to the subsidiary financial results for material transactions and

events in the intervening period.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and

operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of

potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

They are

de-consolidated from the date on which control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

1.2

**Changes in accounting policies**

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

interpretations:

IAS 39 and IFRS 4

Amendment – financial guarantee contracts;

IFRS 6

Exploration for and evaluation of Mineral Resources;

IFRIC 4

Determining whether an arrangement contains a lease;

IFRIC 6

Liabilities arising from Participating in a Specific market: Waste Electrical and Electronic Equipment;

IFRIC 7

Applying the Restatement approach under IAS 29, Financial reporting in Hyperinflationary Economies;

IFRIC 8

Scope of IFRS 2;

IFRIC 9

Reassessment of embedded derivatives;

IFRIC 10

Interim reporting and impairment.



Page 156\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.2

Changes in accounting policies *cont.*

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

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

The main impact of the IAS 39 and IFRS 4 Amendment – financial guarantee contracts on the group, is the recognition of an

expense and a corresponding entry to liabilities for the fair value of any financial guarantee contracts in existence.

Subsequent

measurement is dealt with in the financial instrument accounting policy. A financial guarantee contract is a contract that

requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to

make payment when due in accordance with the original or modified terms of a debt instrument. As a result, the group and

company has applied IAS 39 and IFRS 4 Amendment – financial guarantee contracts to all such issued contracts that are in

existence.

The effect of the revised policy has no material effect on the company or the consolidated prior or current year profits and has

no consequential effect on basic and diluted earnings per share.

IFRS 6 “Exploration for and evaluation of Mineral Resources”

The adoption of IFRS 6 has resulted in the group clarifying the accounting policy for Exploration for and evaluation of Mineral

Resources which is described in "Significant accounting policies".

Moreover, assets defined as used in the Exploration for and evaluations of Mineral Resources are required to be separately

identified from other Tangible assets, which are fully disclosed in note 16.

The effect of the revised policy has no effect on the company or the consolidated prior or current year profits and has no

consequential effect on basic and diluted earnings per share.

IFRIC 4 “Determining whether an arrangement contains a lease”

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

IFRIC 4 requires an entity to assess its arrangements that do not take the legal form of a lease but convey the right to use an

asset, in order to determine whether such arrangements are, or contain, leases that should be accounted for in accordance

with IAS 17, Leases.

The effect of the assessment of arrangements that do not take the legal form of a lease but convey the right to use an asset

has no effect on consolidated and company prior or current year profits and has no consequential effect on basic and diluted

earnings per share.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 157

1

**Accounting policies cont.**

1.2

Changes in accounting policies *cont.*

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

This interpretation provides guidance on the recognition in the financial statements of producers, of liabilities for waste

management under the Economic Union Directive on Waste Electrical and Electronic Equipment in respect of sales of historical

household equipment.

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

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

This Interpretation provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity

identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and the entity therefore restates its financial statements in accordance with IAS 29.

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

IFRIC 8 “Scope of IFRS 2”

IFRS 2 applies to share-based payment transactions in which the entity receives or acquires goods or services where the

identifiable consideration received is less than the fair value of the equity instruments issued.

The adoption of this IFRIC has no effect on prior year profits or consequential effect on prior year basic and diluted earnings

per share. The current year consolidated profits were affected by \$19 million, R131 million and \$0.07, R0.48 per ordinary share

for basic and \$0.07, R0.48 per share for diluted earnings per share as a result of the implementation of the Black Economic

Empowerment (BEE) transaction approved by shareholders on 11 December 2006 (refer note 11). The current year company

results were affected by R131 million.

IFRIC 9 “Reassessment of embedded derivatives”

IAS 39 paragraph 10 describes an embedded derivative as a component of a hybrid (combined) instrument that also includes

a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar

to a stand-alone derivative. IAS 39 paragraph 11 requires an embedded derivative to be separated from the host contract and

accounted for as a derivative under certain presented circumstances.

Page 158\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.2

Changes in accounting policies *cont.*

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

IFRIC 9 specifies that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment

is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise

would be required under the contract, in which case reassessment is required.

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

IFRIC 10 "Interim reporting and impairment"

An entity is required to assess goodwill for impairment at every reporting date, to assess investments in equity instruments

and in financial assets carried at cost for impairment at every balance sheet date and, if required, to recognise an impairment

loss at that date. This Interpretation requires that an entity shall not reverse an impairment loss recognised in a previous interim

period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

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

1.3

Significant accounting judgements and estimates

Use of estimates: The preparation of the financial statements requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could

differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the

basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other materials in heap leach pads;

asset impairments (including impairments of goodwill), write-downs of inventory to net realisable value;

post-employment,

post-retirement and other employee benefit liabilities, the fair value and accounting treatment of financial instruments and

deferred taxation.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 159

1

**Accounting policies cont.**

1.3

Significant accounting judgements and estimates *cont.*

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets

and liabilities within the next financial year are discussed below.

Carrying value of goodwill and tangible assets

All mining assets are amortised using the units-of-production (UOP) method where the mine operating plan calls for production

from well-defined mineral reserves over proved and probable reserves.

For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not

exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the UOP rate of amortisation could be impacted to the extent that actual production in the future is different

from current forecast production based on proved and probable mineral reserves. This would generally result to the extent

that there are significant changes in any of the factors or assumptions used in estimating mineral reserves.

These factors could include:

changes in proved and probable mineral reserves;

the grade of mineral reserves may vary significantly from time to time;

differences between actual commodity prices and commodity price assumptions;

unforeseen operational issues at mine sites;

changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates;

and

changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-

in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is

reasonably possible that the gold price assumption may change which may then impact the estimated life of mine determinant

and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Page 160\_AngloGold Ashanti  
\_Annual Financial Statements 2006

**1**

**Accounting policies cont.**

1.3

Significant accounting judgements and estimates *cont.*

Carrying value of goodwill and tangible assets *cont.*

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying

amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the

lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that

impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Expected

future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including published reserves, resources,

exploration potential and production estimates, together with economic factors such as spot and future gold prices, discount

rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

The carrying amount of goodwill in the consolidated financial statements at 31 December 2006 was \$391 million, R2,739 million

(2005: \$373 million, R2,366 million). The carrying amount of tangible assets at 31 December 2006 was \$6,054 million,

R42,382 million (2005: \$5,908 million, R37,487 million). There is no goodwill in the company financial statements.

The carrying

amount of the company's tangible assets at 31 December 2006 was R12,484 million (2005: R11,932 million).

Production start date

The group assesses the stage of each mine construction project to determine when a mine moves into the production stage.

The criteria used to assess the start date are determined based on the unique nature of each mine construction project such

as the complexity of a plant and its location. The group considers various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moves into the production stage. Some of the criteria would include,

but, are not limited to, the following:

the level of capital expenditure compared to the construction cost estimates;

completion of a reasonable period of testing of the mine plant and equipment;

ability to produce gold in saleable form (within specifications and the de minimis rule);

ability to sustain ongoing production of gold.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs

ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions

or improvements, underground mine development or reserve development.

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide

provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the

ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 161

1

**Accounting policies cont.**

1.3

Significant accounting judgements and estimates *cont.*

Income taxes *cont.*

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the

deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax

assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future

taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise

the net deferred tax assets recorded at the balance sheet date could be impacted.

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

obtain tax deductions in future periods.

Carrying values of the group at 31 December 2006:

deferred tax asset: \$62 million, R432 million (2005: \$44 million, R279 million)

deferred tax liability: \$1,103 million, R7,722 million (2005: \$1,154 million, R7,320 million)

taxation liability: \$176 million, R1,234 million (2005: \$112 million, R710 million)

Carrying values of the company at 31 December 2006:

deferred tax liability: R2,197 million (2005: R2,185 million)

taxation liability: R561 million (2005: R553 million)

Provision for environmental rehabilitation obligations

The group's mining and exploration activities are subject to various laws and regulations governing the protection of the

environment. The group recognises management's best estimate for asset retirement obligations in the period in which they

are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to

environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives

are limited to the life of mine.

The carrying amounts of the rehabilitation obligations for the group at 31 December 2006 was \$361 million, R2,525 million

(2005: \$337 million, R2,143 million). The carrying amounts of the rehabilitation obligations for the company at 31 December

2006 was R1,087 million (2005: R922 million).

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

Costs that are incurred in or benefit the production process are accumulated as stockpiles, gold in process, ore on leach pads

and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales

price of the product based on prevailing and long-term metals prices, less estimated costs to complete production and bring

the product to sale.



Page 162\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.3

Significant accounting judgements and estimates *cont.*

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

Stockpiles and underground gold in process are measured by estimating the number of tonnes added and removed from the

stockpile and from underground, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile and underground ore tonnages are verified by periodic surveys.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of gold actually

recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability

levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based

on actual results over time.

The carrying amount of inventories for the group at 31 December 2006 was \$776 million, R5,430 million (2005: \$571 million,

R3,624 million). The carrying amount of inventories for the company at 31 December 2006 was R405 million (2005: R342 million).

Recoverable tax, rebates, levies and duties

In a number of countries, particularly in Africa, AngloGold Ashanti is due refunds of input tax which remain outstanding for

periods longer than those provided for in the respective statutes.

In addition, AngloGold Ashanti Limited has unresolved tax disputes in a number of countries, particularly in Tanzania and Mali.

If the outstanding input taxes are not received and the tax disputes are not resolved in a manner favourable to AngloGold

Ashanti, it could have an adverse effect upon the carrying value of these assets.

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

carrying value for the company at 31 December 2006 was R49 million (2005: R43 million).

Pension plans and post-retirement medical aid obligations

The determination of AngloGold Ashanti's obligation and expense for pension and provident funds, as well as post-retirement

health care liabilities, depends on the selection of certain assumptions used by actuaries to calculate amounts. These assumptions include, among others, the discount rate, the expected long-term rate of return of plan assets, health care inflation costs, rates of increase in compensation costs and the number of employees who reach retirement age before the

mine reaches the end of its life. While AngloGold Ashanti believes that these assumptions are appropriate, significant changes

in the assumptions may materially affect pension and other post-retirement obligations as well as future expenses, which may

result in an impact on earnings in the periods that the changes in the assumptions occur.

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

company at 31 December 2006 was R827 million (2005: R1,121 million).

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 163

1

**Accounting policies cont.**

1.3

Significant accounting judgements and estimates *cont.*

Share-based payments

The group issues equity-settled share-based payments to certain employees and third parties outside the group.

Equity-settled

share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of

grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are

rendered over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the

effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based

on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of

such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

1.4

Summary of significant accounting policies

Joint ventures

A joint venture is an entity in which the group holds a long-term interest and which is jointly controlled by the group and one

or more other venturers under a contractual arrangement. The group's interests in jointly controlled entities are accounted for

by proportionate consolidation on a line by line basis.

The group does not recognise its share of profits or losses that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides

evidence of a reduction in the net realisable value of current assets, or an impairment loss.

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

Associates

The equity method of accounting is used for an investment over which the group exercises significant influence and normally

owns between 20% and 50% of the voting equity. Associates are equity accounted from the effective dates of acquisition to

the effective dates of disposal.

As the group only has significant influence, it is unable to obtain reliable information at year end on a timely basis.

The results

of associates are equity accounted from their most recent audited annual financial statements or unaudited interim financial

statements, all within three months of the year end of the group. Adjustments are made to the associates' financial results for

material transactions and events in the intervening period. Any losses of associates are brought to account in the consolidated financial statements until the investment in such associates is written down to zero. Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such associates.

Page 164\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

*Associates cont.*

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

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

Foreign currency translation

*Functional currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary

economic environment in which the entity operates (the 'functional currency').

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the approximate exchange rates prevailing at

the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions

and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are

recognised in the income statement, except for derivative balances that are within the scope of IAS 39. Translation differences

on these balances are reported as part of their fair value gain or loss.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part

of their fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale

financial assets, are included in other comprehensive income in equity.

*Group companies*

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have

a functional currency different from the presentation currency are translated into the presentation currency as follows: equity items other than retained earnings are translated at the closing rate on each balance sheet date;

retained earnings are converted at historical average exchange rates;

assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

income and expenses for each income statement presented are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

all resulting exchange differences are recognised as a separate component of equity (foreign currency translation).

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 165

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Foreign currency translation *cont.*

Exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other

currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. For the

company, the exchange differences on such monetary items are reported in the company income statement.

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

loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the

foreign operation and translated at the closing rate.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks

and returns that are different from those of other business segments. Management have determined that the group operates

primarily in one segment, gold. A geographical segment provides products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Tangible assets

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

If there is an indication that the recoverable amount of any of the tangible assets is less than the carrying value, the recoverable

amount is estimated and an allowance is made for the impairment in value.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the group, and the cost of the addition can be measured reliably. All other repairs and

maintenance are charged to the income statement during the financial period in which they are incurred.

Amortisation of assets is calculated to allocate the cost of each asset to its residual value over its estimated useful life for those

assets not amortised on the units-of-production method as follows:

buildings up to life of mine;

plant and machinery up to life of mine;

equipment and motor vehicles up to five years; and

computer equipment up to three years.

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

whichever is sooner.

Page 166\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Tangible assets *cont.*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing net sale proceeds with carrying amount. These are included in the income statement.

*Mine development costs*

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation

in existing orebodies, to expand the capacity of a mine and to maintain production. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred.

Mine

development costs include acquired proved and probable Mineral Resources at cost at acquisition date.

Depreciation, depletion and amortisation of mine development costs are computed by the units-of-production method based

on estimated proved and probable mineral reserves. Proved and probable mineral reserves reflect estimated quantities of

economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are

amortised from the date on which commercial production begins.

Stripping costs incurred in open-pit operations during the production phase to remove additional waste are charged to operating costs on the basis of the average life of mine stripping ratio and the average life of mine costs per tonne. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine

per tonne of ore mined. The average life of mine cost per tonne is calculated as the total expected costs to be incurred to

mine the orebody, divided by the number of tonnes expected to be mined. The average life of mine stripping ratio and the

average life of mine cost per tonne are recalculated annually in the light of additional knowledge and changes in estimates.

The cost of the "excess stripping" is capitalised as mine development costs when the actual mining costs exceed the sum of

the adjusted tonnes mined, being the actual ore tonnes plus the product of the actual ore tonnes multiplied by the average

life of mine stripping ratio, multiplied by the life of mine cost per tonne. When the actual mining costs are below the sum of

the adjusted tonnes mined, being the actual ore tonnes plus the product of the actual ore tonne multiplied by the average life

of mine stripping ratio, multiplied by the life of mine cost per tonnes, previously capitalised costs are expensed to increase the

cost up to the average.

The cost of stripping in any period will be reflective of the average stripping rates for the orebody as a whole.

Changes in the

life of mine stripping ratio are accounted for prospectively as a change in estimate.

*Mine infrastructure*

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

**Notes to the group financial statements *cont.***

For the year ended 31 December



AngloGold Ashanti

Annual Financial Statements 2006\_Page 167

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Tangible assets *cont.*

*Land*

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

*Mineral rights and dumps*

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

Dumps are amortised over the period of treatment.

*Exploration and evaluation assets*

All exploration costs are expensed until the directors conclude that a future economic benefit is more likely than not of being

realised. In evaluating if expenditures meet this criterion to be capitalised, the directors utilise several different sources of

information depending on the level of exploration. While the criteria for concluding that expenditure should be capitalised is

always probable, the information that the directors use to make that determination depends on the level of exploration.

Costs on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be the establishment of proved and probable reserves at this location.

Costs on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be the establishment of increased proved and probable reserves after which the expenditure is capitalised

as a mine development cost.

Costs relating to extensions of mineral deposits, which are already being mined or developed, including expenditure on

the definition of mineralisation of such mineral deposits, are capitalised as a mine development cost.

Costs relating to property acquisitions are capitalised within development costs.

Intangible assets

*Acquisition and goodwill arising thereon*

Where an investment in a subsidiary, joint venture or an associate is made, any excess of the purchase price over the fair

value of the attributable mineral reserves including value beyond proved and probable, exploration properties and net assets is

recognised as goodwill. Goodwill in respect of subsidiaries and proportionately consolidated joint ventures is disclosed as

goodwill. Goodwill relating to associates is included within the carrying value of the investment in associates and tested for

impairment when indicators exist.

Page 168\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Intangible assets *cont.*

Goodwill relating to subsidiaries and joint ventures is tested annually for impairment and carried at cost less accumulated

impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity

sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

*Royalty rate concession*

Royalty rate concession with the government of Ghana was capitalised at fair value at agreement date. Fair value represents

a present value of future royalty rate concessions over 15 years. The royalty rate concession has been assessed to have a

finite life and is amortised under a straight-line method over a period of 15 years, the period over which the concession runs.

The related amortisation expense is charged through the income statement. This intangible asset is also tested for impairment

when there is an indicator of impairment.

Impairment of assets

Intangible assets that have an indefinite useful life and separately recognised goodwill are not subject to amortisation and are

tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not

be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance

indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The

recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. For the purposes of assessing

impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment calculation assumptions include life of mine plans based on prospective reserves and resources, management's

estimate of the future gold price, based on current market price trends, foreign exchange rates, and a pre-tax discount rate

adjusted for country and project risk. It is therefore reasonably possible that changes could occur which may affect the recoverability of tangible and intangible assets.

Borrowing costs

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction

phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being

acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an

extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

Leased assets

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

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 169

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Leased assets *cont.*

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

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally

through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly

probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be

committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date

of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying

amount and fair value less costs to sell.

Exploration and research expenditure

Pre-licence costs are recognised in profit or loss as incurred. Exploration and research expenditure is expensed in the year in

which it is incurred. These expenses include: geological and geographical costs, labour, mineral resources and exploratory

drilling.

Inventories

Inventories are valued at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving

items. Cost is determined on the following bases:

gold in process is valued at the average total production cost at the relevant stage of production;

gold on hand is valued on an average total production cost method;

ore stockpiles are valued at the average moving cost of mining and stockpiling the ore. Stockpiles are allocated as a non-current asset where the stockpile exceeds current processing capacity;

by-products, which include uranium oxide and sulphuric acid are valued on an average total production cost method.

By-products are allocated as a non-current asset where the by-products on hand exceed current processing capacity;

consumable stores are valued at average cost; and

heap leach pad materials are measured on an average total production cost basis. The cost of materials on the leach pad from which gold is expected to be recovered in a period greater than 12 months is classified as a non-current asset.

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

Page 170\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Provisions

Provisions are recognised when the group has a present obligation, whether legal or constructive, as a result of a past event

for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and

a reliable estimate can be made of the amount of the obligation.

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

AngloGold Ashanti Limited does not recognise a contingent liability on its balance sheet except in a business combination.

A contingent liability is disclosed when the possibility of an outflow of resources embodying economic benefits is not remote.

Employee benefits

*Pension obligations*

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or

trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined

contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will

receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension scheme under which the group pays fixed contributions into a separate entity.

The

group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all

employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as

employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future contribution payments is available.

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

method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the

statement of recognised income and expenditure immediately.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 171

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Employee benefits *cont.*

*Other post-employment benefit obligations*

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is

usually conditional on the employee remaining in service up to retirement age and completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment using an accounting methodology on the

same basis as that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments

and changes in actuarial assumptions are recorded in the statement of recognised income and expenditure immediately.

These obligations are valued annually by independent qualified actuaries.

*Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee

accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan

without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary

redundancy based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after

balance sheet date are discounted to present value.

*Profit-sharing and bonus plans*

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the group's shareholders after certain adjustments. The group recognises a provision

where contractually obliged or where there is a past practice that has created a constructive obligation.

*Share-based payments*

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

The fair value of the equity instruments granted is calculated at measurement date, for transactions with employees being

grant date. For transactions with employees fair value is based on market prices of the equity instruments granted, if available,

taking into account the terms and conditions upon which those equity instruments were granted. If market prices of the equity

instruments granted are not available, the fair value of the equity instruments granted is estimated using an appropriate valuation model. For transactions with non-employees fair value is determined by reference to the goods or services received.

Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of shares or share

options at the measurement date.

Page 172\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Employee benefits *cont.*

*Share-based payments cont.*

Over the vesting period the measurement date fair value is recognised as an employee benefit expense with a corresponding increase in other comprehensive income based on the group's estimate of the number of instruments that will eventually vest.

The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

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

Where the terms of an equity settled award are modified, as a minimum, an expense is recognised as if the terms had not

been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-

based payment arrangement, or is otherwise beneficial to the employee as measured at the date of the modification.

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

Environmental expenditure

Long-term environmental obligations comprising decommissioning and restoration are based on the group's environmental

management plans, in compliance with the current environmental and regulatory requirements.

Annual contributions for the South African operations are made to Environmental Rehabilitation Trust, created in accordance

with local statutory requirements where applicable, to fund the estimated cost of rehabilitation during and at the end of the life

of a mine. The amounts contributed to this trust fund are accounted for as non-current assets in the company. Interest earned

on monies paid to rehabilitation trust funds is accrued on a time proportion basis and is recorded as interest income.

For group

purposes the trusts are consolidated.

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

hence the funds are consolidated.

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

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 173

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Environmental expenditure *cont.*

*Decommissioning costs*

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production

commenced. Accordingly an asset is recognised and included within mine infrastructure.

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

of the time value of money.

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

*Restoration costs*

The provision for restoration represents the cost of restoring site damage after the commencement of production.

Increases

in the provision are charged to the income statement as a cost of production.

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

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the

economic benefits will flow to the group and the revenue can be reliably measured. The following criteria must also be present:

the sale of mining products is recognised when the significant risks and rewards of ownership of the products are transferred to the buyer;

dividends are recognised when the right to receive payment is established;

interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group; and

where a by-product is not regarded as significant, revenue is credited against cost of sales, when the significant risks and rewards of ownership of the products are transferred to the buyer.



Page 174\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Taxation

Deferred taxation is provided on all qualifying temporary differences at the balance sheet date between the tax bases of assets

and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are only recognised to the extent that it is probable that the deductible temporary differences will reverse

in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

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

Deferred tax assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively

enacted at the balance sheet date.

Current and deferred tax is recognised as income or expense and included in the profit or loss for the period, except to the

extent that the tax arises from a transaction or event which is recognised, in the same or a different period directly in equity;

or a business combination that is an acquisition.

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

Special items

Items of income and expense that are material and require separate disclosure, in accordance with IAS 1.86, are classified as

“special items” on the face of the income statement. Special items that relate to the underlying performance of the business

are classified as “operating special items” and include impairment charges and reversals. Special items that do not relate to

underlying business performance are classified as “non-operating special items” and are presented below “Operating profit

(loss)” on the income statement.

Dividend distribution

Dividend distribution to the group’s shareholders is recognised as a liability in the group’s financial statements in the period in

which the dividends are declared by the board of directors of AngloGold Ashanti Limited.

Financial instruments

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

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 175

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Financial instruments *cont.*

Financial instruments are initially measured at fair value when the group becomes a party to their contractual arrangements.

Transaction costs are included in the initial measurement of financial instruments, except financial instruments classified as at

fair value through profit and loss. The subsequent measurement of financial instruments is dealt with below.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred

its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither

transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

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

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of

the asset is included in income.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred

to another party and the amount paid is included in income.

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

*Derivatives*

The group enters into derivatives to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of

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

IAS 39 requires that derivatives be treated as follows:

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

where the conditions in IAS 39 for hedge accounting are met, the derivative is recognised in the balance sheet as either

a derivative asset or derivative liability and recorded at fair value. For cash flow hedges, the effective portions of fair value gains or losses are recognised in equity (other comprehensive income) until the underlying transaction occurs

and

then the gains or losses are recognised in earnings or included in the initial measurement of covered assets or liabilities.

The ineffective portion of fair value gains and losses is reported in earnings in the period to which they relate. For fair value hedges, the gain or loss from changes in fair value of the hedged item is reported in earnings, together with the offsetting gains and losses from changes in fair value of the hedging instrument; and

all other derivatives are subsequently measured at their estimated fair value, with the changes in estimated fair value, including translation differences, at each reporting date being reported in earnings in the period to which it relates.

Fair value gains and losses on these derivatives are included in gross profit in the income statement.

Page 176\_AngloGold Ashanti  
\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Financial instruments *cont.*

*Derivatives cont.*

The estimated fair values of derivatives are determined at discrete points in time based on the relevant market information.

These estimates are calculated with reference to the market rates using industry standard valuation techniques.

*Unearned premiums*

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

*Other investments*

Listed investments and unlisted equity investments, other than investments in subsidiaries, joint ventures, and associates, are classified as available-for-sale financial assets and subsequently measured at fair value. Listed investments fair values are

calculated by reference to the quoted selling price at the close of business on the balance sheet date. Fair values for unlisted

equity investments are estimated using methods reflecting the economic circumstances of the investee. Equity investments

for which fair value cannot be measured reliably are recognised at cost less impairment. Changes in fair value are recognised

in equity (other comprehensive income) in the period in which they arise. These amounts are removed from equity and reported

in income when the asset is derecognised or when there is evidence that the asset is impaired.

Investments which management has the ability to hold to maturity are classified as held-to-maturity financial assets and are

subsequently measured at amortised cost using the effective interest rate method. If there is evidence that held-to-maturity financial assets are impaired, the carrying amount of the assets is reduced and the loss recognised in the income

statement.

Investments in subsidiaries, joint ventures, associates and the rehabilitation trusts are carried at cost less any accumulated

impairments in the company's separate financial statements.

*Other non-current assets*

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

Post retirement assets are measured according to the employee benefits policy.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 177

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Financial instruments *cont.*

*Trade and other receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest

method, less accumulated impairment. Impairment of trade and other receivables is established when there is objective evidence as a result of a loss event that the group will not be able to collect all amounts due according to the original terms

of the receivables. The amount of the impairment is the difference between the asset's carrying amount and the present value

of estimated future cash flows, discounted at the original effective interest rate. The impairment is recognised in the income statement.

*Cash and cash equivalents*

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily

convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at cost which is

deemed to be fair value as they have a short-term maturity.

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

*Financial liabilities*

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

Financial guarantee contracts are accounted for as financial instruments and are measured initially at the estimated fair value

and are subsequently measured at the higher of the amount determined in accordance with IAS 37 (Provisions, contingent

liabilities and assets), and the amount initially recognised less (when appropriate) cumulative amortisation recognised in

accordance with IAS 18.

*Foreign currency convertible bonds*

Foreign currency convertible bonds issued are accounted for entirely as liabilities. The option component is treated as a

derivative liability and carried at fair value with changes in fair value recorded in the income statement. The bond component

is carried at amortised cost using the effective interest rate method.

Page 178\_AngloGold Ashanti

\_Annual Financial Statements 2006

1

**Accounting policies cont.**

1.4

Summary of significant accounting policies *cont.*

Treasury shares

Own equity instruments which are reacquired or held by subsidiary companies (treasury shares) are deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

Accounting for BEE transactions

The group has early adopted IFRIC 8: Scope of IFRS 2. Where equity instruments are issued to a BEE party at less than fair

value, these are accounted for as share-based payments.

Any difference between the fair value of the equity instrument issued and the consideration received is accounted for as an

expense in the income statement.

A restriction on the BEE party to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition,

but is factored into the fair value determination of the instrument.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 179*

**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

Total

Capital

assets

assets

expenditure

2006

2005

2006

2005

2006

2005

**US Dollars million**

South Africa

(1)

1,726

1,870

2,199

2,453

313

347

Argentina

177

199

268

258

19

15

Australia

(2)

497

382

921

747

86

38

Brazil

(2)

430

269

566

386  
186  
85  
Ghana  
(1)  
1,655  
1,673  
1,779  
1,802  
97  
90  
Guinea  
216  
228  
282  
273  
16  
36  
Mali  
(2)  
209  
220  
336  
316  
6  
12  
Namibia  
35  
34  
61  
46  
5  
5  
Tanzania  
(2)  
954  
900  
1,377  
1,249  
67  
78  
USA  
389  
374  
509  
430  
13  
8  
Other, including corporate and non-gold  
producing subsidiaries  
150

88

645

333

9

8

6,438

6,237

8,943

8,293

817

722

**SA Rands million**

South Africa

(1)

12,084

11,857

15,392

15,563

2,116

2,208

Argentina

1,239

1,264

1,876

1,635

129

98

Australia

(2)

3,483

2,426

6,447

4,742

584

244

Brazil

(2)

3,013

1,708

3,961

2,449

1,258

544

Ghana

(1)

11,589

10,617

12,456

11,437

656

574



Guinea

1,510

1,445

1,974

1,734

110

229

Mali

(2)

1,460

1,394

2,350

2,007

44

75

Namibia

242

217

424

289

33

33

Tanzania

(2)

6,681

5,707

9,642

7,925

452

496

USA

2,722

2,371

3,566

2,730

89

53

Other, including corporate and non-gold  
producing subsidiaries

1,053

569

4,528

2,104

62

46

45,076

39,575

62,616

52,615

5,533

4,600

(1)

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

(2)

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

Page 180\_AngloGold Ashanti  
\_Annual Financial Statements 2006

**2 Segmental information cont.**

Gold

Gold

production

production

(oz '000)

(kg)

2006

2005

2006

2005

South Africa

2,554

2,676

79,427

83,223

Argentina

215

211

6,683

6,564

Australia

465

455

14,450

14,139

Brazil

339

346

10,551

10,756

Ghana

592

680

18,399

21,170

Guinea

256

246

7,948

7,674

Mali

537

528

16,700

16,421

Namibia

86

81

2,690

2,510

Tanzania

308

613

9,588

19,074

USA

283

330

8,817

10,252

5,635

6,166

175,253

191,783

Gold income

Figures in million

US Dollars

SA Rands

2006

2005

2006

2005

Geographical analysis of gold income by origin is as follows:

South Africa

1,347

1,153

9,151

7,359

Argentina

125

97

841

617

Australia

271

213

1,851

1,349

Brazil

228

172

1,558

1,094

Ghana

263

286

1,781

1,821

Guinea

141  
118  
960  
759  
Mali  
317  
236  
2,146  
1,508  
Namibia  
50  
36  
336  
230  
Tanzania  
127  
214  
857  
1,352  
USA  
95  
104  
656  
661  
(note 3)  
2,964  
2,629  
20,137  
16,750  
Geographical analysis of gold income by destination is as follows:  
South Africa  
1,082  
847  
7,350  
5,393  
North America  
803  
826  
5,457  
5,263  
Australia  
18  
21  
121  
133  
Asia  
202  
135  
1,369  
862  
Europe

646  
435  
4,390  
2,771  
United Kingdom  
213  
365  
1,450  
2,328  
2,964  
2,629  
20,137  
16,750

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 181**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**3**

**Revenue**

Revenue consists of the following principal categories:

16,750

20,137

Gold income (note 2)

2,964

2,629

483

749

By-products (note 4)

110

76

155

218

Interest received (note 36)

32

25

17,388

21,104

3,106

2,730

**4**

**Cost of sales**

11,300

11,994

Cash operating costs

1,770

1,777

(483)

(749)

By-products (note 3)

(110)

(76)

10,817

11,245

1,660

1,701

412

594

Other cash costs

86

65
11,229
11,839
Total cash costs
1,746
1,766
168
152
Retrenchment costs (note 10)
22
26
368
(35)
Rehabilitation and other non-cash costs
(3)
57
11,765
11,956
Production costs
1,765
1,849
3,203
4,059
Amortisation of tangible assets (notes 9, 16 and 36)
597
503
13
13
Amortisation of intangible assets (notes 17 and 36)
2
2
14,981
16,028
Total production costs
2,364
2,354
(279)
(546)
Inventory change
(82)
(45)
14,702
15,482
2,282
2,309
<b>5</b>
<b>Other operating expenses</b>
56
57
Pension and medical defined benefit provisions
8



9

Claims filed by former employees in respect of loss of employment,  
work-related accident injuries and diseases, governmental fiscal

71

67

claims and costs of old tailings operations

9

11

–

5

Miscellaneous

1

–

127

129

18

20

Page 182\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**6**

**Operating special items**

27

202

Underprovision of indirect taxes

(1)

28

4

–

129

Performance related option expense

19

–

Cost of E-shares issued to Izingwe (Pty) Ltd, a Black Economic

–

131

Empowerment company (note 11)

19

–

300

44

Impairment of tangible assets (notes 14 and 16)

6

44

Profit on disposal of land, mineral rights, tangible assets and

(16)

(333)

exploration properties (note 14)

(2)

(48)

(2)

–

(36)

Recovery of exploration loan previously expensed (note 14)

(5)

–

–

(9)

Profit on disposal of shares in Nufcor Uranium Limited (note 14)

(1)

–

31

–	
Abandonment of assets at Malian operations	
(3)	
–	
5	
125	
–	
Impairment of intangible assets (notes 14 and 17)	
–	
20	
55	
–	
Contract termination fee at Geita Gold Mining Limited	
–	
9	
(10)	
–	
Profit on disposal of Mitchell Plateau and Cape Bougainville (note 14)	
–	
(1)	
(14)	
–	
Profit on disposal of Bear Creek (note 14)	
–	
(2)	
1	
2	
Other (note 14)	
–	
–	
499	
130	
18	
77	
(1)	

The current year underprovision of indirect taxes includes the following:

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

Management decided to settle the claims and expensed the amounts in question.

– Reversal of a VAT provision at Siguiri \$3 million, R18 million.

(2)

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

– On 23 August 2006, AngloGold Ashanti announced that it had entered into an agreement with Central African Gold plc (CAG) to sell its entire business

undertaking for \$40 million, R280 million, related to the Bibiani mine and Bibiani North prospecting permit and to transfer all assets, including all of Bibiani's

employees, fixed mining and non-mining assets, inventory, trade debtors and intellectual property as well as the Bibiani lease and the North prospecting

licence, and procure the cessation and delegation of all contracts related to Bibiani to CAG. The delivery of the North lease permit valued at \$4 million,

R28 million was not concluded at 31 December 2006, consequently only proceeds of \$36 million, R253 million have been recognised, resulting in a profit of

\$25 million, R173 million.

– The sale of AngloGold Ashanti's Alaskan mineral and exploration properties to International Tower Hill Mines Limited resulted in a profit on disposal of

\$13 million, R91 million.

(3)

In prior years, various tax assessments for normal company tax and for various indirect taxes were issued to the joint venture operations in Mali by the Malian

authorities. The group is of the opinion that the tax filings and indirect tax submissions by the company were in compliance with applicable laws and regulations.

Malian law requires a deposit to be placed with the authorities when the company objects to assessments for normal company and indirect tax assessments

in order for the objection to be reviewed.

Without admitting that the filings of the joint venture operations in Mali were prepared in an incorrect manner in terms of the prevailing laws and regulations, the

directors formed a commercial view and decided that the deposits totalling \$4 million, R25 million previously placed with the authorities should be abandoned

in order to close this issue and allow management to concentrate on the core business. Accordingly, the abandonment was recorded as an operating special

loss rather than as an underprovision of prior year taxation.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 183**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**7**

**Finance costs and unwinding of decommissioning and restoration obligations**

143

133

Finance costs on bank loans and overdrafts

21

22

215

214

Finance costs on corporate bond

32

34

265

342

Finance costs on convertible bonds

(1)

50

42

19

–

Finance costs on interest rate swap

(2)

–

3

18

18

Finance lease charges

3

3

–

49

Discounting of long-term trade and other receivables

7

–

71

28

Other finance costs

4

11

731

784

117
115
(102)
(71)
Less: amounts capitalised (note 16)
(10)
(16)
629
713
107
99
21
38
Unwinding of decommissioning obligation (note 31)
6
3
40
71
Unwinding of restoration obligation (note 31)
10
6
690
822
(note 36)
123
108
(1)

The interest rate swap was entered into against the convertible bonds and was designated as a fair value hedge and was considered an integral part of the bonds. Accordingly, the finance cost on the convertible bonds was disclosed after adjusting for the finance costs and income under the swap. The swap was unwound in September 2005.

(2)  
Interest received on the interest rate swap entered into against the corporate bond, which has not been designated as a fair value hedge, was nil (2005: \$4 million, R24 million). The swap was unwound in April 2005.

**8**  
**Share of associates' loss**

96
103
Revenue
15
15
(101)
(105)
Operating expenses
(16)
(16)
(5)
(2)
Gross loss

(1)  
 (1)  
 (11)  
 –  
 Impairment  
 (1)  
 –  
 (2)  
 1  
 –  
 Interest received  
 –  
 –  
 (1)  
 (1)  
 Finance costs  
 –  
 –  
 (16)  
 (3)  
 Loss before taxation  
 (1)  
 (3)  
 (1)  
 (3)  
 Taxation  
 –  
 –  
 (17)  
 (6)  
 Loss after taxation (note 18)  
 (1)  
 (3)  
 (1)

In 2005, the Oro Group (Proprietary) Limited investment was impaired. The impairment tests considered the investments fair value and anticipated future cash flows. An impairment of \$2 million, R11 million was recorded.

Page 184\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**9**

**Profit (loss) before taxation**

Profit (loss) before taxation is arrived at after taking account of:

Auditors' remuneration

30

61

– Audit fees

(1)

9

5

2

2

– Under provision prior year

–

–

3

6

– Other assurance services

1

1

35

69

10

6

Amortisation of tangible assets (notes 4, 16 and 36)

3,103

4,040

Owned assets

594

487

100

19

Leased assets

3

16

3,203

4,059

597

503

57

52

Grants for educational and community development



8  
 9  
 418  
 467  
 Operating lease charges  
 68  
 66  
 (1)  
 Includes fees for services in respect of Section 404 of the Sarbanes-Oxley Act.

**10 Employee benefits**

Employee benefits including executive directors' salaries and

4,788

4,897

other benefits

723

752

Health care and medical scheme costs

299

379

– current medical expenses

56

47

86

94

– defined benefit post-retirement medical expenses

14

14

Contributions to pension and provident plans

199

274

– defined contribution (note 32)

40

31

30

11

– defined benefit pension plan expense

1

5

168

152

Retrenchment costs (note 4)

22

26

15

213

Share-based payment expense (note 11)

31

2

Included in cost of sales, other operating expenses and operating

5,585

6,020

special items

887

877

Actuarial defined benefit plan expense analysis

Defined benefit post-retirement medical expense

7

7

– current service cost

1

1

82

90

– interest cost

13

13

(3)

(3)

– expected return on plan assets

–

–

86

94

14

14

Defined benefit pension plan expense

40

50

– current service cost

7

6

105

109

– interest cost

16

17

(115)

(148)

– expected return on plan assets

(22)

(18)

30

11

1

5

Actual return on plan assets

381

420

– defined benefit pension and medical plans

62

60

Refer to the Remuneration report for details of directors’

emoluments.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 185

## 11

### Share-based payments

Share incentive schemes

In addition to schemes approved in prior years, during the financial year the shareholders of AngloGold Ashanti approved the Employee

Share Ownership Plan, for the employees in the South African operations and a Black Economic Empowerment transaction. New awards

were made under the existing BSP and LTIP plans.

Employee Share Ownership Plan (ESOP)

On 12 December 2006, AngloGold Ashanti announced the finalisation of the Bokamoso employee share ownership plan (Bokamoso

ESOP) with the National Union of Mineworkers, Solidarity and United Association. The Bokamoso ESOP creates an opportunity for

AngloGold Ashanti and the unions to ensure a closer alignment of the interest between employees and the company, and the seeking of

shared growth solutions to build partnerships in areas of shared interest. Participation is restricted to those employees not eligible for

participation in any other South African Share Incentive Plan.

The company also undertook an empowerment transaction with a Black Economic Empowerment investment vehicle, Izingwe Holdings

(Proprietary) Limited (Izingwe).

In order to facilitate this transaction the company established a trust to acquire and administer the ESOP shares.

AngloGold Ashanti

allotted and issued free ordinary shares to the trust and also created, allotted and issued E ordinary shares to the trust for the benefit of

employees. The company also created, allotted and issued E ordinary shares to Izingwe. The key terms of the E ordinary share are:

– AngloGold Ashanti will have the right to cancel the E ordinary shares, or a portion of them, in accordance with the ESOP and Izingwe

cancellation formulae, respectively;

– the E ordinary shares will not be listed;

– the E ordinary shares which are not cancelled will be converted into ordinary shares; and

– the E ordinary shares will each be entitled to receive a dividend equal to one-half of the dividend per ordinary share declared by the

company from time to time and a further one half is included in the strike price.

The award of free ordinary shares to the employees:

The fair value of each free share awarded in 2006 is R320. The fair value is equal to the market value at the date-of-grant. Dividends

declared and paid to the trust will accrue and be paid to ESOP members, pro rata to the number of shares allocated to them.

– number of free shares awarded to employees: 928,590

– grant date: 13 December 2006

– vesting conditions: A fifth of the shares vest after three years' service and a further fifth vests in each subsequent year until fully

vested.

– cancelled if not exercised: 1 November 2013

– number of free shares outstanding at end of period: 928,590

– income statement charge: \$1,7 million, R12 million

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

The award of E ordinary shares to employees

The average fair value of the E ordinary shares granted to employees on 13 December 2006 was R105 per share.

Dividends declared in

respect of the E ordinary shares will firstly be allocated to cover administration expenses of the trust, where after it will accrue and be

paid to ESOP members, pro rata to the number of shares allocated to them. At each anniversary over a five year period commencing

on the third anniversary of the award, the company will cancel the relevant number of E ordinary shares as stipulated by a cancellation

formula. Any E ordinary shares remaining in that tranche will be converted to ordinary shares for the benefit of the employees.

All unexercised awards will be cancelled on 1 May 2014.

Page 186\_AngloGold Ashanti  
\_Annual Financial Statements 2006

Weighted  
Number  
average  
of  
exercise  
shares  
price

**SA Rands 2006**

**11**

**Share-based payments cont.**

E ordinary shares granted during the year and outstanding at end of year

2,785,770            289.00

E ordinary shares cancelled during the year

—                    —

E ordinary shares converted during the year

—                    —

Weighted average exercise price is calculated as the initial grant price of R288 plus interest factor less dividend apportionment. This value will change on a monthly basis to take account of employees leaving the company and those shares being reissued to new employees. The income statement charge for the year was \$1,7 million, R12 million.

A total of 21,150 shares of deceased, retired or retrenched employees vested during December 2006 and ordinary shares will be issued in accordance with the rules of the scheme.

The award of E ordinary shares to Izingwe

The average fair value of the E ordinary shares granted to Izingwe on 13 December 2006 was R90 per share. Dividends declared in respect of the E ordinary shares will accrue and be paid to Izingwe, pro rata to the number of shares allocated to them. At each anniversary over a five year period commencing on the third anniversary of the award, Izingwe has a six month period to instruct the company to cancel the relevant number of E ordinary shares as stipulated by a cancellation formula.

Any E ordinary shares remaining in that tranche will be converted to ordinary shares for the benefit of Izingwe. If no instruction is received at the end of the six month period the cancellation formula will be applied automatically.

E ordinary shares granted during the year and outstanding at end of year

1,400,000            289.00

E ordinary shares cancelled during the year

—                    —

E ordinary shares converted during the year

—                    —

Weighted average exercise price is calculated as the initial grant price of R288 per share plus interest factor less dividend apportionment. The income statement charge for the year was \$19 million, R131 million (note 6).

The fair value of each share granted for the ESOP and Izingwe schemes was estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option award and share price volatility. The expected term of award granted is derived from historical data on employee exercise behaviour for the ESOP award. Expected volatility is based on the historical volatility of our shares. These estimates involve inherent uncertainties and the application of management judgment. In addition, we are required to estimate the expected forfeiture rate and only recognise expense for those options expected to vest. As a result, if other assumptions had been used, our recorded share-based compensation expense could have been different from that reported. The Black-Scholes option-pricing

model used the following assumption for the year ended 31 December 2006, weighted-average risk free interest rates of 7%; dividend yield of 2.3% and volatility of 36%.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 187

## 11

### **Share-based payments cont.**

#### Bonus Share Plan (BSP)

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

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

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

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

During 2006, the rights to a total of 26,416 (2005: 11,682) shares were surrendered by the participants. A total of 4,182 (2005: 288)

shares were allotted to deceased, retired or retrenched employees. A further 1,140 awards were issued to employees during the year.

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

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

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



Page 188\_AngloGold Ashanti  
\_Annual Financial Statements 2006

**11**

**Share-based payments cont.**

**Long-Term Incentive Plan (LTIP)**

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

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

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

The main performance conditions in terms of the LTIP are:

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

Further information:

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

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

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 189

## 11

### Share-based payments *cont.*

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

The main performance conditions in terms of the LTIP are:

– up to 40% of an award will be determined by the performance of total shareholder returns (TSR) compared with that of a group of

comparator gold-producing companies;

– up to 30% of an award will be determined by an adjusted earnings per share compared to a planned adjusted earnings per share

over the performance period;

– up to 30% of an award will be dependent on the achievement of strategic performance measures which will be set by the

Remuneration Committee; and

– three-years' service is required.

Further information:

– number of LTIPs awarded: 316,675

– award value: R327.00 per share

– grant date: 31 July 2006

– vesting condition: based on stretched company performance and;

– three-years' service

– expire if not exercised by: 31 July 2016

– number of LTIPs outstanding at the end of the year: 316,675

– income statement charge: \$1 million, R6 million

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

The options, if vested, may be exercised at the end of a three-year period commencing 1 May 2003. The share options were granted at

an exercise price of R221.90. The performance condition applicable to these options was that the US dollar EPS must increase by at

least 6% in real terms, after inflation, over the next three years, in order to vest. As none of the performance criteria were met, in the

initial three years, the grantor decided to roll the scheme forward on a “roll over reset” basis, in February 2006, to be reviewed annually.

The performance criteria of these options was achieved during 2006. The remaining weighted average contractual life of the options

granted is 6.33 years. An employee would only be able to exercise his options after the date upon which he has received written

notification from the directors that the previously specified performance criteria has been fulfilled.

Page 190\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

Weighted  
 Weighted  
 Number  
 average  
 Number  
 average  
 of  
 exercise  
 of  
 exercise  
 shares  
 price  
 Figures in million  
 shares  
 price

**SA Rands 2005**

**SA Rands 2006**

**11 Share-based payments *cont.***

1,225,800

221.86

Options outstanding at the beginning of the year

999,400          221.90

nil

nil

Options granted during the year

nil                  nil

224,000

221.70

Options lapsed during the year

112,000          221.90

2,400

221.90

Options exercised during the year

1,500              221.90

nil

nil

Options expired during the year

nil                  nil

999,400

221.90

Options outstanding at the end of the year

885,900          221.90

nil

nil

Options exercisable at the end of the year

885,900          221.90

During the year 1,500 (2005: 2,400) options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside.

The income statement charge for the year was \$10 million, R69 million (2005: nil).

Performance-related share-based remuneration scheme  
– 1 November 2004

The options, if vested, may be exercised at the end of a three-year period commencing 1 November 2004. The share options were granted at an exercise price of R228.00. The performance condition applicable to these options was that US dollar EPS must increase from the 2004 year by at least 6% in real terms, i.e. after inflation, over the next three years in order to vest. The performance criteria is expected to be met. The remaining weighted average contractual life of options granted is 7.84 years. An employee would only be able to exercise his options after the date upon which he has received written notification from the directors that the previously specified performance criteria has been fulfilled.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 191

Weighted

Weighted

Number

average

Number

average

of

exercise

of

exercise

shares

price

Figures in million

shares

price

**SA Rands 2005****SA Rands 2006****11 Share-based payments cont.**

1,149,300

228.00

Options outstanding at the beginning of the year

1,012,900          228.00

nil

nil

Options granted during the year

nil                  nil

135,500

228.00

Options lapsed during the year

100,200          228.00

900

228.00

Options exercised during the year

1,300              228.00

nil

nil

Options expired during the year

nil                  nil

1,012,900

228.00

Options outstanding at the end of the year

911,400          228.00

nil

nil

Options exercisable at the end of the year

nil                  nil

During the year, 1,300 (2005: 900) options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside in accordance with the scheme rules.

The income statement charge for the year was \$9 million, R60 million (2005: nil).

There are currently two share incentive schemes that fall outside the transitional provisions of IFRS 2, as the options were granted prior to 7 November 2002, the details of which are as follows:

Performance-related share-based remuneration scheme

– 1 May 2002

The share options were granted at an exercise price of R299.50 per share. The performance condition applicable to these options was that US dollar EPS must increase by 7.5% for each of the three years. On 24 December 2002, AngloGold Ashanti underwent a share split on a 2:1 basis therefore the EPS target was reduced accordingly. As none of the performance criteria were met, in the initial three years, the grantor decided to roll the scheme forward on a “roll over reset” basis, to be reviewed annually. The performance criteria of these options were achieved during 2006. The remaining weighted average contractual life of options granted is 5.33 years. An employee would only be able to exercise his options after the date upon which he has received written notification from the directors that the previously specified performance criteria has been fulfilled.

Page 192\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

Weighted  
 Weighted  
 Number  
 average  
 Number  
 average  
 of  
 exercise  
 of  
 exercise  
 shares  
 price  
 Figures in million  
 shares  
 price

**SA Rands 2005**

**SA Rands 2006**

**11 Share-based payments *cont.***

1,050,800

299.50

Options outstanding at the beginning of the year

884,700          299.50

nil

nil

Options granted during the year

nil                  nil

166,100

299.50

Options lapsed during the year

94,700          299.50

nil

nil

Options exercised during the year

1,500          299.50

nil

nil

Options expired during the year

nil                  nil

884,700

299.50

Options outstanding at the end of the year

788,500          299.50

nil

nil

Options exercisable at the end of the year

788,500          299.50

During the year, 1,500 options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside in accordance with the scheme rules.



## Time-related share-based remuneration scheme

– granted up to 30 April 2002

Except where the directors, in their sole and absolute discretion decide otherwise, a grantee may not exercise his options until after the lapse of a period calculated from the date on which the option was granted. The remaining weighted average contractual life of options granted is 3.6 years. The period in which and the extent to which the options vest and may be exercised are as follows:

- After two years – up to 20% of options granted
- After three years – up to 40% of options granted
- After four years – up to 60% of options granted
- After five years – up to 100% of options granted

1,391,060

126.38

Options outstanding at the beginning of the year

864,710            126.91

nil

nil

Options granted during the year

nil                    nil

54,400

122.00

Options lapsed during the year

1,600            211.00

471,950

125.91

Options exercised during the year

389,850            127.89

nil

nil

Options expired during the year

nil                    nil

864,710

126.91

Options outstanding at the end of the year

473,260            125.82

758,150

124.12

Options exercisable at the end of the year

465,260            123.90

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 193**11****Share-based payments cont.**

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

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

2002

2003

2004

Risk-free interest rate

11.00%

11.00%

8.18%

Dividend yield

4.27%

4.27%

2.27%

Volatility factor of market share price

0.390

0.390

0.300

Weighted average expected life

7 years

7 years

7 years

Calculated fair value

R100.20

R77.76

R94.65

2005

**2006**

Figures in million

**2006**

2005

**SA Rands****US Dollars**

**12 Taxation**

Current taxation

182

1,370

Normal

201

29

2

13

Disposal of tangible assets (note 14)

2

–

347

49

Under provision prior year

7

53

531

1,432

(note 35)

210

82

Deferred taxation

248

215

Temporary differences

30

38

(128)

(742)

Unrealised non-hedge derivatives and other commodity contracts

(106)

(21)

(19)

–

Taxation on contract termination fee at Geita Gold Mining Limited

–

(3)

(79)

56

Impairment and disposal of tangible assets (note 14)

8

(12)

(74)

271

Change in estimated deferred taxation

(1) (2)

38

(12)

(695)

–

Change in statutory tax rate

—

(107)

(747)

(200)

(note 33)

(30)

(117)

(216)

1,232

180

(35)

Page 194\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

Figures in million

**2006**

2005

**12**

**Taxation cont.**

Tax reconciliation

A reconciliation of the current tax rate compared to that charged in the income statement is set out in the following table:

%

%

Estimated corporate tax rate

(1)

37

37

Disallowable items

89

(32)

Foreign income tax allowances and rate differentials

(23)

(25)

Previously unrecognised tax assets

(39)

—

Change in estimated deferred tax rate

(2) (3)

35

7

Change in statutory tax rate

—

67

Under (over) provision prior year

4

(33)

Other

4

1

Effective tax rate

107

22

(1)

Mining tax on mining income in South Africa is determined according to a formula based on the profit and revenue from mining operations.

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

The formula for determining the South African mining tax is:

$$Y = 45 - 225/X$$

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

(2)

In South Africa the mining operations are taxed on a variable rate that increases as profitability increases. The tax rate used to calculate deferred tax is based on the company's current estimate of what the future profitability and therefore future tax rate will be when temporary differences will reverse. Depending on aforementioned factors that will impact the profitability of the operations, the tax rate can then as a consequence be significantly different from year to year. During 2005 and 2006 financial year, estimates were revised in South Africa to reflect the future anticipated taxation rate at the time the temporary differences reverse \$59 million, R412 million (2005: \$12 million, R74 million).

(3)

The Ghanaian taxation authorities have granted an extension on tax losses which would have been forfeited during the current year \$21 million, R141 million.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 195

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**12 Taxation cont.**

Unrecognised tax losses

The unrecognised tax losses of the US operations which are

1,484

1,943

available for offset against future profits earned in the USA.

277

234

The unrecognised tax losses of the Ghanaian operations which

925

–

are available for offset against future profits earned in Ghana.

–

146

2,409

1,943

277

380

Analysis of tax losses

Tax losses available to be used against future profits

925

–

– Utilisation required within one year

–

146

1,484

1,943

– Utilisation in excess of five years

277

234

2,409

1,943

277

380

Unrecognised tax losses utilised

–

448

Assessed losses utilised during the year

64

–

**13 Discontinued operations**

The Ergo reclamation surface operation, which forms part of the

South African operations and is included under South Africa for segmental reporting, has reached the end of its useful life and the assets are no longer in use. After a detailed investigation of several options and scenarios, and based on management's decision reached on 1 February 2005, mining operations at Ergo ceased on 31 March 2005, with only site restoration obligations remaining. The environmental rehabilitation programme to restore the site continues until all the legal requirements have been met.

The group has reclassified the income statement results from the historical presentation to loss from discontinued operations in the consolidated income statement for all periods presented. The consolidated cash flow statement has been reclassified for discontinued operations for all periods presented.



Page 196\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**13 Discontinued operations cont.**

The results of Ergo are presented below:

111

26

Gold income

4

18

(418)

(39)

Cost of sales

(6)

(66)

(307)

(13)

Gross loss

(2)

(48)

115

–

Impairment reversal (note 16)

–

17

(192)

(13)

Loss before taxation

(2)

(31)

(8)

(17)

Normal taxation (note 35)

(2)

(2)

(19)

18

Deferred taxation (note 33)

2

(3)

(219)

(12)

Net loss after taxation (note 14)

(2)

(36)

Following the decision to discontinue the Ergo operation, AngloGold Ashanti Limited reassessed the carrying values of the remaining infrastructure assets of Ergo, based on the current market price of the assets. AngloGold Ashanti has restated the assets' carrying value to the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the assets in prior periods, which management believes is less than fair value less costs to sell. This resulted in an impairment reversal in the current period of nil (2005: \$17 million, R115 million).

**SA Cents**

**US Cents**

**14 Earnings per ordinary share**

Basic loss per ordinary share

(391)

(211)

– Continuing operations

(15)

(55)

The calculation of basic loss per ordinary share is based on losses attributable to equity shareholders of \$42 million, R575 million (2005: \$146 million, R1,036 million) and 272,808,217 (2005: 264,635,634) shares being the weighted average number of ordinary shares in issue during the financial year.

(83)

(4)

– Discontinued operations

(1)

(14)

The calculation of basic loss per ordinary share is based on losses attributable to equity shareholders of \$2 million, R12 million (2005:

\$36 million, R219 million) and 272,808,217 (2005:

264,635,634) shares being the weighted average number of ordinary shares in issue during the financial year.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 197**

2005

**2006**

Figures in million

**2006**

2005

**SA Cents**

**US Cents**

**14 Earnings per ordinary share cont.**

Diluted loss per ordinary share

(391)

(211)

– Continuing operations

(15)

(55)

The calculation of diluted loss per ordinary share is based on losses attributable to equity shareholders of \$42 million, R575 million

(2005: \$146 million, R1,036 million) and 272,808,217 (2005: 264,635,634) shares being the diluted number of ordinary shares.

In 2005 and 2006, no adjustment is made since the effect is anti-dilutive.

(83)

(4)

– Discontinued operations

(1)

(14)

The calculation of diluted loss per ordinary share is based on losses attributable to equity shareholders of \$2 million, R12 million (2005: \$36 million, R219 million) and 272,808,217 (2005: 264,635,634)

shares being the diluted number of ordinary shares. In 2005 and 2006, no adjustment was made since the effect is anti-dilutive.

In calculating the diluted number of ordinary shares outstanding for the year, the following were taken into consideration:

Ordinary Shares

272,214,937

264,230,586

E Ordinary Shares

(1)

194,954

–

Time Related Options (TRO)

(2)

398,326

405,048

Weighted average number of shares

272,808,217

264,635,634

Dilutive potential of share options

(3)

–

—

Diluted number of ordinary shares

272,808,217

264,635,634

(1)

As E ordinary shares participate in the profit available to ordinary shareholders, these shares were included in basic earnings per share.

(2)

Employee compensation awards, are included in basic earnings per share from the date that all necessary conditions have been satisfied and it is virtually certain that shares will be issued as a result of employees exercising their options.

(3)

The calculation of diluted earnings per share did not assume the effect of 854,643 (2005: 601,315) shares issuable on share options as their effects are anti-dilutive for this period.

The calculation of diluted earnings per share did not assume the effect of 15,384,615 (2005: 15,384,615) shares issuable upon the exercise of convertible bonds as their effects are anti-dilutive for this period.

Page 198\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**14 Earnings per ordinary share *cont.***

Headline loss

The loss attributable to equity shareholders has been adjusted by the following to arrive at headline loss:

(1,255)

(587)

Loss attributable to equity shareholders

(44)

(182)

125

–

Impairment of intangible assets (notes 6 and 17)

–

20

300

44

Impairment of tangible assets (notes 6 and 16)

6

44

(39)

(376)

Profit on disposal of assets (note 6)

(54)

(5)

Taxation on items above

2

13

– current portion (note 12)

2

–

(79)

56

– deferred portion (note 12)

8

(12)

11

–

Impairment of investment in associates

–

2

219

12

Net loss from discontinued operations (note 13)

2

36

(716)

(838)

Headline loss

(80)

(97)

Cents per share

Headline loss removes items of a capital nature from the calculation of earnings per share, calculated in accordance with circular 7/2002 issued by the South African Institute of Chartered Accountants (SAICA).

The calculation of headline loss per ordinary share is based on headline losses of \$80 million, R838 million (2005: \$97 million, R716 million) and 272,808,217 (2005: 264,635,634) shares being the weighted average number of ordinary shares in issue during

(271)

(307)

the year.

(29)

(37)

**Notes to the group financial statements *cont.***

For the year ended 31 December

Page 199\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**15 Dividends**

Ordinary shares

No. 97 of 180 SA cents per ordinary share was declared on  
26 January 2005 and paid on 25 February 2005 (30 US cents

476

–

per share).

–

80

No. 98 of 170 SA cents per ordinary share was declared on

450

–

27 July 2005 and paid on 26 August 2005 (26 US cents per share).

–

69

No. 99 of 62 SA cents per ordinary share was declared on

9 February 2006 and paid on 10 March 2006 (10 US cents

–

164

per share).

26

–

No. 100 of 210 SA cents per ordinary share was declared on

–

578

26 July 2006 and paid on 25 August 2006 (29 US cents per share).

81

–

926

742

(note 28)

107

149

No. 101 of 240 SA cents per ordinary share was declared on

12 February 2007 and will be paid on 16 March 2007

(approximately 33 US cents per share). The actual rate of payment  
will depend on the exchange rate on the date of currency  
conversion.

No. E1 of 120 SA cents per E ordinary share was declared on

12 February 2007 and will be paid on 16 March 2007

(approximately 17 US cents per share). The actual rate of payment  
will depend on the exchange rate on the date of currency

conversion.



Page 200\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

**16****Tangible assets**

Exploration

Mine

Mineral

and

Figures in million

development

Mine

rights and

evaluation

costs

infrastructure

dumps

assets

Land

Total

**US Dollars**

Cost

Balance at 1 January 2005

4,816

2,182

1,248

35

24

8,305

Additions

– project

expenditure

225

29

–

–

–

254

– stay-in-business

expenditure

392

57

1

1

1

452

Disposals

(50)

(9)

– (3)

(1)

(63)

Transfers and other movements

(1)

17

69

(25)

–

3

64

Finance costs capitalised (note 7)

16  
 –  
 –  
 –  
 –  
 16  
 Translation  
 (288)  
 (84)  
 (6)  
 –  
 –  
 (378)  
 Balance at 31 December 2005  
 5,128  
 2,244  
 1,218  
 33  
 27  
 8,650  
 Accumulated amortisation  
 Balance at 1 January 2005  
 1,358  
 951  
 106  
 2  
 –  
 2,417  
 Amortisation for the year  
 (notes 4, 9 and 36)  
 324  
 148  
 29  
 2  
 –  
 503  
 Impairments (notes 6 and 14)  
 35  
 9  
 –  
 –  
 –  
 44  
 Impairments reversal (note 13)  
 –  
 (17)  
 –  
 –  
 –  
 (17)  
 Disposals  
 (50)

(5)				
–	(3)			
–				
(58)				
Transfers and other movements				
(1)				
(2)				
–	(9)			
–				
–				
(11)				
Translation				
(96)				
(51)				
11	–	–		
(136)				
Balance at 31 December 2005				
1,569				
1,035				
137				
1				
–				
2,742				
Net book value at 31 December 2005				
3,559	1,209	1,081		
32				
27	5,908			
Cost				
Balance at 1 January 2006				
5,128				
2,244				
1,218				
33				
27				
8,650				
Additions				
– project expenditure				
293	8	2	–	–
303				
– stay-in-business expenditure				
405				
97	–	–	2	
504				
Disposals				
(2)				
(14)				
(3)				
(2)				
(2)				

(23)	
Transfers and other movements	
(1)	
(66)	
173	(31)
–	
–	76
Finance costs capitalised (note 7)	
10	
–	
–	
–	
10	
Translation	
(191)	
(71)	
(1)	
–	(1)
(264)	
Balance at 31 December 2006	
5,577	
2,437	
1,185	
31	
26	
9,256	
Accumulated amortisation	
Balance at 1 January 2006	
1,569	
1,035	
137	
1	
–	
2,742	
Amortisation for the year	
(notes 4, 9 and 36)	
466	
107	
23	
1	
–	
597	
Impairments (notes 6 and 14)	
2	
4	
–	
–	
–	
6	
Disposals	

(1)		
(3)		
–	(1)	
–	(5)	
Transfers and other movements		
(1)		
(92)		
62	(1)	
–		
–		
(31)		
Translation		
(66)		
(39)		
(2)		
–	–	
(107)		
Balance at 31 December 2006		
1,878		
1,166		
157		
1		
–		
3,202		
Net book value at 31 December 2006		
3,699	1,271	1,028
30		
26	6,054	

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti  
 Annual Financial Statements 2006 Page 201

16

**Tangible assets cont.**

Exploration

Mine

Mineral

and

Figures in million

development

Mine

rights and

evaluation

costs

infrastructure

dumps

assets

Land

Total

**SA Rands**

Cost

Balance at 1 January 2005

27,186

12,319

7,044

198

138

46,885

Additions

– project expenditure

1,433

186

–

–

–

1,619

– stay-in-business

expenditure

2,495

365                    8                    4                    7

2,879

Disposals

(327)

(61)

(4)

(19)

(4)

(415)

Transfers and other movements

(1)

99                    441                    (156)

-			
27	411		
Finance costs capitalised (note 7)			
102			
-			
-			
-			
102			
Translation			
1,548	991	839	23
6			
3,407			
Balance at 31 December 2005			
32,536			
14,241			
7,731			
206			
174			
54,888			
Accumulated amortisation			
Balance at 1 January 2005			
7,672			
5,361			
602			
9			
1			
13,645			
Amortisation for the year			
(notes 4, 9 and 36)			
2,061			
941			
188			
13			
-			
3,203			
Impairments (notes 6 and 14)			
243			
57			
-			
-			
-			
300			
Impairments reversal (note 13)			
-			
(115)			
-			
-			
(115)			
Disposals			

(318)			
(31)			
–	(18)		
–			
(367)			
Transfers and other movements			
(1)			
(12)			
–	(56)		
–			
–	(68)		
Translation			
311	352	140	
–			
–	803		
Balance at 31 December 2005			
9,957			
6,565			
874			
4			
1			
17,401			
Net book value at 31 December 2005			
22,579			
7,676			
6,857			
202			
173			
37,487			
Cost			
Balance at 1 January 2006			
32,536			
14,241			
7,731			
206			
174			
54,888			
Additions			
– project			
expenditure			
1,977	55	14	–
–			
2,046			
– stay-in-business expenditure			
2,745			
660			
–			
–			
11			
3,416			
Disposals			



(13)		
(98)		
(20)		
(11)		
(11)		
(153)		
Transfers and other movements		
(1)		
(427)		
1,171	(210)	
–		
(3)		
531		
Finance costs capitalised (note 7)		
71		
–		
–		
–		
–		
71		
Translation		
2,153	1,036	783
22		
14	4,008	
Balance at 31 December 2006		
39,042		
17,065		
8,298		
217		
185		
64,807		
Accumulated amortisation		
Balance at 1 January 2006		
9,957		
6,565		
874		
4		
1		
17,401		
Amortisation for the year		
(notes 4, 9 and 36)		
3,167		
730		
152		
10		
–		
4,059		
Impairments (notes 6 and 14)		
13		
28		
–		

-			
3			
44			
Disposals			
(7)			
(20)			
-	(9)		
-			
(36)			
Transfers and other movements			
(1)			
(620)			
422	(9)		
-	(3)		
(210)			
Translation			
634	442	90	
1			
-			
1,167			
Balance at 31 December 2006			
13,144			
8,167			
1,107			
6			
1			
22,425			
Net book value at 31 December 2006			
25,898	8,898	7,191	211
184			
42,382			
(1)			

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

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of \$15 million,

R105 million (2005: \$22 million, R140 million).

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

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

The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 8.23%

(2005: 10.65%).

A register containing details of properties is available for inspection by shareholders or their duly authorised agents during business hours

at the registered office of the company.

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**16 Tangible assets cont.**

Impairments include the following:

–

44

Write off of various minor tangible assets and equipment

6

–

Ghana

255

–

Bibiani mine – cash generating unit

–

38

The life of mine at Bibiani was reassessed and reduced. As a result, Bibiani's recoverable amount did not support its carrying value in 2005 and an impairment loss was recognised. Recoverable amount was determined based on the impairment assumptions detailed below. Bibiani was sold on 1 December 2006 for a consideration of \$40 million, R280 million.

South Africa – mine development costs

14

–

Goedgenoeg drilling and 1650 level decline drilling

–

2

An impairment charge was recognised in 2005 during the assessment and review of exploration properties as Goedgenoeg will not generate future cash flows.

31

–

East of Bank Dyke at TauTona

–

4

Due to a change in original mine plan, the East of Bank Dyke access development has been impaired as it will not generate future cash flows.

300

44

(note 6)

6

44

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.

Impairment calculation

Management assumptions for the value in use of tangible assets and goodwill include:

– 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 2006 – US\$630/oz (2005 – US\$505/oz)). Thereafter, the estimated future gold price has been increased by 2.25% (2005: 2.25%) per annum over the remaining life of the mines. These prices have been adjusted for the effects of including the normal sale forward contracts to arrive at an average received price across all of the cash generating units (CGUs). Previously, the normal sale forward contracts were allocated to each cash generating unit, based on the then prevailing contractual relationship with hedge counter parties. Following the removal of certain hedge counter party restrictions and the granting of group level guarantees during 2006, we have applied an average received gold price across all cash generating units. The use of this approach has had a consequential impact on the value in use of the cash generating units.

**Notes to the group financial statements cont.**

For the year ended 31 December

Page 202\_AngloGold Ashanti

\_Annual Financial Statements 2006

AngloGold Ashanti

Annual Financial Statements 2006 Page 203

16

**Tangible assets cont.**

Impairment calculation *cont.*

Annual life of mine plans which take into account the following:

- proven and probable ore reserves included in pages 90 to 94;
- value beyond proven and probable reserves (including exploration potential) determined using the gold price assumption referred to above;
- a real pre-tax discount rate adjusted for country risk and project risk for cash flows relating to mines not yet in commercial production and deep level mining projects based on the discount rate applicable to the long-term US dollar market rates;
- foreign currency cash flows are translated at estimated forward exchange rates and then discounted using appropriate discount rates for that currency;
- cash flows used in impairment calculations are based on life of mine plans which exceed five years for the majority of the mines; and
- variable operating cash flows are increased at local Consumer Price Index rates.

Real pre-tax discount rates applied in impairment calculations on assets which had impairment indicators or on cash generating units which had significant allocated goodwill are as follows:

South Africa

6.3 to 7.4%

6.0%

Ghana

5.9 to 7.9%

6.5 to 8.5%

Australia

5.4 to 5.9%

5.4 to 6.3%

Tanzania

7.1%

6.5%

Based on a real pre-tax discount rate of 6.5% in 2005 at Bibiani the calculated recoverable amount did not support the carrying values and an impairment charge to write the assets down to a recoverable amount was recognised in the income statement.

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.

**2006**

2005

Page 204\_AngloGold Ashanti  
\_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**16 Tangible assets cont.**

Impairment calculation *cont.*

Should management's estimate of the future not reflect actual events, further impairments may be identified. The factors affecting the estimates include:

- changes in proved and probable Ore Reserves as well as value beyond proven and probable reserves;
- the grade of Ore Reserves as well as value beyond proven and probable reserves may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites; and
- changes in capital, operating mining, processing and reclamation costs and foreign exchange rates.

Based on an analysis carried out by the group, the carrying value and value in use of cash generating units that are most sensitive to gold price, ounces, costs and discount rate assumptions are:

Carrying

Value in

Carrying

Value in

value

use

2006

value

use

10,760

11,065

Obuasi

1,537

1,580

782

880

Tau Lekoa

112

126

2005

9,391

10,095

Obuasi

1,480

1,591

4,045

4,221

Moab Khotsong

638

665

656

816

Tau Lekoa

103

129

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 205**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**16 Tangible assets *cont.***

Should any of the assumptions used change adversely and the impact is not mitigated by a change in other factors, this could result in an impairment of the above assets.

The above cash generating units do not have goodwill allocated to them.

It is impracticable to disclose the extent of the possible effects of changes in the assumptions for the future gold price and hence life of mine plans at 31 December 2006 because these assumptions and others used in impairment testing of tangible assets and goodwill are inextricably linked. In addition, for those mines with a functional currency other than the US dollar, movements in the US dollar exchange rate will also be a critical factor in determining life of mine and production plans.

Therefore it is possible that outcomes within the next financial year that are different from the assumptions used in the impairment testing process for goodwill and tangible assets could require a material adjustment to the carrying amounts disclosed at 31 December 2006.

**17 Intangible assets**

Goodwill

Net carrying value

2,188

2,366

Balance at beginning of year

373

387

178

373

Translation

18

(14)

2,366

2,739

Balance at end of year

391

373

Goodwill has been allocated to its respective cash generating units (CGUs) where it is tested for impairment as part of the CGU (note 16).



2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**17 Intangible assets cont.**

Net carrying amount allocated to each of the cash generating units:

700

836

Sunrise Dam

119

110

700

836

Boddington

119

110

692

763

Geita Gold Mining Limited

109

109

134

148

Morila Limited

21

21

90

100

AngloGold Ashanti Brasil Mineração

15

15

50

56

Serra Grande Company Limited

8

8

2,366

2,739

391

373

Royalty and tax rate concession

Cost

277

312

Balance at beginning of year

49

49

35  
 32  
 Translation  
 –  
 –  
 312  
 344  
 Balance at end of year  
 49  
 49  
 Accumulated amortisation  
 7  
 145  
 Balance at beginning of year  
 23  
 1  
 13  
 13  
 Amortisation (notes 4 and 36)  
 2  
 2  
 125  
 –  
 Impairments  
 (1)  
 (notes 6 and 14)  
 –  
 20  
 –  
 16  
 Translation  
 –  
 –  
 145  
 174  
 Balance at end of year  
 25  
 23  
 167  
 170  
 Net book value  
 24  
 26  
 2,533  
 2,909  
 Total intangible assets  
 415  
 399

The government of Ghana agreed to a concession on the royalty payments by maintaining a rate of 3% for 15 years from 2004.

(1)

The above impairment relates to the tax rate concession which was granted at a rate of 30% for the Ashanti business combination in 2004. During 2005, the corporate tax rate in Ghana was revised down to 25% and the tax rate concession was fully impaired.

**Notes to the group financial statements *cont.***

For the year ended 31 December

*Page 206*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 207**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**18 Investments in associates**

– The group has a 25.0% (2005: 25.0%) interest in Oro Group (Proprietary) Limited which is involved in the manufacture and wholesale of jewellery. The year-end of Oro Group (Proprietary) Limited is 31 March. Equity accounting is based on results to 30 September 2006.

– The group has a 29.9% (2005: 29.9%) interest in Trans-Siberian Gold plc (listed on the London Stock Exchange), which is involved in the exploration and development of gold mines.

The year-end of Trans-Siberian Gold plc is 31 December. Equity accounting is based on results to 30 September 2006.

The carrying value of associates consists of:

21

218

Shares at carrying value brought forward

35

5

2

(15)

Share of retained (loss) earnings brought forward

(3)

–

23

203

32

5

(17)

(6)

Share of associates' loss (note 8)

(1)

(3)

Transfer of Trans-Siberian Gold plc from other investments

92

–

(note 19)

–

14

93

–

Additional investment acquired in Trans-Siberian Gold plc

–

15

12

18

Translation

—

1

203

215

31

32

20

85

Loans advanced

(1)

12

3

223

300

43

35

(1)

Loans advanced consist of \$10 million, R70 million (2005: nil) to Trans-Siberian Gold plc and \$2 million, R15 million to Oro Group (Proprietary) Limited (2005: \$3 million).

The TSG loan bears interest at LIBOR + 4% and is convertible into equity under certain circumstances at the option of the borrower.

The Oro loan bears interest at a rate determined by the Oro Group (Proprietary) Limited's board of directors and is repayable at their discretion.

Page 208\_AngloGold Ashanti  
\_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**18 Investments in associates cont.**

The carrying value consists of the following:

Ordinary share capital

15

20

Oro Group (Pty) Ltd

3

2

188

195

Trans-Siberian Gold plc

28

30

203

215

31

32

Loans advanced

20

15

Oro Group (Pty) Ltd

2

3

—

70

Trans-Siberian Gold plc

10

—

223

300

43

35

100

63

Market value of listed associate

(1)

9

16

The group's effective share of certain balance sheet items of its associates at 30 September 2006 is as follows:

80

117

Non-current assets

17

13

109

97

Current assets

14

17

189

214

Total assets

31

30

29

50

Non-current liabilities

7

5

31

30

Current liabilities

4

5

60

80

Total liabilities

11

10

129

134

Net assets

20

20

Reconciliation of the carrying value of investments in associates  
with net assets:

129

134

Net assets

20

20

94

101

Goodwill

14

15

223

235

34

35

–

70

Loan advanced to Trans-Siberian Gold plc

10

–

–

(5)

Repayment of Oro Group (Pty) Ltd shareholders' loan

(1)

–

223

300

Carrying value

43

35

(1)

The market value at 31 December 2006 is less than the amount determined as value in use. The recoverable amount (higher of value in use and fair value less cost to sell) of the Trans-Siberian Gold plc investment exceeds its carrying amount which is determined using the equity method as allowed by IAS 28.33. Accordingly, no impairment was recognised.

**Notes to the group financial statements *cont.***

For the year ended 31 December



AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 209**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**19 Other investments**

Listed investments – available-for-sale

167

97

Balance at beginning of year

15

29

15

512

Additions

76

2

(13)

(388)

Disposals

(57)

(2)

(98)

–

Transfer to investments in associates

(1)

(note 18)

–

(15)

Fair value adjustment on transfer to investment in associate

6

–

(note 18)

–

1

11

77

Fair value adjustments

11

1

9

12

Translation

(1)

(1)

97

310

Balance at end of year

44

15

97

310

Market value of listed investments

44

15

Available-for-sale listed investments consist of investments in ordinary shares, associated purchase warrants and options.

(1)

With effect from 31 May 2005, AngloGold Ashanti increased its equity interest in Trans-Siberian Gold plc. to 29.9%.

The available-for-sale investments primarily consists of:

–

91

Nufcor Uranium Limited

13

–

–

101

International Tower Hill Mines Limited

14

–

Various listed investments held by Environmental Rehabilitation

59

80

Trust Fund

11

9

38

38

Other

6

6

97

310

44

15

Listed investments – held to maturity

103

118

Balance at beginning of year

19

18

15

6

Interest earned

1

2

–

–	
Translation	
(2)	
(1)	
118	
124	
Balance at end of year	
18	
19	
Rehabilitation Trust Fund administered by RMB Private	
Bank comprising:	
93	
90	
Corporate bonds and notes	
13	
15	
25	
34	
Government bonds	
5	
4	
118	
124	
18	
19	

Page 210\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**19 Other investments cont.**

Unlisted investments available-for-sale

3

2

Balance at beginning of year

–

–

(1)

–

Disposals

–

–

2

2

Balance at end of year

–

–

Available-for-sale unlisted investments primarily consist of

The Chamber of Mines Building Company Limited.

Unlisted investments – held to maturity

335

428

Balance at beginning of year

68

60

68

52

Additions

7

10

–

(74)

Disposal

(11)

–

21

36

Interest earned

5

4

4

6

Translation

(5)

(6)

428

448

Balance at end of year

64

68

428

448

Directors' valuation of unlisted investments

64

68

Additions to unlisted investments consist of contributions to the Environmental Rehabilitation Trust Fund and Environmental Protection Bond. These investments are collateral for certain of the group's environmental obligations.

Disposals from unlisted investments consist of withdrawals from the Environmental Rehabilitation Trust Fund. These withdrawals are for rehabilitation work.

Unlisted investments – held to maturity include:

Corporate notes – Rehabilitation Trust Fund administered by RMB

365

367

Private Bank

52

57

Environmental Protection Bond – fixed-term deposit required by

49

64

legislation

9

8

14

17

Other

3

3

428

448

64

68

645

884

Total other investments

126

102

645

884

Total valuation (note 39)

126

102

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 *Page 211*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**20 Interest in joint ventures**

The group's effective share of income, expenses, assets and liabilities of joint ventures, which is included in the consolidated financial statements, is as follows:

Income statement

1,504

2,146

Gold income

317

236

(1,002)

(1,101)

Expenses

(161)

(158)

502

1,045

Operating profit

156

78

4

9

Interest received

1

1

(33)

(46)

Finance costs

(7)

(5)

473

1,008

Profit before taxation

150

74

(79)

(219)

Taxation

(34)

(12)

394

789

Profit after taxation	
116	
62	
Balance sheet	
Non-current assets	
932	
832	
Tangible assets	
119	
147	
134	
148	
Intangible assets	
21	
21	
–	
91	
Other investments	
13	
–	
235	
485	
Inventories	
69	
37	
–	
161	
Trade and other receivables	
23	
–	
–	
74	
Deferred taxation	
11	
–	
Current assets	
558	
702	
Inventories	
100	
88	
336	
204	
Trade and other receivables	
29	
53	
76	
170	
Cash and cash equivalents	
24	
12	



2,271  
2,867  
Total assets  
409  
358  
1,542  
1,957  
Equity  
280  
243  
Non-current liabilities  
70  
59  
Interest-bearing borrowings  
8  
11  
197  
248  
Provisions and deferred taxation  
35  
31  
Current liabilities  
165  
184  
Interest-bearing borrowings  
26  
26  
297  
419  
Trade and other payables  
60  
47  
2,271  
2,867  
Total equity and liabilities  
409  
358

Refer to page 292 for a list of joint ventures.

Page 212\_AngloGold Ashanti  
\_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**21 Inventories**

Current portion of inventories

378

464

Gold in process

66

60

72

292

Gold on hand

42

11

483

621

Ore stockpiles

89

76

254

345

Heap-leach inventory

49

40

318

455

By-products

(1)

65

50

1,505

2,177

Total metal inventories

311

237

937

1,247

Consumable stores

178

148

2,442

3,424

489

385

Non-current portion of inventories

736

1,048

Heap-leach inventory

150

116

391

922

Ore stockpiles

132

61

44

24

By-products

(1)

3

7

1,171

1,994

Total metal inventories

285

184

11

12

Consumable stores

2

2

1,182

2,006

287

186

3,624

5,430

Total inventories

(2)

776

571

(1)

Uranium by-products of \$7 million, R50 million (2005: \$10 million, R64 million) are pledged to bankers in support of an inventory repurchase programme (note 30).

(2)

The amount of the write-down of by-products, gold in process and gold on hand to net realisable value, and recognised as an expense is \$4 million, R28 million (2005: nil). This expense is included in cost of sales which is disclosed in note 4.

**22 Other non-current assets**

Unsecured

51

267

AngloGold Ashanti Pension Fund (asset) (note 32)

38

8

Defined benefit post-retirement medical asset for Rand Refinery

16

17

employees (note 32)

2

2

1

1

Retiree Medical Plan for Nufcor South Africa employees (note 32)

—

—

68

285

40

10

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 213**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**22 Other non-current assets *cont.***

68

285

Unsecured non-current assets

40

10

Loans and receivables

Loans to joint venture partners – bearing interest at LIBOR + 2%

38

–

per annum repayable in full by December 2006

–

6

Other non-interest bearing loans and receivables – repayable on

26

24

various dates

4

5

Other interest-bearing loan – repayable over 5 years at South

12

9

African prime bank overdraft rates less 2%

1

2

144

318

45

23

Less: Current portion of other non-current assets included in

43

5

current assets

1

7

101

313

44

16

**23 Trade and other receivables**

Non-current

–

18  
 Trade debtor  
 3  
 —  
 27  
 38  
 Prepayments and accrued income  
 5  
 4  
 97  
 329  
 Recoverable tax, rebates, levies and duties  
 (1)  
 47  
 16  
 —  
 20  
 Other debtors  
 3  
 —  
 124  
 405  
 58  
 20  
 Current  
 645  
 291  
 Trade debtors  
 41  
 102  
 347  
 407  
 Prepayments and accrued income  
 58  
 55  
 2  
 14  
 Interest receivable  
 2  
 —  
 530  
 543  
 Recoverable tax, rebates, levies and duties  
 (1)  
 77  
 83  
 —  
 6  
 Amounts due from related parties  
 1  
 —

29

39

Other debtors

6

5

1,553

1,300

185

245

1,677

1,705

Total trade and other receivables

243

265

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

The non-current trade debtor is interest bearing and repayable over four years.

There is no concentration of credit risk with respect to trade receivables, as the group has a number of internationally dispersed customers.

**Trade and other receivables cont.**

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

(1)

Recoverable tax, rebates, levies and duties includes the following:

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

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

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

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

**Notes to the group financial statements cont.**

For the year ended 31 December



AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 215**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**24 Cash restricted for use**

16

15

Cash restricted by the prudential solvency requirements

2

3

2

31

Cash balances held by the Environmental Rehabilitation Trust Fund

5

–

–

23

Cash balances held by the Boddington Joint Venture

3

–

The group was restricted from utilising available funds in Geita Management Company Limited, up to a maximum of \$25 million

28

–

in respect of outstanding hedges

(1)

–

4

6

6

Other

1

1

52

75

(note 39)

11

8

(1)

Restrictions lifted by counterparties during 2006.

**25 Cash and cash equivalents**

1,020

2,649

Cash and deposits on call

378

161

308

818

Money market instruments

117

48

1,328

3,467

(note 39)

495

209

**26 Non-current assets held for sale**

Effective 30 June 2005, the investment in the Weltevreden mining rights of US\$15 million, R100 million (2005: US\$16 million, R100 million) was classified as held for sale. This investment was previously recognised as a tangible asset. Weltevreden's rights were sold to Alease Gold and Uranium Resources Limited on 15 June 2005. On 19 December 2005, Alease was acquired by SXR Uranium One (formerly Southern Cross Inc.). In terms of these sale agreements, the purchase price will be paid in the form of SXR Uranium One shares to be issued to AngloGold Ashanti. This will take place when the conditions precedent to the agreement have been met. The Weltevreden mining rights form part of an old order mining rights conversion application, and the conditions precedent are that upon the government granting the conversion of these to new order mining rights, AngloGold Ashanti will cede the Weltevreden mining rights to SXR Uranium One.

The Director-General of Minerals and Energy notified the company that the new order mining rights were granted to AngloGold Ashanti. However, the signing of the notarial agreement and the registration of the converted mining right has still to be completed. Once these have been completed, the new order mining rights will then be ceded to SXR Uranium One, and the related SXR Uranium One shares will then be issued to AngloGold Ashanti as full settlement of the purchase price.

Arising from the sale of Bibiani, effective 1 December 2006, to Central African Gold plc (CAG), the group decided to apply \$3 million, R23 million of the partial proceeds to an investment in 15,825,902 CAG shares. Subsequent to this decision, local regulators have required that the 15,825,902 shares in CAG must

100

123

be sold within 90 days of 28 December 2006.

18

16

Page 216\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**27 Share capital and premium**

Share capital

Authorised

100

100

400,000,000 ordinary shares of 25 SA cents each

14

16

—

1

4,280,000 E ordinary shares of 25 SA cents each

—

—

1

1

2,000,000 A redeemable preference shares of 50 SA cents each

—

—

—

—

5,000,000 B redeemable preference shares of 1 SA cent each

—

—

101

102

14

16

Issued and fully paid

276,236,153 (2005: 264,938,432) ordinary shares of

66

69

25 SA cents each

10

10

—

1

4,185,770 (2005: nil) E ordinary shares of 25 SA cents each

—

—

2,000,000 (2005: 2,000,000) A redeemable preference shares

1

1

of 50 SA cents each

–

–

778,896 (2005: 778,896) B redeemable preference shares of

–

–

1 SA cent each

–

–

67

71

10

10

Less Treasury Shares:

2,778,896 (2005: 2,778,896) A and B redeemable preference

(1)

(1)

shares held within the group

–

–

–

–

928,590 (2005: nil) ordinary shares held within the group

(1)

–

–

–

(1)

2,785 770 (2005: nil) E ordinary shares held within the group

(1)

–

–

66

69

10

10

(1)

These shares relate to the Black Economic Empowerment transactions more fully described in note 11 and as a result participate in dividends declared by the group.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 217**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**27 Share capital and premium cont.**

Share premium

19,233

19,293

Balance at beginning of year

3,045

3,405

60

3,330

Ordinary shares issued

550

9

—

353

E ordinary shares issued

50

—

—

Translation

(363)

(369)

19,293

22,976

Balance at end of year

3,282

3,045

(312)

(312)

Redeemable preference shares held within the group

(45)

(53)

—

(297)

Ordinary shares held within the group

(43)

—

—

(353)

E ordinary shares held within the group

(50)

—

18,981

22,014

3,144

2,992

19,047

22,083

Share capital and premium

3,154

3,002

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.

Page 218\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

28

**Retained earnings and other reserves**

Non-  
 Foreign  
 Other  
 distri-  
 currency  
 Actuarial  
 compre-  
 Figures in million

Retained  
 butable  
 translation  
 gains  
 hensive  
 earnings

(1)  
 reserves

(2)  
 reserve  
 (losses)

(3)  
 income  
 (4)

Total  
**US Dollars**

Balance at December 2004 as previously  
 reported

286            24  
 (317)

(22)  
 (184)  
 (213)

Change in comparative data (note 40)

(13)  
 (13)

As restated  
 273  
 24

(317)  
 (22)  
 (184)

(226)  
 Actuarial losses recognised

(27)  
 (27)

Deferred taxation thereon (note 33)  
 11

11

Loss attributable to equity shareholders		
(182)		
(182)		
Dividends (note 15)		
(149)		
(149)		
Net loss on cash flow hedges removed from equity and reported in income		
17	17	
Net loss on cash flow hedges		
(200)		
(200)		
Deferred taxation on cash flow hedges (note 33)		
58	58	
Gain on available-for-sale financial assets		
2	2	
Share-based payment for share awards		
2	2	
Translation		
(2)		
251	2	
44		
295		
Balance at December 2005		
(58)		
22	(66)	
(36)		
(261)		
(399)		
Actuarial gains recognised		
42	42	
Deferred taxation thereon (note 33)		
(15)		
(15)		
Loss attributable to equity shareholders		
(44)		
(44)		
Dividends (note 15)		
(107)		
(107)		
Net loss on cash flow hedges removed from equity and reported in income		
215	215	
Net loss on cash flow hedges		
(227)		
(227)		
Deferred taxation on cash flow hedges (note 33)		
25	25	
Gain on available-for-sale financial assets		



12	12
Deferred taxation on available-for-sale financial assets (note 33)	
(2)	
(2)	
Share-based payment for share awards and BEE transaction	
48	48
Translation	
(2)	
307	3
(25)	
283	
Balance at December 2006	
(209)	
20	
241	
(6)	
(215)	
(169)	

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 219

28

**Retained earnings and other reserves cont.**

Non-

Foreign

Other

distrib-

currency

Actuarial

compre-

Figures in million

Retained

butable

translation

gains

compre-

hensive

earnings

(1)

reserves

(2)

reserve

(losses)

(3)

income

(4)

Total

**SA Rands**

Balance at December 2004 as previously reported

3,379

138

(3,552)

(122)

(1,040)

(1,197)

Change in comparative data (note 40)

(83)

(83)

As restated

3,296

138

(3,552)

(122)

(1,040)

(1,280)

Actuarial losses recognised

(173)

(173)

Deferred taxation thereon (note 33)

68

68

Loss attributable to equity shareholders		
(1,255)		
(1,255)		
Dividends (note 15)		
(926)		
(926)		
Net loss on cash flow hedges removed		
from equity and reported in income		
387	387	
Net loss on cash flow hedges		
(1,272)		
(1,272)		
Deferred taxation on cash flow		
hedges (note 33)		
377	377	
Gain on available-for-sale financial assets		
16	16	
Deferred taxation on available-for-sale financial		
assets (note 33)		
1	1	
Share-based payment for share awards		
15	15	
Translation		
1,642	(139)	
1,503		
Balance at December 2005		
1,115	138	
(1,910)		
(227)		
(1,655)		
(2,539)		
Actuarial gains recognised		
283	283	
Deferred taxation thereon (note 33)		
(102)		
(102)		
Loss attributable to equity shareholders		
(587)		
(587)		
Dividends (note 15)		
(742)		
(742)		
Net loss on cash flow hedges removed from		
equity and reported in income		
1,264	1,264	
Net loss on cash flow hedges		
(1,592)		
(1,592)		
Deferred taxation on cash flow hedges (note 33)		
167		
167		

Gain on available-for-sale financial assets

78 78

Deferred taxation on available-for-sale financial assets (note 33)

(15)

(15)

Share-based payment for share awards and BEE transaction

338 338

Translation

2,346 1

(88)

2,259

Balance at December 2006

(214)

138

436

(45)

(1,503)

(1,188)

(1)

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

(2)

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

(3)

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

(4)

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

Page 220\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**29 Minority interests**

327

374

Balance at beginning of year

59

58

146

202

Profit for the year

30

23

(125)

(171)

Dividends paid

(25)

(20)

Net loss on cash flow hedges removed from equity and reported

4

10

in income

2

1

(9)

(12)

Net loss on cash flow hedges

(2)

(2)

31

33

Translation

(2)

(1)

374

436

Balance at end of year

62

59

**30 Borrowings**

Unsecured

5,867

6,656

Convertible Bonds

(1)  
951  
925

Semi-annual coupons are paid at 2.375% per annum. The bonds were issued on 27 February 2004 and are convertible at the holders' option into ADSs up to February 2009, and are dollar-based. The bonds are convertible at a price of \$65.00 per ADS. If the bonds have not been converted by 20 February 2009, they will be redeemed at par on 27 February 2009. AngloGold Ashanti Holdings plc has the option of calling an early redemption of all the bonds three years after their issuance, if the price of the ADSs exceeds 130% of the conversion price for more than 20 days during any period of 30-consecutive trading days.

2,062  
2,066

Corporate Bond

(2)  
295  
325

Semi-annual coupons are paid at 10.5% per annum. The bond is repayable on 28 August 2008 and is rand-based.

2,927  
1,271

Syndicated loan facility (\$700 million)

181  
461

Interest charged at LIBOR plus 0.4% per annum. This US dollar-based loan is repayable in January 2008 and is subject to debt covenant arrangements for which no default event occurred.

124  
151

FirstRand (Ireland) plc (formerly RMB International (Dublin) Limited)

22  
20

Interest charged at LIBOR plus 0.82% per annum. Loan is of a short-term nature, has no fixed repayment date and is US dollar-based.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 221**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**30 Borrowings cont.**

28

13

Bank Belgolaise

2

4

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.

13

10

Government of Mali

1

2

Interest charged at LIBOR plus 2% per annum. Loan is repayable by December 2015 and is US dollar-based.

4

—

Precious Fields Estates Company Ltd

—

1

Annuity based repayments expired in October 2006. Loan is US dollar-based.

3

—

Investec

—

1

Interest charged at 6.5% per annum. Loan is repayable in half-yearly instalments which terminated in June 2006 and is US dollar-based.

818

—

Local money-market short-term borrowings

—

129

Short-term borrowings at market related rates are rand-based.

3

57

Bank overdraft

8

—

Bank overdraft at market related rates is Ghanaian Cedi-based  
(2005: rand-based)

11,849

10,224

Total unsecured borrowings

1,460

1,868

Secured

Finance leases

66

55

Senstar Capital Corporation

8

10

Interest charged at an average rate of 6.77% per annum. Loans are repayable in monthly instalments terminating in November 2009 and are US dollar-based. The equipment financed is used as security for these loans.

30

27

Rolls Royce

4

5

Interest is charged at a variable rate of approximately 20% per annum, based on the lease contract. Loan is repayable in monthly instalments terminating in March 2010 and is US dollar-based. The equipment financed is used as security for these loans.

—

15

Terex Africa (Proprietary) Limited

2

—

Interest charged at a rate of 9.0% per annum. Loan is repayable in January 2008 and is US dollar-based. The equipment financed is used as security for this loan.



Page 222\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**30 Borrowings cont.**

6

5

Kudu Finance Company

1

1

Interest charged at LIBOR plus 2% per annum. Loan is repayable in monthly instalments terminating in December 2010 and is US dollar-based. The equipment financed is used as security for this loan.

Other loans

64

50

Nulux Nukem Luxembourg GmbH

7

10

Uranium sale and repurchase agreement, US dollar-based, with repurchases commencing in December 2006 and terminating in December 2008. Rate of finance is 5.42% per annum. Uranium inventory is secured against this contract.

12,015

10,376

Total borrowings

1,482

1,894

1,190

413

Less: Current portion of borrowings included in current liabilities

59

188

10,825

9,963

Total long-term borrowings

1,423

1,706

Amounts falling due

1,190

413

Within one year

59

188

65

3,321

Between one and two years

475

10

10,757

6,632

Between two and five years

947

1,696

3

10

After five years

1

—

12,015

10,376

(note 39)

1,482

1,894

Currency

The currencies in which the borrowings are denominated are as

follows:

9,132

8,253

US dollars

1,179

1,440

2,883

2,066

SA rands

295

454

—

57

Ghanaian Cedi

8

—

12,015

10,376

(note 39)

1,482

1,894

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 223**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**30 Borrowings cont.**

Undrawn facilities

Undrawn borrowing facilities as at 31 December 2006 are as follows:

1,555

3,641

Syndicated loan (\$700 million) – US dollar

520

245

–

350

FirstRand Bank Limited – US dollar

50

–

266

294

Amalgamated Banks of South Africa Limited – US dollar

42

42

–

14

Nedbank Limited – US dollar

2

–

49

–

Citibank, N.A. – US dollar

–

8

FirstRand (Ireland) plc (formerly RMB International (Dublin) Limited)

35

25

– US dollar

4

5

–

260

Standard Bank of SA Limited – SA rand

37

–

107

220

FirstRand Bank Limited – SA rand

31	
17	
45	
48	
Nedbank Limited – SA rand	
7	
7	
30	
30	
Amalgamated Banks of South Africa Limited – SA rand	
4	
5	
20	
20	
Commerzbank AG – SA rand	
3	
3	
–	
10	
ABN Amro Bank N.V. – SA rand	
1	
–	
Australia and New Zealand Banking Group Limited – Australian	
232	
553	
dollar	
79	
37	
–	
46	
ABN Amro Bank N.V. – Euro	
7	
–	
2,339	
5,511	
787	
369	
(1)	
Convertible Bonds	
6,345	
7,001	
Senior unsecured fixed-rate bonds	
1,000	
1,000	
529	
401	
Less: unamortised discount and bond issue costs	
57	
83	
5,816	
6,600	

943  
917  
51  
56  
Add: accrued interest  
8  
8  
5,867  
6,656  
951  
925  
(2)  
Corporate Bond  
2,000  
2,000  
Senior unsecured fixed-rate bond  
286  
315  
11  
7  
Less: unamortised discount and bond issue costs  
1  
2  
1,989  
1,993  
285  
313  
73  
73  
Add: accrued interest  
10  
12  
2,062  
2,066  
295  
325

Page 224\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**31 Environmental rehabilitation and other provisions**

Environmental rehabilitation obligations

*Provision for decommissioning*

566

908

Balance at beginning of year

143

100

–

(19)

Adjustments due to disposal of assets

(3)

–

282

245

Change in estimates

(1)

36

44

21

38

Unwinding of decommissioning obligation (note 7)

6

3

–

(2)

Utilised during the year

–

–

39

55

Translation

(7)

(4)

908

1,225

Balance at end of year

175

143

*Provision for restoration*

658

1,235

Balance at beginning of year  
 194  
 117  
 –  
 (17)  
 Adjustments due to disposal of assets  
 (2)  
 –  
 149  
 11  
 Charge to income statement  
 2  
 23  
 408  
 (33)  
 Change in estimates  
 (1)  
 (5)  
 64  
 40  
 71  
 Unwinding of restoration obligation (note 7)  
 10  
 6  
 (65)  
 (67)  
 Utilised during the year  
 (10)  
 (10)  
 45  
 100  
 Translation  
 (3)  
 (6)  
 1,235  
 1,300  
 Balance at end of year  
 186  
 194  
 Other provisions  
 70  
 122  
 Balance at beginning of year  
 19  
 13  
 72  
 137  
 Charge to income statement  
 20  
 11  
 (36)

(29)  
 Utilised during the year  
 (4)  
 (6)  
 16  
 30  
 Translation  
 2  
 1  
 122  
 260  
 Balance at end of year  
 37  
 19  
 Other provisions comprise the following:  
 119  
 186  
 Provision for labour and civil claim court settlements in South America  
 (2)  
 26  
 19  
 3  
 6  
 Provision for employee compensation claims in Australia  
 (3)  
 1  
 –  
 –  
 60  
 Provision for onerous uranium contracts  
 (4)  
 9  
 –  
 Provision for long-term management incentives in Nufcor  
 –  
 8  
 International Limited  
 1  
 –  
 122  
 260  
 37  
 19  
 2,265  
 2,785  
 Total environmental rehabilitation and other provisions  
 398  
 356  
 (1)  
 The change in estimates relates to changes in laws and regulations governing the protection of the environment and factors relative to



rehabilitation estimates and a change in the quantities of material in reserves and a corresponding change in the life of mine plan. These provisions are anticipated to unwind beyond the end of the life of mine.

(2)

Comprises claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases, government fiscal claims relating to levies and surcharges and closure costs of old tailings operations. The liability is anticipated to unwind over the next two to five-year period.

(3)

Comprises workers compensation claims filed by employees in Australia with regard to work-related incidents. The liability is anticipated to unwind over the next three to five-year period.

(4)

Relates to onerous uranium forward sale contracts in Nufcor International Limited. The amount indicates the estimated cost of exiting the contracts and has resulted from the market price increased above the contracted sales price. The onerous contracts have maturities up to 2011.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

**Annual Financial Statements** 2006 *Page 225*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Defined benefit plans

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

(51)

(267)

AngloGold Ashanti Pension Fund (asset)

(38)

(8)

1

5

Ashanti Retired Staff Pension Plan

1

–

58

62

Obuasi Mines Staff Pension Scheme

9

9

Post-retirement medical scheme for AngloGold Ashanti South

1,172

1,094

African employees

156

185

(16)

(17)

Post-retirement medical scheme for Rand Refinery employees (asset)

(2)

(2)

12

13

Retiree Medical Plan for North American employees

2

2

Supplemental Employee Retirement Plan (SERP) for North America

6

7

(USA) Inc employees

1

1

(1)	
(1)	
Retiree Medical Plan for Nufcor South Africa employees (asset)	
–	
–	
1,181	
896	
Sub-total	
129	
187	
Transferred to other non-current assets (note 22)	
51	
267	
AngloGold Ashanti Pension Fund	
38	
8	
1	
1	
Retiree Medical Plan for Nufcor South Africa employees	
–	
–	
16	
17	
Post-retirement medical scheme for Rand Refinery employees	
2	
2	
1,249	
1,181	
169	
197	

AngloGold Ashanti Pension Fund

The plan is evaluated by independent actuaries on an annual basis as at 31 December of each year. The valuation as at 31 December 2006 was completed at the beginning of 2007 using the projected unit credit method. In arriving at their conclusions, the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pension as well as returns on investments.

A formal statutory valuation is required by legislation every three years. The previous statutory valuation was carried out with an effective date of 31 December 2005, and was completed in June of 2006. The next statutory valuation will have an effective date no later than 31 December 2008.

All South African pension funds are governed by the Pension Funds Act of 1956 as amended.

Page 226\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Information with respect to the AngloGold Ashanti Pension Fund is as follows:

Change in benefit obligation

1,219

1,408

Balance at beginning of year

222

216

40

50

Current service cost

7

6

88

108

Interest cost

16

14

13

12

Participants' contributions

2

2

200

84

Actuarial loss

12

31

(152)

(94)

Benefits paid

(14)

(24)

— —

Translation

(21)

(23)

1,408

1,568

Balance at end of year

224

	222
Change in plan assets	
1,150	
1,459	
Balance at beginning of year	
230	
204	
106	
146	
Expected return on plan assets	
22	
16	
260	
272	
Actuarial gain	
40	
41	
82	
40	
Company contributions	
6	
13	
13	
12	
Participants' contributions	
2	
2	
(152)	
(94)	
Benefits paid	
(14)	
(24)	
--	
Translation	
(24)	
(22)	
1,459	
1,835	
Fair value of plan assets at end of year	
262	
230	
51	
267	
Funded status at end of year	
38	
8	
51	
267	
Net amount recognised (note 22)	
38	
8	

Pension benefit obligation

1,408

1,568

Benefit obligation

224

222

1,459

1,835

Fair value of plan assets

262

230

Components of net periodic benefit cost

40

50

Current service cost

7

6

88

108

Interest cost

16

14

(106)

(146)

Expected return on assets

(22)

(16)

22

12

Net periodic benefit cost

1

4

Assumptions

Assumptions used to determine benefit obligations at the end of the year are as follows:

Discount rate

8.00%

7.75%

Rate of compensation increase

(1)

5.50%

5.00%

Expected long-term return on plan assets

10.50%

10.14%

Pension increase

4.28%

4.05%

(1)

The short-term compensation rate increase is 6% (2005: 5%) and the long-term compensation rate increase is 5.5% (2005: 5%).

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 227

2005

**2006**

Figures in million

**2006**

2005

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

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:

Asset category

Equity securities

68%

69%

Debt securities

28%

30%

Other

4%

1%

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.



Page 228\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

32

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

2006

2005

Percentage

Percentage

Figures in million

Number

of total

of total

of shares

assets

Fair value

assets

Fair value

**US Dollars**

Related parties

Investments held in related parties are summarised as follows:

Equity securities

Anglo American

40,400

0.8%

2

11.9%

27

AngloGold Ashanti Limited

32,960

0.6%

2

0.8%

2

Fellow subsidiaries of Anglo American plc group to

April 2006

(1)

Anglo Platinum Group

13.5%

31

The Tongaat-Hulett Group

1.1%

3

4

63

Other investments exceeding 5% of total plan assets

Bonds

RSA 2015 Government Bonds 13.5%

—

5.4%

18

RSA 2010 Government Bonds 13%

—  
7.8%  
12  
—  
30  
No investment exceeded 5% of total plan assets in 2006.

**SA Rands**

Related parties

Investments held in related parties are summarised as follows:

Equity securities

Anglo American

40,400

0.8%

14

11.9%

174

AngloGold Ashanti Limited

32,960

0.6%

11

0.8%

11

Fellow subsidiaries of Anglo American plc group to

April 2006

(1)

Anglo Platinum Group

13.5%

198

The Tongaat-Hulett Group

1.1%

15

25

398

Other investments exceeding 5% of total plan assets

Bonds

RSA 2015 Government Bonds 13.5%

—

5.4%

113

RSA 2010 Government Bonds 13%

—

7.8%

79

—

192

No investment exceeded 5% of total plan assets in 2006.

Cash flows

Contributions

The company expects to contribute \$6 million, R40 million  
(2006: \$7 million, R46 million) to its pension plan in 2007.

(1)

During the year, AngloGold Ashanti Limited launched an equity offering which reduced Anglo American plc's interest in AngloGold Ashanti Limited.

At 31 December 2006 Anglo American plc holds 41.67% of AngloGold Ashanti Limited.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_*Page 229*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Estimated future benefit payments

The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

96

2007

14

94

2008

13

92

2009

13

91

2010

13

90

2011

13

1,105

Thereafter

158

South American Brasil Fundambrás pension plan

On 30 November 1998, the defined benefit fund was converted to a defined contribution fund with an actuarial net liability of \$6 million, R51 million. This liability was revised annually by Mercer, the plan's actuary. The transfer of funds was approved by the governmental SPC agency and the actuarial net liability of \$10 million, R61 million was funded and transferred to a defined contribution plan on 30 September 2005.

Information with respect to the South American Brasil Fundambrás pension plan is as follows:

Change in benefit obligation

126

—

Balance at beginning of year

—

22

13

—

Interest cost

—

2  
3  
—  
Actuarial loss  
—  
1  
(160)  
—  
Settlements and curtailments  
—  
(25)  
(6)  
—  
Benefits paid  
—  
(1)  
24  
—  
Translation  
—  
1  
—  
—  
Balance at end of year  
—  
—  
Change in plan assets  
86  
—  
Fair value of plan assets at beginning of year  
—  
15  
8  
—  
Expected return on plan assets  
—  
1  
(99)  
—  
Settlements and curtailments  
—  
(15)  
(6)  
—  
Benefits paid  
—  
(1)  
11  
—  
Translation  
—

—	
—	
—	
Fair value of plan assets at end of year	
—	
—	
Components of net periodic benefit cost	
13	
—	
Interest cost	
—	
2	
(8)	
—	
Expected return on plan assets	
—	
(1)	
5	
—	
Net periodic benefit cost	
—	
1	

Page 230\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Cash flows

Contributions

No company or participant contributions were made to this fund. The fund has been discontinued and the fund assets transferred to a defined contribution fund.

Estimated future benefit payments

There are no future benefit payments as the fund was terminated on 30 September 2005.

Ashanti Retired Staff pension plan

The pension scheme provides a retirement benefit to former Ashanti employees that were based at the former London office. The scheme is closed to new members and participants are either retired or are deferred members. The plan is evaluated by actuaries on an annual basis using the projected unit credit funding method. No contributions are made to the plan and it is funded with a shortfall of \$1 million, R5 million (2005: \$0.2 million, R1 million). Information with respect to the Ashanti Retired Staff pension plan is as follows:

Change in benefit obligation

20

22

Balance at beginning of year

3

3

1

1

Interest cost

–

–

2

5

Actuarial loss

1

–

(1)

5

Translation

1

–

22

33

Balance at end of year  
 5  
 3  
 Change in plan assets  
 18  
 21  
 Fair value of plan assets at beginning of year  
 3  
 3  
 1  
 2  
 Expected return on plan assets  
 -  
 -  
 2  
 1  
 Actuarial gain  
 -  
 -  
 -  
 4  
 Translation  
 1  
 -  
 21  
 28  
 Fair value of plan assets at end of year  
 4  
 3  
 (1)  
 (5)  
 Unfunded status at end of year  
 (1)  
 -  
 (1)  
 (5)  
 Net amount recognised  
 (1)  
 -  
 Pension benefit obligation  
 22  
 33  
 Benefit obligation  
 5  
 3  
 21  
 28  
 Fair value of plan assets  
 4  
 3  
 Components of net periodic benefit cost



1

1

Interest cost

—

—

(1)

(2)

Expected return on plan assets

—

—

—

(1)

Net periodic benefit cost

—

—

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_*Page 231*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Assumptions

Assumptions used to determine benefit obligations at the end of the year are as follows:

Discount rate

5.00%

5.00%

Expected long-term return on plan assets

6.13%

6.07%

Pension increase

2.50%

2.50%

The expected long-term return on plan assets is determined using the after tax return of domestic bonds and fixed-term investments.

Plan assets

The Ashanti Retired Staff defined benefit pension plan asset allocations as at the end of the year, by asset category are as follows:

Asset category

Equity securities

55%

51%

Debt securities

40%

41%

Property

1%

2%

Cash

4%

6%

100%

100%

Investment policy

The general policy of the fund is to select investments that will achieve an optimal return on the plan assets.

No investments are made in related party entities.

Cash flows

Contributions

No contributions are made to this fund since the fund is closed to new members and the current members are retired or deferred.

Estimated future benefit payments

The following benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

—  
2007  
—  
—  
2008  
—  
—  
2009  
—  
—  
2010  
—  
—  
2011  
—  
33  
Thereafter  
5

Page 232\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Obuasi Mines Staff Pension Scheme

The scheme provides monthly payments in Ghanaian currency (indexed to the US dollar) to retirees until death. The benefits under the scheme are based on the years of service and the compensation levels of the covered retirees. The scheme is closed to new members and all the scheme participants are retired. The scheme is unfunded and accordingly, no assets related to the scheme are recorded. The scheme is evaluated by actuaries on an annual basis.

Information with respect to the Obuasi Mines Staff Pension Scheme is as follows:

Change in benefit obligation

60

58

Balance at beginning of year

9

11

3 —

Interest

cost

— —

(7)

7

Actuarial loss (gain)

1

(1)

(5)

(7)

Benefits paid

(1)

(1)

7

4

Translation

— —

58

62

Balance at end of year

9

9

(58)

(62)

Unfunded status at end of year

(9)

(9)

(58)

(62)

Net amount recognised

(9)

(9)

Pension benefit obligation

58

62

Benefit obligation

9

9

Components of net periodic benefit cost

3                   —

Interest

cost

—                   —

Assumptions

Assumptions used to determine benefit obligations at the end of the year are as follows:

Discount rate

5.0%

4.0%

Rate of compensation increase

N/A

N/A

Pension increase

4.5%

3.0%

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_*Page* 233

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Cash flows

Contributions

No contributions are made to this fund since the fund is closed to new members and the current members are all retired.

Estimated future benefit payments

The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

7

2007

1

7

2008

1

7

2009

1

7

2010

1

7

2011

1

27

Thereafter

4

Post-retirement medical scheme for AngloGold Ashanti South African employees

The provision for post-retirement medical funding represents the provision for health care benefits for employees and retired employees and their registered dependants.

The post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The actuarial method used is the projected unit credit funding method. This scheme is unfunded. The last valuation was performed as at 31 December 2006.

Information with respect to the defined benefit liability is as follows:

Change in benefit obligation

924

1,172

Benefit obligation at beginning of year

	185
	164
	7
	7
Current service cost	
	1
	1
	80
	88
Interest cost	
	13
	12
	30
	35
Participants' contributions	
	5
	5
	(105)
	(112)
Benefits paid	
	(17)
	(16)
	236
	(96)
Actuarial (gain) loss	
	(14)
	37
	—
	—
Translation	
	(17)
	(18)
	1,172
	1,094
Balance at end of year	
	156
	185
	(1,172)
	(1,094)
Unfunded status at end of year	
	(156)
	(185)
	(1,172)
	(1,094)
Net amount recognised	
	(156)
	(185)

Page 234\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Components of net periodic benefit cost

7

7

Current service cost

1

1

80

88

Interest cost

13

12

87

95

Net periodic benefit cost

14

13

The assumptions used in calculating the above amounts at year end are:

Discount rate

8.00%

7.75%

Expected increase in health care costs

4.75%

5.00%

Assumed health care cost trend rates at 31 December:

Health care cost trend assumed for next year

4.75%

5.00%

Rate to which the cost trend is assumed to decline (the ultimate trend rate)

4.75%

5.00%

Year that the rate reaches the ultimate trend

N/A

N/A

1% point

Assumed health care cost trend rates have a significant effect on

1% point

increase

the amounts reported for health care plans. A 1% point change

increase



in assumed health care cost trend rates would have the following effect:

10  
Effect on total service and interest cost  
1  
111  
Effect on post-retirement benefit obligation  
16  
1% point  
1% point  
decrease  
decrease  
(9)  
Effect on total service and interest cost  
(1)  
(95)  
Effect on post-retirement benefit obligation  
(14)

Cash flows

Contributions

AngloGold Ashanti expects to contribute \$25 million, R178 million (2006: \$13 million, R82 million) to the post-retirement medical plan in 2007.

Estimated future benefit payments

The following medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

77  
2007  
11  
79  
2008  
11  
80  
2009  
11  
81  
2010  
12  
81  
2011  
12  
696  
Thereafter  
99

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 235

2005

**2006**

Figures in million

**2006**

2005

**SA Rands****US Dollars****32 Provision for pension and post-retirement benefits cont.**

Post-retirement medical scheme for Rand Refinery employees

The Rand Refinery Retiree Medical Plan (Medipref) is a non-contributory defined benefit plan in respect of certain past qualifying employees. The accumulated post-employment medical aid obligation was determined by independent actuaries in September 2006 using the projected unit credit funding method. Movements that could impact the valuation between the interim date and the date of the balance sheet have been considered. The plan is fully funded and is evaluated by independent actuaries on an annual basis.

Information with respect to the post-retirement medical plan and obligation for the Rand Refinery Ltd past employees is as follows:

Change in benefit obligation

16

16

Balance at beginning of year

3

3

1

1

Interest cost

-

-

-

(1)

Actuarial gain

-

-

(1)

(1)

Benefits paid

-

-

-

Translation

(1)

-

16

15

Balance at end of year

2  
 3  
 Change in plan assets  
 30  
 32  
 Fair value of plan assets at beginning of year  
 5  
 5  
 3  
 2  
 Expected return on plan assets  
 -  
 -  
 -  
 (1)  
 Actuarial loss  
 -  
 -  
 (1)  
 (1)  
 Benefits paid  
 -  
 -  
 -                      -  
 Translation  
 (1)  
 -  
 32  
 32  
 Fair value of plan assets at end of year  
 4  
 5  
 16  
 17  
 Funded status at end of year  
 2  
 2  
 16  
 17  
 Net amount recognised (note 22)  
 2  
 2  
 Components of net periodic benefit cost  
 1  
 1  
 Interest cost  
 -  
 -  
 (3)  
 (2)  
 Expected return on plan assets

-

-

(2)

(1)

Net periodic benefit cost

-

-

Page 236\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Assumptions

Assumptions used at year end are as follows:

Discount rate

8.50%

7.75%

Expected increase in health care costs

6.50%

5.75%

Expected return on plan assets

7.77%

7.26%

Assumed health care cost trend rates at 31 December:

Health care cost trend assumed for next year

6.50%

5.75%

Rate to which the cost trend is assumed to decline

(the ultimate trend rate)

6.50%

5.75%

Year that the rate reaches the ultimate trend

N/A

N/A

1% point

Assumed health care cost trend rates have a significant effect

1% point

increase

on the amounts reported for health care plans. A 1% point

increase

change in assumed health care cost trend rates would have

the following effect:

—

Effect on total service and interest cost

—

1

Effect on post-retirement benefit obligation

—

1% point

1% point

decrease

decrease

—

Effect on total service and interest cost

—

(1)

Effect on post-retirement benefit obligation

—

Plan assets

The asset allocation of the Rand Refinery post retirement medical fund as at the end of the year, by asset category, is as follows:

Asset category

Debt securities

76%

75%

Cash

24%

25%

100%

100%

No investments are made in related party entities.

Cash flows

Contributions

Rand Refinery Limited does not make a contribution to the scheme as the scheme is closed to new members and the current members are retired.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 237**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Estimated future benefit payments

The following medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

1

2007

–

1

2008

–

1

2009

–

2

2010

–

2

2011

–

10

Thereafter

2

Retiree Medical Plan for North American employees

AngloGold Ashanti USA provides health care and life insurance benefits for certain retired employees under the AngloGold North America Retiree Medical Plan (the Retiree Medical Plan). With effect from 31 December 1999, no additional employees were eligible to receive post-retirement benefits under the Retiree Medical Plan.

Curtailment accounting was applied at 31 December 1999.

The Retiree Medical Plan is a non-contributory defined benefit plan.

This plan is evaluated by independent actuaries on an annual basis.

It was last evaluated by independent actuaries in September 2006 who took into account reasonable long-term estimates of increases in health care costs and mortality rates in determining the obligations of AngloGold Ashanti USA under the Retiree Medical Plan.

The evaluation of the Retiree Medical Plan reflected liabilities of \$2 million, R13 million (2005: \$2 million, R12 million). The Retiree Medical Plan is an unfunded plan. The Retiree Medical Plan is evaluated using the projected unit credit funding method. The company does not share in future cost increases and therefore the rate of compensation increase is not applicable.

Page 238\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Information with respect to the Retiree Medical Plan is  
 as follows:

Change in benefit obligation

11

12

Balance at beginning of year

2

2

1

1

Interest cost

—

—

(1)

(1)

Benefit paid

—

—

1

1

Translation

— —

12

13

Balance at end of year

2

2

(12)

(13)

Unfunded status at end of year

(2)

(2)

(12)

(13)

Net amount recognised

(2)

(2)

Net periodic pension and post-retirement benefit  
 costs include:

1

1



Interest cost

—

—

1

1

Net periodic benefit cost

—

—

Assumptions used in calculating benefit obligations at the end of the year are as follows:

Discount rate

5.0%

5.5%

Benefits are fixed and independent from inflation and consequently health care increases are not relevant.

Cash flows

Contributions

No contributions are made to this fund since the fund is closed to new members and the current members are all retired.

Estimated future benefit payments

The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

— 2007

—

— 2008

—

— 2009

—

— 2010

—

— 2011

—

13

Thereafter

2

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 *Page 239*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Supplemental Employee Retirement Plan for North America  
(USA) Inc. employees

Certain former employees of Minorco (USA) Inc. were covered under the Minorco (USA) Inc. Supplemental Employee Retirement Plan (The SERP), a non-contributory defined benefit plan. The SERP was last evaluated by independent actuaries in September 2006 who took into account long-term estimates of inflation and mortality rates in determining the obligation of AngloGold Ashanti USA under the SERP. This evaluation of the SERP reflected plan liabilities of \$1 million, R7 million (2005: \$1 million, R6 million). The SERP is an unfunded plan and is evaluated by actuaries on an annual basis using the projected unit credit funding method.

Information with respect to the SERP is as follows:

Change in benefit obligation

6

6

Balance at beginning and end of year

1

1

–

–

Interest cost

–

–

–

(1)

Benefit paid

–

–

–

2

Translation

–

–

6

7

Balance at end of year

1

1

(6)

(7)

Unfunded status at end of year

(1)

(1)

(6)

(7)

Net amount recognised

(1)

(1)

There is no net periodic pension and post-retirement cost during 2005 and 2006. The discount rate used to determine the benefit obligation at 31 December was 5% (2005: 5.5%).

No contributions are made to this fund since the fund is closed to new members and the current members are all retired.

Estimated future benefit payments

The pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid after 2011 and amount to \$1 million, R7 million.

Page 240\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

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

Nuclear Fuels South Africa (NUFCOR) – Retiree Medical Plan  
 for Nufcor South African employees

The Nufcor South Africa Retiree Medical Plan (Mascom) is a defined benefit plan in respect of certain past qualifying employees. The accumulated post-employment medical aid obligation was determined by independent actuaries in September 2006 using the projected unit credit funding method. Movements that could impact the valuation between the interim date and the date of the balance sheet have been considered. The plan is fully funded.

Information with respect to the Retiree Medical Plan for Nufcor South Africa employees is as follows:

Change in benefit obligation

2

2

Balance at beginning of year

–

–

(1)

(1)

Benefit paid

–

–

1

1

Actuarial loss

–

–

2

2

Balance at end of year

–

–

Change in plan assets

2

3

Fair value of plan assets at beginning of year

–

–

1

1

Expected return on plan assets

–	
–	
1	–
Employee contributions	
–	
–	
(1)	
(1)	
Benefits paid	
–	
–	
3	
3	
Fair value of plan assets at end of year	
–	
–	
1	
1	
Funded status at end of year	
–	
–	
1	
1	
Net amount recognised (note 22)	
–	
–	
Components of net periodic benefit cost	
(1)	
(1)	
Expected return on plan assets	
–	
–	
Assumptions	
Assumptions used at year end are as follows:	
Discount rate	
8.50%	
7.75%	
Expected increase in health care costs	
6.50%	
5.75%	
Expected return on plan assets	
8.50%	
7.75%	
Assumed health care cost trend rates at 31 December:	
Health care cost trend assumed for next year	
6.50%	
5.75%	
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	
6.50%	

5.75%

Year that the rate reaches the ultimate trend

N/A

N/A

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 241

2005

**2006**

Figures in million

**2006**

2005

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

Cash flows

Contributions

No contributions are made to this fund since the fund is closed to new members and the current members are all retired.

Estimated future benefit payments

The medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid after 2011 and amount to \$0.1 million, R1 million.

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:

Asset category

Unit trust investment funds

100%

100%

No investments are made in related party entities.

Defined Contribution Funds

Contributions to the various retirement schemes are fully expensed during the year in which they are funded and the cost of contributing to retirement benefits for the year amounted to \$40 million, R274 million (2005: \$31 million, R199 million).

Australia

The region contributes to the Australian Retirement Fund for the provision of benefits to employees and their dependants on retirement, disability or death. The fund is a multi-industry national fund with defined contribution arrangements. Contribution rates by the operation on behalf of employees varies, with minimum contributions, meeting compliance requirements under the Superannuation Guarantee legislation. Members also have the option of contributing to approved personal superannuation funds. The contributions by the operation are legally enforceable to the extent required by the Superannuation Guarantee legislation and relevant employment agreements. The cost to the group of all these contributions amounted to \$2 million, R14 million (2005: \$2 million, R12 million).

Page 242\_AngloGold Ashanti  
\_Annual Financial Statements 2006

32

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

Ghana and Guinea

AngloGold Ashanti mines in Ghana and Guinea contribute to provident plans for their employees which are defined contribution plans.

The funds are administered by boards of Trustees and invest mainly in Ghana and Guinea governments' treasury instruments, fixed term deposits and other projects. The cost of these contributions were \$3 million, R21 million (2005: \$3 million, R20 million).

Mali (Sadiola, Yatela and Morila)

The Malian operations do not have retirement schemes for employees. All employees (local and expatriate) contribute towards the

Government social security fund, and the company also makes a contribution towards this fund. On retirement, Malian employees are

entitled to a retirement benefit from the Malian government. Expatriate employees are reimbursed only their contributions to the social

security fund. AngloGold Ashanti seconded employees in Mali remain members of the applicable pension or retirement fund in terms of

their conditions of employment with AngloGold Ashanti. The cost to the group of all these contributions amounted to \$1 million, R6 million

(2005: \$2 million, R12 million).

Namibia (Navachab)

Navachab employees are members of a defined contribution provident fund. The fund is administered by the Old Mutual insurance

company. Both the company and the employees make contributions to this fund. AngloGold Ashanti seconded employees at Navachab

remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold Ashanti. The

cost to the group of all these contributions amounted to \$1 million, R7 million (2005: \$1 million, R6 million).

North America

AngloGold Ashanti USA sponsors a 401(k) savings plan whereby employees may contribute up to 60% of their salary, of which up to 5%

is matched at a rate of 150% by AngloGold Ashanti USA. AngloGold Ashanti USA's contributions were \$2 million, R11 million (2005:

\$2 million, R13 million).

South Africa

South Africa contributes to various industry-based pension and provident retirement plans which covers substantially all employees and

are defined contribution plans. These plans are all funded and the assets of the schemes are held in administrated funds separately from

the group's assets. The cost of providing these benefits amounted to \$29 million, R201 million (2005: \$20 million, R130 million).

South America

The AngloGold Ashanti South America region operates defined contribution arrangements for their employees in Brazil. These

arrangements are funded by the operations (basic plan) and operations/employees (optional supplementary plan). A PGBL fund, similar

to the American 401(k) type of plan, started in December 2001. Administered by Bradesco Previdencia e Seguros (which assume the risk



for any eventual actuarial liabilities), this is the only private pension plan sponsored by the group. Contributions amounted to \$2 million, R14 million (2005: \$1 million; R6 million).

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 243

32

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

Tanzania (Geita)

Geita does not have a retirement scheme for employees. Tanzanian nationals contribute to the National Social Security Fund (NSSF) or

the Parastatal Provident Fund (PPF), depending on the employee's choice, and the company also makes a contribution on the employee's

behalf to the same fund. On leaving the group, employees may withdraw their contribution from the fund. From July 2005, the company

has set up a supplemental provident fund which is administered by the Parastatal Provident Fund (PPF) with membership available to

permanent National employees on a voluntary basis. The company makes no contribution towards any retirement schemes for contracted

expatriate employees. AngloGold Ashanti employees seconded in Tanzania remain members of the applicable pension or retirement fund

in terms of their conditions of employment with AngloGold Ashanti. The company contributes to the National Social Security Fund (NSSF)

on behalf of expatriate employees. On termination of employment the company may apply for a refund of contributions from the NSSF.

2005

**2006**

Figures in million

**2006**

2005

**SA Rands****US Dollars****33 Deferred taxation**

Deferred taxation relating to temporary differences is made

up as follows:

Liabilities

9,391

11,293

Tangible assets

1,613

1,480

115

107

Inventories

15

18

189

639

Derivatives

91

30

312

120

Other

17

49  
10,007  
12,159  
1,736  
1,577  
Assets  
914  
1,215  
Provisions  
173  
144  
1,099  
2,321  
Derivatives  
331  
173  
841  
1,117  
Tax assets  
160  
132  
112  
216  
Other  
31  
18  
2,966  
4,869  
695  
467  
7,041  
7,290  
Net deferred taxation liability  
1,041  
1,110  
Included in the balance sheet as follows:  
279  
432  
Deferred tax assets  
62  
44  
7,320  
7,722  
Deferred tax liabilities  
1,103  
1,154  
7,041  
7,290  
Net deferred taxation liability  
1,041  
1,110

Page 244\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**33 Deferred taxation *cont.***

The movement on the deferred tax balance is as follows:

7,615

7,041

Balance at beginning of year

1,110

1,349

(1)

15

Taxation on fair value adjustments (note 28)

2

–

(747)

(200)

Income statement charge (note 12)

(30)

(117)

19

(18)

Discontinued operations (note 13)

(2)

3

(377)

(167)

Taxation on other comprehensive income (note 28)

(25)

(58)

(68)

102

Taxation on actuarial gain (loss) (note 28)

15

(11)

600

517

Translation

(29)

(56)

7,041

7,290

Balance at end of year

1,041

1,110

No provision has been made for South African income tax or foreign tax that may result from future remittances of undistributed earnings of foreign subsidiaries or foreign corporate joint ventures because it is expected that such earnings will not be distributed as a dividend in the foreseeable future. Unrecognised taxable temporary differences pertaining to undistributed earnings totalled \$353 million, R2,471 million at 31 December 2006 (2005: \$282 million, R1,791 million).

**34 Trade, other payables and deferred income**

Non-current

87

150

Deferred income

21

14

87

150

21

14

Current

1,374

2,040

Trade creditors

292

216

911

1,172

Accruals

167

144

31

–

Amounts due to related parties

–

5

36

136

Deferred income

19

6

321

289

Unearned premiums on normal sale exempted contracts

41

51

140

64

Other creditors

9

20

2,813

3,701

528

442

2,900

3,851

Total trade, other payables and deferred income

549

456

Current trade and other payables are non-interest bearing and are normally settled within 60 days.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_** *Page 245*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**35 Taxation**

368

710

Balance at beginning of year

112

65

(188)

(968)

Payments during the year

(143)

(30)

531

1,432

Provision during the year (note 12)

210

82

8

17

Discontinued operations (note 13)

2

2

(9)

43

Translation

(5)

(7)

710

1,234

Balance at end of year

176

112

**36 Cash generated from operations**

(1,106)

859

Profit (loss) before taxation

168

(158)

Adjusted for:

1,744

4,590

Movement on non-hedge derivatives and other commodity contracts

627

262
3,203
4,059
Amortisation of tangible assets (notes 4, 9 and 16)
597
503
Finance costs and unwinding of decommissioning and
690
822
restoration obligations (note 7)
123
108
(153)
(528)
Deferred stripping
(75)
(24)
(155)
(218)
Interest receivable (note 3)
(32)
(25)
444
161
Operating special items
22
68
13
13
Amortisation of intangible assets (notes 4 and 17)
2
2
211
(137)
Fair value adjustment on option component of convertible bond
(16)
32
265
(160)
Environmental rehabilitation and other expenditure
(22)
41
(61)
–
Termination of employee benefit plan
–
(10)
(113)
213
Other non-cash movements
27



(18)  
(714)  
(875)  
Movements in working capital  
(140)  
(108)  
4,268  
8,799  
1,281  
673  
Movements in working capital:  
(1,086)  
(1,852)  
Increase in inventories  
(211)  
(123)  
(46)  
(27)  
Decrease (increase) in trade and other receivables  
19  
23  
418  
1,004  
Increase (decrease) in trade and other payables  
52  
(8)  
(714)  
(875)  
(140)  
(108)

Page 246\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

37

### Related parties

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

Purchases

Amounts

Purchases

Amounts

(by) from

owed to (by)

(by) from

owed to (by)

related

related

related

related

Figures in million

parties

parties

parties

parties

2006

2005

### US Dollars

Significant shareholder Anglo American for the year

1

–

5 1

Fellow subsidiaries of the Anglo American group to 20 April 2006

(1)

Anglo Coal – a division of Anglo Operations Limited

– – 1 –

Boart Longyear Limited – mining services

(2)

– – 5 –

Haggie Steel Wire Rope Operations

(3)

1 – 8 1

Mondi Limited – timber

5 – 16 2

Scaw Metals – a division of Anglo Operations Limited –  
 steel and engineering

1 – 6 1

The Tongaat-Hulett Group Limited

– – – –

Joint ventures of AngloGold Ashanti Limited

BGM Management Company Pty Ltd

– – – –

Société d' Exploitation des Mines d' Or de Sadiola S.A.

(2) (1)  
 – –  
 Societé d' Exploitation des Mines d' Or de Yatela S.A.

(1) –  
 – –  
 Societé des Mines de Morila S.A.

(2) – (2)  
 –

**SA Rands**

Significant shareholder Anglo American for the year  
 7

–  
 30 7  
 Fellow subsidiaries of the Anglo American group to 20 April 2006

(1)  
 Anglo Coal – a division of Anglo Operations Limited

1 – 4 2

Boart Longyear Limited – mining services

(2)  
 – – 30 –

Haggie Steel Wire Rope Operations

(3)  
 7 – 50 6

Mondi Limited – timber

30 – 105 11

Scaw Metals – a division of Anglo Operations Limited –  
 steel and engineering

9 – 40 4

The Tongaat-Hulett Group Limited

– – 1 –

Joint ventures of AngloGold Ashanti Limited

BGM Management Company Pty Ltd

– – 1 –

Societé d' Exploitation des Mines d' Or de Sadiola S.A.

(14) (2) (3)

1  
 Societé d' Exploitation des Mines d' Or de Yatela S.A.

(10) (2)

3 –  
 Societé des Mines de Morila S.A.

(14) (2)

(10)

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

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

Anglo American plc holds 41.67% of AngloGold Ashanti Limited.

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

(3)

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

Directors and other key management personnel

Details relating to directors' emoluments and shareholdings in the company are disclosed in the remuneration and directors' reports.

(Detailed on pages 126 to 147).

Compensation to key management personnel totalled \$18 million, R121 million (2005: \$13 million, R79 million).

This total comprised

short-term employee benefits of \$13 million, R90 million (2005: \$11 million, R69 million); post-employment benefits of less than \$1 million,

R1 million, (2005: \$1 million, R7 million); and share-based payments of \$5 million, R31 million (2005: \$1 million, R3 million).

Shareholders

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

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 247

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**38 Contractual commitments and contingencies**

Operating leases

At 31 December 2006, the group was committed to making the following payments in respect of operating leases for amongst others, hire of plant and equipment and land and buildings. Certain contracts contain renewal options and escalation clauses for various periods of time.

Expiry within

209

304

– One year

43

33

163

181

– Between one and two years

26

26

127

76

– Between two and five years

11

20

2

5

– After five years

1

–

501

566

81

79

Finance leases

The group has finance leases for plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments are as follows:

Present

Present

value of

Minimum	
Minimum	
value of	
payments	
payments	
payments	
payments	
2006	
2006	
35	45
Within one year	
7	5
67	80
Within one year but not more than five years	
11	10
–	–
More than five years	
–	–
102	125
Total minimum lease payments	
18	15
–	23
Less: amounts representing finance charges	
3	–
102	102
Present value of minimum lease payments	
15	15
2005	
2005	
28	
44	
Within one year	
7	
5	
77	
96	
Within one year but not more than five years	
15	
12	
2	
2	
More than five years	
–	
–	
107	
142	
Total minimum lease payments	
22	
17	
–	
35	

Less: amounts representing finance charges

5

—

107

107

Present value of minimum lease payments

17

17

Page 248\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**38 Contractual commitments and contingencies cont.**

Capital commitments

*Acquisition of tangible assets*

1,182

2,475

Contracted for

354

186

4,597

5,120

Not contracted for

731

725

5,779

7,595

Authorised by the directors

1,085

911

Allocated for:

Project expenditure

1,204

2,572

– within one year

367

190

671

1,855

– thereafter

265

106

1,875

4,427

632

296

Stay-in-business expenditure

3,628

2,925

– within one year

418

572

276

243



– thereafter	
35	
43	
3,904	
3,168	
453	
615	
50	
124	
Share of underlying capital commitments of joint ventures	
18	
8	
Purchase obligations	
Contracted for	
1,221	
1,920	
– within one year	
274	
192	
1,288	
1,327	
– thereafter	
190	
203	
2,509	
3,247	
464	
395	
990	
906	
Share of underlying purchase obligations of joint ventures	
129	
156	

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

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

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

The credit facilities and other finance arrangements contain financial covenants and other similar undertakings. To the extent that external borrowings are required, the group's covenant performance indicates that existing financing facilities will be available to meet the above commitments. To the extent that any of

the financing facilities mature in the near future, the group believes that these facilities can be refinanced on similar terms to those currently in place.

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 249**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**38 Contractual commitments and contingencies *cont.***

Contingent liabilities

AngloGold Ashanti's contingent liabilities at 31 December 2006 are detailed below:

Water pumping cost – South Africa – The group is involved in a legal dispute regarding the responsibility for water pumping of the Margaret shaft at the Stilfontein mine. Following an attempt by DRDGold Limited to liquidate its North West operations and avoid incurring pumping cost, AngloGold Ashanti Limited launched an urgent application against DRDGold Limited and government departments requesting the court to order the continued pumping of water at the Stilfontein mines. The cessation of water pumping is likely to cause flooding in various of the group's Vaal River operations.

The Department of Water Affairs and Forestry responded by issuing directives to the mining companies directing that they share the cost of pumping at the Stilfontein Margaret Shaft.

The three mining companies, Simmer and Jack Mines Limited, Harmony Gold Mining Company Limited and AngloGold Ashanti Limited, are finalising an arrangement in which responsibility for the water pumping will be transferred to an independent newly formed company. The group's responsibility will be limited to providing one-third of the start-up capital on loan account and the three mining companies will be members of the newly formed company.

Should the proposed arrangement not be acceptable to the courts and/or regulatory authorities, the proposal may have to be amended. Due to the uncertainty no estimate is made of any potential liabilities as management believe that the proposed

–

–

arrangement is a pragmatic and reasonable basis to resolve the issue.

–

–

The group has identified a number of groundwater pollution sites at its current operations in South Africa. The group has investigated a number of different technologies and methodologies that could possibly be used to remediate the pollution plumes. The viability of the suggested remediation techniques in the local geological formation in South Africa is however unknown. No sites have been remediated in South Africa. Present research and development work is focused on several pilot projects to find a solution that will in fact yield satisfactory results in South African conditions. Subject

to the technology being developed as a remediation technique, no

—

—

reliable estimate can be made for the obligation.

—

—

Page 250\_AngloGold Ashanti

\_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**38 Contractual commitments and contingencies *cont.***

Contingent liabilities *cont.*

Sales tax on gold deliveries – Brazil – Mineração Serra Grande S.A.(MSG), the operator of the Crixas mine in Brazil, has received two tax assessments from the State of Goiás related to payments of sales taxes on gold deliveries for export: one for the period between February 2004 and June 2005 and the other for the period between July 2005 and May 2006. The tax authorities maintain that whenever a taxpayer exports gold mined in the State of Goiás through a branch located in a different Brazilian State, it must obtain an authorisation from the Goiás State Treasury by means of a Special Regime Agreement (*Termo de Acordo re Regime Especial – TARE*). The MSG operation is co-owned with Kinross Gold Corporation. AGA manages the operation and its attributable share of the first assessment is approximately \$29 million, R203 million. In May 2006 MSG signed the TARE, which authorised the remittance of gold to the company's branch in Minas Gerais specifically for export purposes. In November 2006 the administrative council's second chamber ruled in favour of MSG and fully cancelled the tax liability related to the first period. The State of Goiás may still appeal to the full board of the State of Goiás tax administrative council. The second assessment was issued by the State of Goiás in October 2006 on the same grounds as the first assessment, and the attributable share of the assessment is approximately \$18 million, R126 million. AGA believes both assessments are in violation of

185

329

Federal legislation on sales taxes.

47

29

Morro Velho is involved in a dispute with the tax authorities, as a result of an erroneous duplication of a shipping invoice between two states in Brazil, tax authorities are claiming that VAT is payable

–

32

on the second invoice.

5

–

**Notes to the group financial statements *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 251**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**38 Contractual commitments and contingencies *cont.***

Contingent liabilities *cont.*

VAT Disputes – Brazil – MSG received a tax assessment in October 2003 from the State of Minas Gerais related to sales taxes on gold allegedly returned from the branch in Minas Gerais to the company head office in the State of Goiás. The tax administrators rejected the company’s appeal against the assessment. The company is now dismissing the case at the judicial sphere. The company’s attributable share of the assessment is approximately \$6 million,

35

39

R39 million.

6

6

Social security payments – Brazil – AngloGold Ashanti Brazil is being accused of failing to pay certain required payments towards the social security system in Brazil during the period 1997 to 2004. Legislation is unclear on whether the contributions are actually due and payable. The amount involved is approximately \$2 million,

10

11

R11 million.

2

2

A group of employees of Mining and Building Contractors (MBC), the Obuasi underground developer, are claiming to be employees of the group. If successful there is the risk of some employees

16

20

claiming rights to share options.

3

3

The group has a potential liability at Navachab in Namibia to pay capital costs of the water pipeline and electricity supply to the mine in case of mine closure prior to 2019. Based on current life-of-mine business plans, the group believes the likelihood of this potential

1

2

liability being realised to be more than remote but less than likely.

–

–

Page 252\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

**38 Contractual commitments and contingencies cont.**

Guarantees

*Financial guarantees*

The group has provided surety in favour of the lender in respect of gold loan facilities to wholly-owned subsidiaries of Oro Group (Proprietary) Limited, an associate of the group. The group has a total maximum liability, in terms of the suretyships of R100 million, \$14 million. The suretyship agreements have a termination notice period of 90 days. The group receives a fee from the associate for

100

100

providing the surety and has provided for non-performance.

14

16

*Hedging guarantees*

AngloGold Ashanti Limited and its wholly-owned subsidiary AngloGold Ashanti Holdings plc have issued hedging guarantees to several counterparty banks in which they have guaranteed the due performance by the Geita Management Company Limited (GMC) of its obligations under or pursuant to the hedging agreements entered into by GMC, and to the payment of all money owing or incurred by GMC as and when due. This guarantee remains in force until no sum remains to be paid under the hedging agreements and the Bank has irrevocably recovered or received all sums payable to it under the hedging agreements. The maximum potential amount of future payments is all monies due, owing or incurred by GMC under or pursuant to the hedging agreements. At 31 December 2006 the marked-to-market valuation of the GMC hedge book was negative \$290 million, R2,032 million of which \$249 million, R1,741 million was raised on the balance sheet and the remainder

1,090

2,032

treated under the NPNS exemption.

290

172

The group, together with its wholly-owned subsidiary, AngloGold Ashanti Holdings plc, has provided guarantees to several counterparty banks for the hedging commitments of its wholly owned subsidiary Ashanti Treasury Services Limited (ATS). At 31 December 2006, the marked-to-market valuation of the ATS hedge book was negative \$1,047 million, R7,334 million, of which \$251 million, R1,756 million was raised on the balance sheet while

4,591

7,334

the remainder was treated under the NPNS exemption.

1,047

723

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

**Notes to the group financial statements *cont.***

For the year ended 31 December



AngloGold Ashanti

Annual Financial Statements 2006 Page 253

39

### **Financial risk management activities**

In the normal course of its operations, the group is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to

manage these risks, the group may enter into transactions which make use of both on- and off-balance sheet derivatives. The group

does not acquire, hold or issue derivatives for trading purposes. The group has developed a comprehensive risk management process to

facilitate, control and monitor these risks. The board has approved and monitors this risk management process, inclusive of documented

treasury policies, counterpart limits, controlling and reporting structures.

Controlling risk in the group

The Executive Committee and the Treasury Committee are responsible for risk management activities within the group. The Treasury

Committee, chaired by the independent chairman of the AngloGold Ashanti Audit and Corporate Governance Committee, comprising

executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits,

instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency, liquidity and credit risk.

Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy and

counterpart limits and provides regular and detailed management reports.

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

Safeguarding the group core earnings stream from its major assets through the effective control and management of gold price risk,

foreign exchange risk and interest rate risk;

Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management

planning and procedures;

Ensuring that investment and hedging transactions are undertaken with creditworthy counterparts; and

Ensuring that all contracts and agreements related to risk management activities are coordinated, consistent throughout the group and

comply where necessary with all relevant regulatory and statutory requirements.

Gold price and currency risk and cash flow hedging

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold. The

group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than

the units functional currency. The gold market is predominately priced in US dollars which exposes the group to the risk that fluctuations

in the SA rand/US dollar, Brazilian real/US dollar, Argentinian peso/US dollar and Australian dollar/US dollar exchange rates may also have

an adverse effect on current or future earnings.

A number of products, including derivatives, are used to manage well-defined gold price and foreign exchange risks that arise out of the

group's core business activities. Forward-sales contracts and call and put options are used by the group to protect itself from downward

fluctuations in the gold price. These derivatives may establish a minimum price for a portion of future production while the group maintains the ability, to benefit from increases in the spot gold price for the majority of future gold production. At year end, the volume of outstanding forward sales contracts was 122,133kg (2005: 159,783kg). Some of the instruments described above are designated and accounted for as cash flow hedges. The hedge forecast transactions are expected to occur over the next 10 years, in line with the maturity dates of the hedging instruments and will affect profit and loss simultaneously in an equal and opposite way. The fair value of all instruments so designated at the balance sheet date is a negative \$373 million, R2,614 million (2005: negative \$338 million, R2,142 million).

Page 254\_AngloGold Ashanti

Annual Financial Statements 2006**39****Financial risk management activities cont.**

Net delta open hedge position as at 31 December 2006

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

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

Year

2007

2008

2009

2010

2011

2012-2016

Total

**US Dollar/Gold**

Forward contracts

Amount

(kg)

19,622      22,817      21,738      14,462      12,931      24,308

115,878

\$/oz

\$301      \$314      \$316      \$347      \$397      \$418      \$347

Forward contracts (Long)

Amount (kg)

12,957

(1)

12,957

\$/oz

\$639

\$639

Put options purchased

Amount (kg)

1,455

1,455

\$/oz

\$292

\$292

Put options sold

Amount

(kg)

19,259

11,555      3,748      1,882      1,882      5,645

43,971

\$/oz

\$612      \$587      \$530      \$410      \$420      \$440      \$559

Call options purchased

Amount (kg)

14,252

6,503

20,755

\$/oz						
\$398	\$432					
\$409						
Call options sold						
Amount						
(kg)						
47,779	46,776	41,148	32,036	36,188	51,294	
255,221						
\$/oz						
\$475	\$466	\$473	\$458	\$492	\$564	\$491

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 255**39****Financial risk management activities cont.**

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

Year

2007

2008

2009

2010

2011

2012-2016

Total

**Rand/Gold**

Forward contracts

Amount (kg)

2,138

933

3,071

R/kg

R91,299

R116,335

R98,769

Call options sold

Amount

(kg)

311

2,986

2,986

2,986

9,269

R/kg

R108,123

R202,054

R216,522

R230,990

R212,885

**Australian Dollar/Gold**

Forward contracts

Amount

(kg)

7,465

2,177

3,390

3,111

16,143

A\$/oz

A\$669

A\$656

A\$649

A\$683

A\$666

Put options purchased

Amount (kg)

4,977

4,977

A\$/oz

A\$826

A\$826

Put options sold

Amount (kg)

5,910

5,910			
A\$/oz			
A\$800			
A\$800			
Call options purchased			
Amount			
(kg)			
3,732	3,110	1,244	3,111
11,197			
A\$/oz			
A\$668	A\$680	A\$694	A\$712
A\$686			
Call options sold			
Amount (kg)			
6,532			
6,532			
A\$/oz			
A\$847			
A\$847			
Total net gold			
Delta (kg)			
(2)			
(36,687)			
(54,993)			
(62,616)			
(45,773)			
(46,952)			
(68,991)			
(316,012)			
Delta (oz)			
(2)			
(1,179,513)			
(1,768,063)			
(2,013,148)			
(1,471,634)			
(1,509,540)			
(2,218,109)	(10,160,007)		

The total net delta tonnage of the hedge of the group at 31 December 2005 was 10.84 Moz or 337t.

(1)

Indicates a long position resulting from forward purchase contracts. The group enters into forward purchase contracts as part of its strategy to actively manage and reduce the size of the hedge book.

(2)

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

Year

2007

2008

2009

2010  
 2011  
 2012-2016

Total

**US Dollar/Silver**

Put options purchased

Amount (kg)

43,545

43,545

87,090

\$/oz

\$7.40        \$7.66

\$7.53

Put options sold

Amount (kg)

43,545

43,545

87,090

\$/oz

\$5.93        \$6.19

\$6.06

Call options sold

Amount (kg)

43,545

43,545

87,090

\$/oz

\$8.40        \$8.64

\$8.52

Page 256\_AngloGold Ashanti

Annual Financial Statements 2006**39****Financial risk management activities cont.**

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

Year

2007

2008

2009

2010

2011 2012-2016

Total

**Rand/US Dollar (000)**

Put options purchased

Amount (\$)

15,000

15,000

R per \$

R7.61

R7.61

Put options sold

Amount (\$)

40,000

40,000

R per \$

R7.08

R7.08

Call options sold

Amount (\$)

55,000

55,000

R per \$

R7.34

R7.34

**Australian Dollar (000)**

Forward contracts

Amount (\$)

73,518

20,000

93,518

\$ per A\$

\$0.76

\$0.73

\$0.75

Put options purchased

Amount (\$)

10,000

10,000

\$ per A\$

\$0.76

\$0.76



Put options sold

Amount (\$)

10,000

10,000

\$ per A\$

\$0.78

\$0.78

Call options sold

Amount (\$)

10,000

10,000

\$ per A\$

\$0.75

\$0.75

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually reviewed in the light

of changes in operational forecasts, market conditions and the group's hedging policy.

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

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

predetermined date.

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

predetermined date.

The marked-to-market value of all derivatives, irrespective of accounting designation, making up the hedge position was negative

\$2.9 billion (negative R20.32 billion) as at 31 December 2006 (as at 31 December 2005: negative \$1.94 billion, negative R12.32 billion).

These values were based on a gold price of \$636.30 per ounce, exchange rates of \$1 = R7.001 and A\$1 = \$0.7886 and the prevailing

market interest rates and volatilities at 31 December 2006. The values as at 31 December 2005 were based on a gold price of

\$517.00 per ounce, exchange rates of \$1=R6.305 and A\$1=\$0.7342 and the prevailing market interest rates and volatilities at that date.

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 257

39

**Financial risk management activities cont.**

## Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the group receives cash from the proceeds of its gold sales and is required to fund working capital requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market-related returns while minimising risks. The group is able to actively source financing at competitive rates.

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

## Cash and short-term loans advanced

Fixed rate

Floating rate

investment

Effective

investment

Effective

amount

rate

amount

rate

Maturity date

Currency

million

%

million

%

All less than one year

USD

35

5.1

64

4.5

ZAR

513      8.5      837      7.8

AUD

–      –      52

6.0

BRL

–      –      35

13.2

ARS

–      –      13

9.5

NAD

134      8.3

–      –

Borrowing maturity profile (note 30)



–	–		
73,692			
Interest-rate risk			
Fixed for less			
Fixed for between			
Fixed for greater			
than one year			
one and two years			
than three years			
Total			
Borrowings			
Effective			
Borrowings			
Effective			
Borrowings			
Effective			
Borrowings			
amount			
rate			
amount			
rate			
amount			
rate			
amount			
Currency			
million			
%			
million			
%			
million			
%			
million			
\$			
211	6.2	964	2.4
4	3.4	1,179	
ZAR			
73			
(1)			
–	1,993		
10.5			
–			
–	2,066		
GHC			
73,692			
19.0	–		
–	–		
–			
73,692			
(1)			

Interest accrued on the corporate bond as at 31 December 2006.

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

Page 258\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

39

**Financial risk management activities cont.**

Credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timeously. The group minimises credit risk by ensuring that credit risk is spread over a number of counterparts. These counterparts are financial and banking institutions of good credit quality. Where possible, management tries to ensure that netting agreements are in place. The combined maximum credit risk exposure at the balance sheet date is \$655 million, R4,591 million (2005: \$713 million, R4,523 million) on a contract by contract basis. Credit risk exposure netted by counter parties amounts to \$68 million, R477 million (2005: \$18 million, R115 million). No set-off is applied to the balance sheet due to the different maturity profiles of assets and liabilities. Trade debtors mainly comprise banking institutions purchasing gold bullion. Normal market settlement terms are two working days. No impairment was recognised as the principal debtors continue to be in a sound financial position. The group does not generally obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of counterparts. The group's reserves and financial strength has allowed it to arrange unmargined credit lines of up to ten years with counterparties.

Fair value of financial instruments

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

Type of instrument

2006

2005

Figures in million

Carrying

Fair

Carrying

Fair

amount

value

Amount

Value

**US Dollars**

*Financial assets*

Other investments (note 19)

126	126
-----	-----

102	102
-----	-----

Other non-current assets

5	5
---	---

13	13
----	----

Trade and other receivables

56	55
107	107
Cash restricted for use (note 24)	
11	11
8	8
Cash and cash equivalents (note 25)	
495	495
209	209
<i>Financial liabilities</i>	
Borrowings (note 30)	
1,482	1,551
1,894	1,915
Trade and other payables	
468	468
385	385
Derivatives	
1,364	
2,975	
749	
2,029	

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 259**39****Financial risk management activities cont.**Type of instrument *cont.*

2006

2005

Figures in million

Carrying

Fair

Carrying

Fair

amount

value

Amount

Value

**SA Rands***Financial assets*

Other investments (note 19)

884 884

645 645

Other non-current assets

33 32

76 75

Trade and other receivables

387 385

676 676

Cash restricted for use (note 24)

75 75

52 52

Cash and cash equivalents (note 25)

3,467 3,467

1,328 1,328

*Financial liabilities*

Borrowings (note 30)

10,376 10,859

12,015 12,147

Trade and other payables

3,276 3,276

2,456 2,456

Derivatives

9,545

20,826

4,751

12,873

The fair value amounts include off balance sheet normal sale exempted contracts, which are not carried on the balance sheet and

excluded from the carrying amount. All other derivatives are carried at fair value.

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

2006



Normal  
Cash flow  
Figures in million

sale  
hedge  
Non-hedge  
exempted  
accounted  
accounted  
Total

**US Dollars**

Derivative (liabilities) assets comprise the following:

Commodity option contracts

(516)  
– (1,056)

(1,572)

Foreign exchange option contracts

– – (12)  
(12)

Forward sale commodity contracts

(1,061)  
(375)  
108 (1,328)

Forward foreign exchange contracts

– 2  
2 4

Gold interest rate swaps

(34)  
– 39

5

Sub-total hedging

(1,611)  
(373)

(919)

(2,903)

Option component of convertible bonds

– – (72)  
(72)

All derivatives

(1,611)  
(373)

(991)

(2,975)

Page 260\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

39

**Financial risk management activities cont.**

Type of instrument *cont.*

2005

Normal

Cash flow

Non-

Figures in million

sale

hedge

hedge

exempted

accounted

accounted

Total

**US Dollars**

Derivative (liabilities) assets comprise the following:

Commodity option contracts

(446)

(4)

(608)

(1,058)

Foreign exchange option contracts

—

—

(5)

(5)

Forward sale commodity contracts

(828)

(342)

261

(909)

Forward foreign exchange contracts

—

8

(2)

6

Gold interest rate swaps

(6)

—

31

25

Sub-total hedging

(1,280)

(338)

(323)

(1,941)

Option component of convertible bonds

—

-	
(88)	
(88)	
All derivatives	
(1,280)	
(338)	
(411)	
(2,029)	
2006	
<b>SA Rands</b>	
Derivative (liabilities) assets comprise the following:	
Commodity option contracts	
(3,611)	
-	(7,387)
(10,998)	
Foreign exchange option contracts	
-	-
(84)	(84)
Forward sale commodity contracts	
(7,432)	
(2,627)	
758	(9,301)
Forward foreign exchange contracts	
-	13
16	29
Gold interest rate swaps	
(238)	
-	270
32	
Sub-total hedging	
(11,281)	
(2,614)	
(6,427)	
(20,322)	
Option component of convertible bonds	
-	-
(504)	(504)
All derivatives	
(11,281)	
(2,614)	
(6,931)	
(20,826)	
2005	
Derivative (liabilities) assets comprise the following:	
Commodity option contracts	
(2,830)	
(22)	
(3,861)	
(6,713)	
Foreign exchange option contracts	
-	

—  
(33)  
(33)  
Forward sale commodity contracts  
(5,251)  
(2,170)  
1,653  
(5,768)  
Forward foreign exchange contracts  
—  
50  
(9)  
41  
Gold interest rate swaps  
(41)  
—  
197  
156  
Sub-total hedging  
(8,122)  
(2,142)  
(2,053)  
(12,317)  
Option component of convertible bonds  
—  
—  
(556)  
(556)  
All derivatives  
(8,122)  
(2,142)  
(2,609)  
(12,873)

**Notes to the group financial statements cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 261

39

**Financial risk management activities cont.**

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

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

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

Trade and other receivables

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

Investments and other non-current assets

Listed investments are carried at fair value while unlisted investments are carried at amortised cost which approximates fair value.

The fair value of unlisted investments and other non-current assets has been calculated using market interest rates.

Borrowings

The fair values of listed fixed rate debt and the convertible bonds are shown at their closing market value as at 31 December 2006.

The remainder of debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

Derivatives

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

The group uses the Black-Scholes option pricing formula to value option contracts. One of the inputs into the model is the level of

volatility. These volatility levels are themselves not exchange traded and are not observable generally in the market.

The group uses

volatility inputs supplied by leading market participants (international banks). The group believes that no other possible alternative would

result in significantly different fair value estimations.

Derivative maturity profile

Figures in million

2006

Total

Assets

Liabilities

**US Dollars**

Amounts to mature within one year of balance sheet date

1,087 (649)

1,736

Amounts to mature between one and two years

117 (6)

123

Amounts to mature between two and five years

160 –

160

Total

1,364 (655)

2,019

**SA Rands**

Amounts to mature within one year of balance sheet date

7,606 (4,546)

12,152  
 Amounts to mature between one and two years  
 822 (45)  
 867  
 Amounts to mature between two and five years  
 1,117 –  
 1,117  
 Total  
 9,545 (4,591)  
 14,136  
 2005

**US Dollars**

Amounts to mature within one year of balance sheet date  
 399  
 (675)  
 1,074  
 Amounts to mature between one and two years  
 117  
 (30)  
 147  
 Amounts to mature between two and five years  
 233  
 (8)  
 241  
 Total  
 749 (713)  
 1,462

**SA Rands**

Amounts to mature within one year of balance sheet date  
 2,534  
 (4,280)  
 6,814  
 Amounts to mature between one and two years  
 745  
 (188)  
 933  
 Amounts to mature between two and five years  
 1,472  
 (55)  
 1,527  
 Total  
 4,751 (4,523)  
 9,274

Page 262\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

**39**

**Financial risk management activities cont.**

Summary of contracted uranium sales as at 31 December 2006

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

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

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

- (1)  
 Certain contracts allow the buyer to adjust the purchase quantity within a specified range.
- (2)  
 Certain contracts are subject to market related price adjustment mechanisms. In these cases the price disclosed indicates the previous periodic price reset.

**40**

**Change in comparative data**

Cash flow statement

The cash flow comparative data has been amended to reclassify amounts paid for environmental rehabilitation and termination of

employee benefit plans as amounts paid to suppliers and employees. The effect of this reclassification is as follows:

Figures in million

**SA Rands**

**US Dollars**

Environmental rehabilitation and other expenditure

368

57

Other non-cash movements

(368)

(57)

Income statement and balance sheet

AngloGold Ashanti has, as a result of further guidance on materiality assessment published in the United States of America, decided to

assess materiality on a combination of two methods because it will result in a more accurate assessment of materiality on both the

balance sheet and the income statement.

In previous periods, AngloGold Ashanti used the “roll over” method to assess materiality for potential adjustments. The roll over method

quantifies a misstatement based on the amount of the error originating in the current year income statement, it ignores the “carryover effects” of prior year misstatements. This can result in an accumulation of significant misstatements on the balance sheet. The alternative ,to the roll-over method, the iron curtain method, quantifies a misstatement based on the effects of correcting the misstatement existing on the balance sheet, irrespective of the year of occurrence. As a result of the revised assessment criteria, AngloGold Ashanti identified an adjustment necessary to the balance sheet, principally to trade and other payables and deferred income. The adjustment, due to an accumulation over several years of immaterial amounts in the income statement, has been accounted for retrospectively, and the comparative statements for 2005 have been restated. The effect of the change on 2005 follows. Opening retained earnings for 2005 have been reduced by \$13 million, R83 million which is the amount of the adjustment relating to periods prior to 2005. The net effect on the income statement was \$1 million, R7 million.

**Notes to the group financial statements *cont.***

For the year ended 31 December



AngloGold Ashanti

**Annual Financial Statements** 2006\_*Page 263*

Figures in million

**SA Rands**

**US Dollars**

Income statement

Reduction in costs of sales

11

2

Increase in taxation

(4)

(1)

Effect on profit attributable to equity shareholders

7

1

Balance sheet

Assets

Increase in tangible assets

23

3

Increase in inventories

6

1

Decrease in trade and other receivables

(36)

(5)

Liabilities

Decrease in deferred taxation

(33)

(5)

Increase in trade, other payables and deferred income

102

15

Equity

Decrease in retained earnings

(76)

(11)

There are no cash flow effects.

**2006**

2005

**41**

**Exchange rates**

Rand/US dollar average for the year

6.77

6.37

Rand/US dollar closing

7.00

6.35

BRL/US dollar average for the year

2.18

2.44

BRL/US dollar closing

2.14

2.35

Pesos/US dollar average for the year

3.08

2.92

Pesos/US dollar closing

3.06

3.03

Rand/Australian dollar average for the year

5.10

4.85

Rand/Australian dollar closing

5.53

4.65

Australian dollar/US dollar average for the year

1.33

1.31

Australian dollar/US dollar closing

1.27

1.36

Page 264\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

The company annual financial statements represent the South African operations and corporate office.

These company annual financial statements are a statutory requirement, and are accordingly presented in SA rands only. The functional

currency of the company is SA rands.

Revenue

1

9,520

8,342

Gold income

1

9,151

7,359

Cost of sales

2

(6,546)

(6,271)

Loss on non-hedge derivatives and other commodity contracts

(936)

(314)

Gross profit

1,669

774

Corporate administration and other expenses

(501)

(401)

Market development costs

(58)

(58)

Exploration costs

(31)

(148)

Other operating expenses

3

(50)

(46)

Operating special items

4

(239)

(46)

Operating profit

790

75

Interest received

1

52

28

Net inter-company dividends paid and interest

(4)

—

Dividends received from subsidiaries

52

731

Exchange loss

(75)

(78)

Finance costs and unwinding of decommissioning and restoration obligations

5

(255)

(218)

Fair value loss on interest rate swaps

—

(5)

Profit before taxation

6

560

533

Taxation

8

(636)

(113)

(Loss) profit after taxation from continuing operations

(76)

420

Discontinued operations

Loss for the year from discontinued operations

Group 13

(12)

(219)

(Loss) profit for the year

(88)

201

**Company income statement**

For the year ended 31 December

Figures in million

Notes

**2006**

2005

**SA Rands**

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 265**

Figures in million

Notes

**2006**

2005

**SA Rands**

**ASSETS**

Non-current assets

Tangible assets

9

12,484

11,932

Investment in associate

10

30

35

Investments in subsidiaries

Page 295

17,191

14,798

Investment in joint venture

Page 295

18

18

Other investments

11

16

16

Investment in Environmental Rehabilitation Trust Fund

13

309

284

Intra-group balances

339

165

Trade and other receivables

15

21

–

Derivatives

29

36

236

Other non-current assets

14

274

60

30,718

27,544

Current assets

Inventories	
12	
405	
342	
Trade and other receivables	
15	
236	
361	
Derivatives	
29	
1,574	
2,091	
Cash restricted for use	
6	
6	
Cash and cash equivalents	
16	
1,260	
12	
3,481	
2,812	
Non-current assets held for sale	
17	
100	
100	
3,581	
2,912	
Total assets	
34,299	
30,456	
<b>EQUITY AND LIABILITIES</b>	
Share capital and premium	
18	
23,047	
19,360	
Retained earnings and other reserves	
19	
(4,534)	
(3,392)	
Total equity	
18,513	
15,968	
Non-current liabilities	
Borrowings	
20	
1,993	
1,989	
Environmental rehabilitation provisions	
21	
1,087	
922	

Provision for pension and post-retirement benefits

22

1,094

1,172

Intra-group balances

1,578

1,572

Derivatives

29

858

777

Deferred taxation

23

2,197

2,185

8,807

8,617

Current liabilities

Current portion of borrowings

20

73

878

Trade and other payables

24

1,354

1,089

Derivatives

29

4,991

3,351

Taxation

25

561

553

6,979

5,871

Total liabilities

15,786

14,488

Total equity and liabilities

34,299

30,456

**Company balance sheet**

As at 31 December

Page 266\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

Notes

**2006**

2005

**SA Rands**

Cash flows from operating activities

Receipts from customers

9,650

7,549

Payments to suppliers and employees

(4,606)

(5,697)

Cash generated from operations

26

5,044

1,852

Dividends received from subsidiaries

1

52

731

Cash utilised by discontinued operations

(6)

(188)

Taxation paid

25

(435)

–

Net cash inflow from operating activities

4,655

2,395

Cash flows from investing activities

Capital expenditure

9

– project expenditure

(448)

(904)

– stay-in-business expenditure

(1,696)

(1,313)

Proceeds from disposal of tangible assets

30

–

Proceeds from disposal of assets of discontinued operations

63

26

Associate loan advanced

5

–

Other investments acquired



-	
(43)	
Additional investment in subsidiaries	
Page 293	
(2,396)	
-	
Intra-group loans	
(260)	
193	
Interest received	
52	
28	
Loans advanced	
(4)	
(35)	
Repayment of loans advanced	
5	
-	
Net cash outflow from investing activities	
(4,649)	
(2,048)	
Cash flows from financing activities	
Proceeds from issue of share capital	
3,068	
60	
Share issue expenses	
(32)	
-	
Proceeds from borrowings	
-	
809	
Repayment of borrowings	
(805)	
-	
Finance costs	
(199)	
(293)	
Dividends paid	
Group 15	
(742)	
(926)	
Intra-group dividends paid	
(48)	
(77)	
Net cash inflow (outflow) from financing activities	
1,242	
(427)	
Net increase (decrease) in cash and cash equivalents	
1,248	
(80)	
Cash and cash equivalents at beginning of year	

12

92

Cash and cash equivalents at end of year

16

1,260

12

**Company cash flow statement**

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_**Page 267

Figures in million

**2006**

2005

**SA Rands**

Actuarial gain (loss) on pension and post-retirement benefits

(1)

(note 19)

283

(176)

Net loss (gain) on cash flow hedges removed from equity and reported in income (note 19)

553

(102)

Net loss on cash flow hedges (note 19)

(969)

(785)

Deferred taxation on items above (note 19)

63

408

Net expense recognised directly in equity

(70)

(655)

(Loss) profit for the year

(88)

201

Total recognised expense for the year

(158)

(454)

(1)

The cumulative effect of the actuarial gains and losses accounted through equity is a cumulative loss of R51 million (2005: R232 million) in reserves after deferred taxation of R30 million (2005: R132 million).

**Company statement of recognised income and expense**

For the year ended 31 December

Page 268\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

**2006**

2005

**SA Rands**

**1**

**Revenue**

Revenue consists of the following principal categories:

Gold income

9,151

7,359

By-products (note 2)

265

224

Interest received (note 26)

52

28

Dividend received from subsidiaries (note 26)

52

731

9,520

8,342

**2**

**Cost of sales**

Cash operating costs

5,137

5,115

By-products (note 1)

(265)

(224)

4,872

4,891

Other cash costs

40

34

Total cash costs

4,912

4,925

Retrenchment costs (note 7)

49

158

Rehabilitation and other non-cash costs

22

99

Production costs

4,983

5,182

Amortisation of tangible assets (notes 6, 9 and 26)

1,634

1,109

Total production costs

6,617

6,291

Inventory change

(71)

(20)

6,546

6,271

**3**

**Other operating expenses**

Pension and medical defined benefit provisions

50

46

**4**

**Operating special items**

Performance related option expense

129

—

Cost of E-shares issued to Izingwe (Pty) Ltd, a Black Economic Empowerment company

(group note 11)

131

—

Impairment of tangible assets (note 9)

10

45

Loan waived

1

3

Profit on disposal of tangible assets

(30)

—

Recovery of exploration loan previously expensed

(2)

—

Profit on sale of loan

—

(4)

Impairment of investment in associate (note 10)

—

2

239

46

**Notes to the company financial statements**

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 269**

Figures in million

**2006**

2005

**SA Rands**

**5**

**Finance costs and unwinding of decommissioning and restoration obligations**

Finance costs on bank loans and overdrafts

14

44

Finance costs on corporate bond

214

215

Finance costs on interest rate swap

(1)

–

19

Other finance costs

14

15

242

293

Less: amounts capitalised (note 9)

(39)

(102)

203

191

Unwinding of decommissioning obligation (note 21)

38

19

Unwinding of restoration obligation (note 21)

14

8

(note 26)

255

218

(1)

Interest received on the interest rate swap entered into against the corporate bond, which has not been designated as a fair value hedge, was nil (2005: R24 million). The swap was unwound in April 2005.

**6**

**Profit before taxation**

Profit before taxation is arrived at after taking account of:

Auditors' remuneration

– Audit fees

(1)

39

19

– Under provision prior year

1

1

– Other assurance services

6

3

46

23

Amortisation of tangible assets (notes 2, 9 and 26)

Owned assets

1,634

1,109

Grants for educational and community development

21

27

Operating lease charges

180

258

(1)

Includes fees for services in respect of Section 404 of the Sarbanes-Oxley Act.

Page 270\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

**2006**

2005

**SA Rands**

7

**Employee benefits**

Employee benefits including executive directors' salaries and other benefits

3,262

3,257

Health care and medical scheme costs

– current medical expenses

308

229

– defined benefit post-retirement medical expenses

95

87

Contributions to pension and provident plans

– defined contribution

201

122

– defined benefit pension plan expense

12

22

Retrenchment costs (note 2)

49

158

Share-based payment expense

(1)

200

12

Included in cost of sales, other operating expenses and operating special items

4,127

3,887

Actuarial defined benefit plan expense analysis

Defined benefit post-retirement medical expense

– current service cost

7

7

– interest cost

88

80

95

87

Defined benefit pension plan expense

– current service cost

50

40

– interest cost

108



88

– expected return on plan assets

(146)

(106)

12

22

Actual return on plan assets

– South Africa defined benefit pension plan

417

366

Refer to the remuneration report for details of directors' emoluments

(1)

Details of the equity settled share-based payment arrangements of the group have been disclosed in group note 11. These arrangements consist of awards by the company to employees of various group companies.

The income statement expense of R200 million (2005: R12 million) for the company is only in respect of awards made to employees of the company.

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

For the year ended 31 December

AngloGold Ashanti

**Annual Financial Statements** 2006 *Page 271*

Figures in million

**2006**

2005

**SA Rands**

**8**

**Taxation**

Current taxation

Normal

369

–

Under provision prior year

57

264

(note 25)

426

264

Deferred taxation

Temporary differences

569

217

Unrealised non-hedge derivatives and other commodity contracts

(771)

(200)

Impairment of tangible assets

–

(15)

Change in estimated deferred taxation

(1)

412

(74)

Change in statutory tax rate

–

(79)

(note 23)

210

(151)

636

113

Tax reconciliation

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

2006

2005

Non-mining

Mining

Non-mining

Mining

%

%

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

Mining tax on mining income in South Africa is determined according to a formula based on the profit and revenue from mining operations.

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

The formula for determining the South African mining tax is:

$$Y = 45 - 225/X$$

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

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

(2)

During the 2005 and 2006 financial year estimates were revised in South Africa to reflect the future anticipated taxation rate at the time the temporary differences reverse.

Page 272\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

9

**Tangible assets**

Mine

Mineral

Figures in million

development

Mine

rights and

costs

infrastructure

dumps

Land

Total

Cost

Balance at 1 January 2005

13,031

3,704

701

20

17,456

Additions

– project

expenditure

634                      168

–

–                      802

– stay-in-business expenditure

1,252

61

–

–

1,313

Disposals

–                      (26)

–

–                      (26)

Transfers and other movements

(1)

(5)

227                      (156)

–                      66

Finance costs capitalised (note 5)

102

–

–

–

102

Balance at 31 December 2005

15,014

4,134  
 545  
 20  
 19,713  
 Accumulated amortisation  
 Balance at 1 January 2005  
 4,321  
 2,326  
 151  
 –  
 6,798  
 Amortisation for the year (notes 2, 6 and 26)  
 950  
 123  
 36  
 –  
 1,109  
 Impairments (note 4)  
 45  
 –  
 –  
 –  
 45  
 Impairments reversal (group note 13)  
 –  
 (115)  
 –  
 –  
 (115)  
 Transfers and other movements  
 (1)  
 (2) – (54)  
 – (56)  
 Balance at 31 December 2005  
 5,314  
 2,334  
 133  
 –  
 7,781  
 Net book value at 31 December 2005  
 9,700  
 1,800  
 412  
 20  
 11,932  
 Cost  
 Balance at 1 January 2006  
 15,014  
 4,134  
 545  
 20

19,713		
Additions		
– project expenditure		
357		
52		
–		
–		
409		
– stay-in-business expenditure		
1,471		
225		
–		
–		
1,696		
Disposals		
(1)		
(60)		
–	(4)	
(65)		
Transfers and other movements		
(1)		
(15)		
110	–	–
95		
Finance costs capitalised (note 5)		
39		
–		
–		
–		
39		
Balance at 31 December 2006		
16,865		
4,461		
545		
16		
21,887		
Accumulated amortisation		
Balance at 1 January 2006		
5,314		
2,334		
133		
–		
7,781		
Amortisation for the year (notes 2, 6 and 26)		
1,425		
176		
33		
–		
1,634		
Impairments (note 4)		
6		

4	
-	
-	
10	
Transfers and other movements	
(1)	
(14)	
(9)	
-	1
(22)	
Balance at 31 December 2006	
6,731	
2,505	
166	
1	
9,403	
Net book value at 31 December 2006	
10,134	
1,956	
379	
15	
12,484	

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

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

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

For the year ended 31 December



AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 273**

Figures in million

**2006**

2005

**SA Rands**

**9**

**Tangible assets cont.**

Impairments include the following:

Write off of various minor tangible assets and equipment.

10

–

Goedgenoeg drilling and 1650 level decline drilling

–

14

An impairment charge was recognised in 2005 during the assessment and review of exploration properties as Goedgenoeg will not generate future cash flows.

East of Bank Dyke at TauTona

–

31

Due to a change in original mine plan, the East of Bank Dyke access development has been impaired as it will not generate future cash flows.

10

45

The impairment calculation methodology is included in group note 16.

A register containing details of properties is available for inspection by shareholders or their duly authorised agents during business hours at the registered office of the company.

**10**

**Investment in associate**

The company has a 25.0% (2005: 25.0%) interest in Oro Group (Proprietary) Limited which is involved in the manufacture and wholesale of jewellery. The year-end of Oro Group (Proprietary) Limited is 31 March.

The carrying value of the associate consists of:

Unlisted shares at cost less impairments

(1)

15

15

Loans advanced

(2)

15

20

30

35

Directors' valuation of unlisted associate

30

35

(1)

During 2005, the Oro Group (Proprietary) Limited investment was impaired. The impairment test considered the investment's fair value and future cash flow. An impairment of R2 million was recorded (note 4).

(2)

The Oro loan bears interest at a rate determined by the Oro Group (Proprietary) Limited's board of directors and is repayable at their discretion.

The company's effective share of certain balance sheet items of its associate at 30 September 2006, is as follows:

Non-current assets

14

15

Current assets

63

59

Total assets

77

74

Non-current liabilities

24

29

Current liabilities

29

28

Total liabilities

53

57

Net assets

24

17

Page 274\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

**2006**

2005

**SA Rands**

**11**

**Other investments**

Unlisted investments available-for-sale

Balance at beginning of year

2

3

Disposals

–

(1)

Balance at end of year

2

2

The available-for-sale investments primarily consists of:

The Chamber of Mines Building Company Limited

Unlisted investments-held to maturity

Balance at beginning of year

14

14

Balance at end of year

14

14

Total other investments (note 29)

16

16

Directors' valuation of unlisted investments

16

16

The investments held to maturity primarily consists of:

Gold of Africa Museum

**12**

**Inventories**

Gold in process

219

174

Gold on hand

45

2

By-products

27

77

Total metal inventories

291

253

Consumable stores

114

89

405

342

The amount of the write-down of by-products and gold on hand to net realisable value, and recognised as an expense is R13 million (2005: nil). This expense is included in cost of sales which is disclosed in note 2.

**13**

**Investment in Environmental Rehabilitation Trust Fund**

Balance at beginning of year

284

265

Contributions

25

45

Rehabilitation expenditure reclaimed

–

(26)

Balance at end of year

309

284

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

**14**

**Other non-current assets**

AngloGold Ashanti Pension Fund asset (note 22)

267

51

Loans and receivables

Other non-interest bearing loans and receivables – repayable on various dates (note 29)

7

5

Stone and Allied, unsecured amount (note 29)

–

4

274

60

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

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 275**

Figures in million

**2006**

2005

**SA Rands**

**15**

**Trade and other receivables**

Non-current

Other debtors

21

–

21

–

Current

Trade debtors

47

231

Prepayments and accrued income

98

74

Amounts due from related parties

10

–

Interest receivable

8

–

Recoverable tax, rebates, levies and duties

49

43

Other debtors

24

13

236

361

Total trade and other receivables

257

361

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

**16**

**Cash and cash equivalents**

Cash and deposits on call

810

12

Money market instruments

450

–

(note 29)

1,260

12

**17**

**Non-current assets held for sale**

Effective 30 June 2005, the investment in the Weltevreden mining rights of R100 million (2005: R100 million) was classified as held for sale. This investment was previously recognised as a tangible asset. Weltevreden's rights were sold to Alease Gold and Uranium Resources Limited on 15 June 2005. On 19 December 2005, Alease was acquired by SXR Uranium One (formerly Southern Cross Inc.). In terms of these sale agreements, the purchase price will be paid in the form of SXR Uranium One shares to be issued to AngloGold Ashanti. This will take place when the conditions precedent to the agreement have been met. The Weltevreden mining rights form part of an old order mining rights conversion application, and the conditions precedent are that upon the government granting the conversion of these to new order mining rights, AngloGold Ashanti will cede the Weltevreden mining rights to SXR Uranium One.

The Director-General of Minerals and Energy notified the company that the new order mining rights were granted to AngloGold Ashanti Limited. However, the signing of the notarial agreement and the registration of the converted mining right has still to be completed. Once these have been completed, the new order mining rights will then be ceded to SXR Uranium One, and the related SXR Uranium One shares will then be issued to AngloGold Ashanti Limited as full settlement of the purchase price.

100

100

Page 276\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

**2006**

2005

**SA Rands**

**18**

**Share capital and premium**

Share capital

Authorised

400,000,000 ordinary shares of 25 SA cents each

100

100

4,280,000 E ordinary shares of 25 SA cents each

1

—

2,000,000, A redeemable preference shares of 50 SA cents each

1

1

5,000,000 B redeemable preference shares of 1 SA cent each

—

—

102

101

Issued and fully paid

276,236,153 (2005: 264,938,432) ordinary shares of 25 SA cents each

69

66

4,185,770 (2005: nil) E ordinary shares of 25 SA cents each

1

—

2,000,000 (2005: 2,000,000) A redeemable preference shares of 50 SA cents each

1

1

778,896 (2005: 778,896) B redeemable preference shares of 1 SA cent each

—

—

71

67

Share premium

Balance at beginning of year

19,293

19,233

Ordinary shares issued

3,330

60

E ordinary shares issued

353

—

Balance at end of year

22,976

19,293

Share capital and premium

23,047

19,360

The rights and restrictions applicable to the A and B redeemable preference shares.

A redeemable preference shares are entitled to:

- an annual dividend, after payment in full of the annual dividend on the B preference shares, equivalent to the balance of after tax profits from mining the Moab Lease Area.
- on redemption, the nominal value of the shares and a premium per share equal to the balance of the net proceeds from disposal of assets relating to the Moab Lease Area, after redemption in full of the B preference shares and payments of the nominal value of the A preference shares.

B redeemable preference shares are entitled to:

- an annual dividend limited to a maximum of 5% of their issue price from the period that profits are generated from the Moab Lease Area.
- on redemption, the nominal value of the shares and a premium of up to R249.99 per share provided by the net proceeds from disposal of the assets relating to the Moab Lease Area.

The Moab Lease Area consists of the Moab Khotsoong mine operations.

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

For the year ended 31 December



AngloGold Ashanti

Annual Financial Statements 2006 Page 277

**19**

**Retained earnings and other reserves**

Non-

Other

distri-

Actuarial

compre-

Figures in million

Retained

butable

gain

hensive

earnings reserves

(1)

(loss)

(2)

income

(3)

Total

**SA Rands**

Balance at December 2004 as previously reported

(1,861)

141 (124)

(37)

(1,881)

Change in comparative data (note 30)

(69)

(69)

As restated

(1,930)

141

(124)

(37)

(1,950)

Actuarial loss recognised

(176)

(176)

Deferred taxation thereon (note 23)

68

68

Profit for the year

201

201

Ordinary dividends (group note 15)

(926)

(926)

Preference dividends

(77)

(77)

Net gain on cash flow hedges removed  
 from equity and reported in income  
 (102)  
 (102)  
 Net loss on cash flow hedges  
 (785)  
 (785)  
 Deferred taxation on cash flow  
 hedges (note 23)  
 340            340  
 Share-based payment for share awards  
 15            15  
 Balance at December 2005  
 (2,732)  
 141            (232)  
 (569)  
 (3,392)  
 Actuarial gain recognised  
 283                            283  
 Deferred taxation thereon (note 23)  
 (102)  
 (102)  
 Loss for the year  
 (88)  
 (88)  
 Ordinary dividends (group note 15)  
 (742)  
 (742)  
 Preference dividends  
 (48)  
 (48)  
 Net loss on cash flow hedges removed  
 from equity and reported in income  
 553            553  
 Net loss on cash flow hedges  
 (969)  
 (969)  
 Deferred taxation on cash flow hedges (note 23)  
 165  
 165  
 Share-based payment for share awards and BEE transaction  
 319  
 319  
 Deferred issuance costs from ESOP Share Trust establishment  
 (630)  
 (630)  
 Deferred taxation on cost from ESOP Share Trust (note 23)  
 117  
 117  
 Balance at December 2006  
 (3,610)

141  
(51)  
(1,014)  
(4,534)  
(1)  
Non-distributable reserves comprise a surplus on disposal of company shares of R141 million (2005: R141 million).  
(2)  
With the adoption of IAS 19 revised, actuarial gain (loss) is accounted through equity reserves. Actuarial gain (loss) arises from a change in assumption parameters and the difference between the actual and expected return on plan assets.  
(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 and the equity item for share-based payments.

Page 278\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

**2006**

2005

**SA Rands**

**20**

**Borrowings**

Unsecured

Corporate Bond

(1)

2,066

2,062

Semi-annual coupons are paid at 10.5% per annum. The bond is repayable on 28 August 2008 and is rand-based.

Money-market short-term borrowings, at market-related rates and are rand-based

–

805

Total borrowings (note 29)

2,066

2,867

Less: current portion of borrowings included in current liabilities

73

878

Total long-term borrowings

1,993

1,989

Amounts falling due:

Within one year

73

878

Between two and five years

1,993

1,989

(note 29)

2,066

2,867

Undrawn facilities

There were no undrawn borrowing facilities as at 31 December 2006 (2005: nil).

(1)

Corporate Bond

Senior unsecured fixed rate bond

2,000

2,000

Less: unamortised discount and bond issue costs

7

11

1,993

1,989

Add: accrued interest

73

73

2,066

2,062

**21**

**Environmental rehabilitation provisions**

Provision for decommissioning

Balance at beginning of year

498

298

Change in estimates

(1)

107

181

Unwinding of decommissioning obligation (note 5)

38

19

Utilised during the year

(1)

—

Balance at end of year

642

498

Provision for restoration

Balance at beginning of year

424

219

Charge to income statement

(12)

(82)

Change in estimates

(1)

34

304

Unwinding of restoration obligation (note 5)

14

8

Utilised during the year

(34)

(25)

Other

19

—

Balance at end of year

445

424

Total environmental rehabilitation provisions

1,087

922

These provisions are anticipated to unwind beyond the end of the life of mine.

(1)

The change in estimates relates to changes in laws and regulations governing the protection of the environment

and factors relative to rehabilitation estimates and a change in the quantities of material in reserves and a corresponding change in the life of mine plan.

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

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 279**

Figures in million

**2006**

2005

**SA Rands**

**22**

**Provision for pension and post-retirement benefits**

Defined benefit plans

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

AngloGold Ashanti Pension Fund (asset) (group note 32)

(267)

(51)

Post-retirement medical scheme for AngloGold Ashanti South African employees (group note 32)

1,094

1,172

827

1,121

Transferred to other non-current assets

AngloGold Ashanti Pension Fund (note 14)

267

51

1,094

1,172

**23**

**Deferred taxation**

Deferred taxation relating to temporary differences is made up as follows:

Liabilities

Tangible assets

4,625

3,506

Inventories

87

59

Derivatives

93

105

Other

3

17

4,808

3,687

Assets

Provisions

620

638

Derivatives

1,813

802

Tax assets

37  
62  
Other  
141  
—  
2,611  
1,502  
Net deferred taxation liability  
2,197  
2,185

The movement on the net deferred tax balance is as follows:

Balance at beginning of year  
2,185  
2,725  
Income statement charge (note 8)  
210  
(151)  
Discontinued operations (group note 13)  
(18)  
19  
Taxation on other comprehensive income (note 19)  
(165)  
(340)  
Taxation on actuarial loss (gain) (note 19)  
102  
(68)  
Taxation on cost from ESOP Share Trust establishment (note 19)  
(117)  
—  
Balance at end of year  
2,197  
2,185



Page 280\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

**2006**

2005

**SA Rands**

**24**

**Trade and other payables**

Trade creditors

405

241

Accruals

651

502

Amounts due to related parties

9

30

Unearned premiums on normal sale exempted contracts

289

315

Other creditors

—

1

1,354

1,089

Trade and other payables are non-interest bearing and are normally settled within 60 days.

**25**

**Taxation**

Balance at beginning of year

553

281

Payments during the year

(435)

—

Provisions during the year (note 8)

426

264

Discontinued operations (group note 13)

17

8

Balance at end of year

561

553

**26**

**Cash generated from operations**

Profit before taxation

560

533

Adjusted for:

Movement on non-hedge derivatives and other commodity contracts

2,126

717
Amortisation of tangible assets (notes 2, 6 and 9)
1,634
1,109
Finance costs and unwinding of decommissioning and restoration obligations (note 5)
255
218
Interest receivable (note 1)
(52)
(28)
Dividends receivable from subsidiaries (note 1)
(52)
(731)
Operating special items
241
46
Environmental rehabilitation and other expenditure
(39)
73
Other non-cash movements
172
49
Movements in working capital
199
(134)
5,044
1,852
Movements in working capital:
(Increase) decrease in inventories
(64)
74
Decrease (increase) in trade and other receivables
110
(13)
Increase (decrease) in trade and other payables
153
(195)
199
(134)

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

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 *Page 281*

27

**Related parties**

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

Purchases

Amounts

Purchases

Amounts

(by) from

owed to

(by) from

owed to

related

(by) related

related

(by) related

Figures in million

parties

parties

parties

parties

2006

2005

Significant shareholder Anglo American for the year

7

–

30                      7

Fellow subsidiaries of the Anglo American group to

20 April 2006

(1)

Anglo Coal – a division of Anglo Operations Limited

1                      –                      4                      2

Boart Longyear Limited – mining services

(2)

–                      –                      28                      –

Haggie Steel Wire Rope Operations

(3)

7                      –                      50                      6

Mondi Limited – timber

30                      –

105                      11

Scaw Metals – a division of Anglo Operations Limited

– steel and engineering

9                      –                      31                      4

The Tongaat-Hulett Group Limited

–                      –                      1                      –

Amounts owing to subsidiaries

284

1,585

323	1,570
Amounts due from subsidiaries	
–	
(654)	
–	(449)
Amounts owing to joint ventures	
–	
2	
–	2
Amounts due from joint ventures	
–	
(4)	
–	–

Management fees, royalties, interest and net dividends from subsidiaries amount to R4 million (2005: R659 million).

The prior year includes

a dividend of R650 million received from AngloGold Ashanti Holdings plc.

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

(1)

During the year, AngloGold Ashanti Limited, launched an equity offering which reduced Anglo American plc's interest in AngloGold Ashanti Limited.

At 31 December 2006 Anglo American plc holds 41.67% of AngloGold Ashanti Limited.

(2)

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

(3)

Haggie Steel Wire Rope Operation's related party transactions, previously included in Scaw Metals – a division of Anglo Operations Limited. During the

2005 year, Haggie Steel Wire Rope Operations were unbundled and are now reported separately.

Directors and other key management personnel

Details relating to directors' emoluments and shareholdings in the company are disclosed in the remuneration and directors' reports

(Detailed on pages 126 to 147).

Compensation to key management personnel totalled R121 million (2005: R79 million). This total comprised short-term employee benefits

of R90 million (2005: R69 million), post-employment benefits of less than R1 million (2005: R7 million); and share-based payments of

R31 million (2005: R3 million).

Page 282\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Figures in million

**2006**

2005

**SA Rands**

**28**

**Contractual commitments and contingencies**

Operating leases

At 31 December 2006, the company was committed to making the following payments in respect of operating leases for amongst others, hire of plant and equipment and land and buildings. Certain contracts contain renewal options and escalation clauses for various periods of time.

Expiry within

– One year

24

38

Capital commitments

*Acquisition of tangible assets*

Contracted for

473

542

Not contracted for

3,127

3,146

Authorised by the directors

3,600

3,688

Allocated for:

Project expenditure

– within one year

398

948

– thereafter

674

641

1,072

1,589

Stay-in-business expenditure

– within one year

2,285

1,867

– thereafter

243

232

2,528

2,099

Purchase obligations

Contracted for

– within one year

360

194

– thereafter

–

–

360

194

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

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

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

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

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

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 283**

Figures in million

**2006**

2005

**SA Rands**

**28**

**Contractual commitments and contingencies *cont.***

Contingent liabilities

AngloGold Ashanti's contingent liabilities at 31 December 2006 are detailed below:

Water pumping cost – South Africa – The company is involved in a legal dispute regarding the responsibility for water pumping of the Margaret shaft at the Stilfontein mine. Following an attempt by DRDGold Limited to liquidate its North West operations and avoid incurring pumping cost, AngloGold Ashanti Limited launched an urgent application against DRDGold Limited and government departments requesting the court to order the continued pumping of water at the Stilfontein Mines. The cessation of water pumping is likely to cause flooding in various of the company's Vaal River operations. The Department of Water Affairs and Forestry responded by issuing directives to the mining companies directing that they share the cost of pumping at the Stilfontein Margaret Shaft.

The three mining companies, Simmer and Jack Mines Limited, Harmony Gold Mining Company Limited and AngloGold Ashanti Limited, are finalising an arrangement in which responsibility for the water pumping will be transferred to an independent newly formed company. The company's responsibility will be limited to providing one-third of the start-up capital on loan account and the three mining companies will be members of the newly formed company.

Should the proposed arrangement not be acceptable to the courts and/or the regulatory authorities the proposal may have to be amended. Due to this uncertainty, no estimate is made of any potential liabilities as management believe that the proposed arrangement is a pragmatic and reasonable basis to resolve the issue.

–

–

AngloGold Ashanti has identified a number of groundwater pollution sites at its current operations in South Africa. The company has investigated a number of different technologies and methodologies that could possibly be used to remediate the pollution plumes. The viability of the suggested remediation techniques in the local geological formation in South Africa is however unknown. No sites have been remediated in South Africa. Present research and development work is focused on several pilot projects to find a solution that will in fact yield satisfactory results in South African conditions. Subject to the technology being developed as a remediation technique no reliable estimate can be made for the obligation.

–

–

Page 284\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

Figures in million

**2006**

2005

**SA Rands**

**28**

**Contractual commitments and contingencies *cont.***

Guarantees

*Financial guarantees*

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

7,001

6,345

The company has provided surety in favour of the lender in respect of gold loan facilities with two wholly-owned subsidiaries of Oro Group (Proprietary) Limited an associate of the company. The company has a total maximum liability, in terms of the suretyships, of R100 million. The suretyship agreements have a termination notice period of ninety days. The company received a fee from the associate for providing the surety and has provided for non performance.

100

100

AngloGold Ashanti Limited, AngloGold Offshore Investments Limited and AngloGold American Investments Limited have guaranteed all payments and other obligations of the wholly owned subsidiaries AngloGold Ashanti Holdings plc and AngloGold Ashanti USA Inc. regarding the \$700 million Syndicated loan facility.

1,271

2,927

*Hedging guarantees*

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

Refer group note 38.

2,032

1,090

The company, together with AngloGold Ashanti Holdings plc has provided guarantees to several counterparty banks for the hedging commitment of Ashanti Treasury Services Limited. Refer group note 38.

7,334

4,591

**29**

**Financial risk management activities**

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

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



For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 285

29

**Financial risk management activities cont.**

Controlling risk in the company

The Executive Committee and the Treasury Committee are responsible for risk management activities within the company. The Treasury

Committee, chaired by the independent chairman of the AngloGold Ashanti Audit and Corporate Governance Committee, comprising

executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits,

instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency, liquidity and credit risk.

Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy and

counterpart limits and provides regular and detailed management reports.

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

– Safeguarding the company core earnings stream from its major assets through the effective control and management of gold price risk,

foreign exchange risk and interest rate risk;

– Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management

planning and procedures;

– Ensuring that investment and hedging transactions are undertaken with creditworthy counterparts; and

– Ensuring that all contracts and agreements related to risk management activities are coordinated, consistent throughout the company

and comply where necessary with all relevant regulatory and statutory requirements.

Gold price and currency risk and cash flow hedging

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold.

The gold market is predominately priced in US dollars which exposes the company to the risk that fluctuations in the SA rand/US dollar

exchange rates may also have an adverse effect on current or future earnings.

A number of products, including derivatives, are used to manage well-defined gold price and foreign exchange risks that arise out of the

company's core business activities. Forward-sales contracts and call and put options are used by the company to protect itself from

downward fluctuations in the gold price. These derivatives may establish a minimum price for a portion of future production while the

company maintains the ability to benefit from increases in the gold price for the majority of future gold production.

Some of the instruments described above are designated and accounted for as cash flow hedges. The hedge forecast transactions are

expected to occur over the next 10 years, in line with the maturity dates of the hedging instruments and will affect profit and loss

simultaneously in an equal and opposite way. The fair value of all instruments so designated at the balance sheet date is negative

R1,327 million (2005: negative R878 million).

Page 286\_AngloGold Ashanti

Annual Financial Statements 2006**29****Financial risk management activities cont.**

Net delta open hedge position as at 31 December 2006

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

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

Year

2007

2008

2009

2010

2011

2012-2016

Total

**US Dollar/Gold**

Forward contracts

Amount

(kg)

(9,398)

3,177	1,414	1,571	1,882	5,645	4,291
-------	-------	-------	-------	-------	-------

\$/oz

\$626	\$276	(\$343)			
-------	-------	---------	--	--	--

\$142	\$490	\$510	(\$343)		
-------	-------	-------	---------	--	--

Put options sold

Amount

(kg)

9,642	5,210	3,748	1,882	1,882	5,645
-------	-------	-------	-------	-------	-------

28,009

\$/oz

\$599	\$569	\$530	\$410	\$420	\$440	\$527
-------	-------	-------	-------	-------	-------	-------

Call options purchased

Amount (kg)

4,354

4,354

\$/oz

\$336

\$336

Call options sold

Amount

(kg)

18,466	18,390	20,147	18,833	20,202	17,682
--------	--------	--------	--------	--------	--------

113,720

\$/oz

\$390	\$384	\$404	\$409	\$437	\$548	\$428
-------	-------	-------	-------	-------	-------	-------

**Rand/Gold**

Forward contracts

Amount (kg)

2,138

933

3,071

R/kg			
R91,299		R116,335	
R96,865			
Call options sold			
Amount			
(kg)			
311			
2,986	2,986		2,986
9,269			
R/kg			
R108,123			
R202,054	R216,522		R230,990
R212,885			
<i>Total net gold</i>			
Delta (kg)			
(1)			
(4,956)			
(20,255)			
(22,456)			
(21,077)			
(22,373)			
(21,233)			
(112,350)			
Delta (oz)			
(1)			
(159,339)			
(651,212)			
(721,976)			
(677,640)			
(719,308)			
(682,656)			
(3,612,131)			

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

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

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

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006\_Page 287

29

**Financial risk management activities cont.**

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

Year

2007

2008

2009

2010

2011

2012-2016

Total

**Rand/US Dollar (000)**

Put options purchased

Amount (\$)

15,000

15,000

R per \$

R7.61

R7.61

Put options sold

Amount (\$)

40,000

40,000

R per \$

R7.08

R7.08

Call options sold

Amount (\$)

55,000

55,000

R per \$

R7.34

R7.34

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually reviewed in the light

of changes in operational forecasts, market conditions and the company's hedging policy.

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

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

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

Interest rate and liquidity risk

Refer note 39 in group financial statements.

Cash and short-term loans advanced

Fixed rate

Floating rate

investment

Effective

investment

Effective

amount

rate

amount

rate

Maturity date

million

%

million

%

All less than one year

450

8.70

810

8.40

Borrowings maturity profile (note 20)

Within

Between

one year

one and five years

Borrowing

Effective

Borrowing

Effective

amount

rate

amount

rate

million

%

million

%

73

(1)

– 1,993

10.5

Interest-rate risk

Within

Between

one year

one and five years

Borrowing

Effective

Borrowing

Effective

amount

rate

amount

rate

million

%  
million

%  
73  
(1)  
– 1,993

10.5  
(1)

Interest accrued on the corporate bond as at 31 December 2006.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments

classified as fixed rate is until the maturity of the instrument. The other financial instruments of the company that are not in the tables

above are non-interest bearing and are therefore not subject to interest rate risk.

Credit risk

Refer note 39 in group financial statements.

Page 288\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

29

**Financial risk management activities cont.**

Fair value of financial instruments

The estimated fair values of financial instruments are determined at discrete points in time based on relevant market information. These

estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the company's financial

instruments as at 31 December 2006 are as follows:

Type of instrument

2006

2005

Figures in million

Carrying

Fair

Carrying

Fair

amount

value

Amount

Value

*Financial assets*

Other investments (note 11)

16            16

16            16

Other non-current assets (note 14)

7            7

9            8

Trade and other receivables

110          107

244          244

Cash restricted for use

6            6

6            6

Cash and cash equivalents (note 16)

1,260        1,260

12           12

*Financial liabilities*

Borrowings (note 20)

2,066        2,097

2,867        2,993

Trade and other payables

1,065        1,065

773          773

Derivatives

4,239        8,210

1,801        4,627

The fair value amounts include off balance sheet normal sale exempted contracts, which are not carried on the balance sheet and

excluded from the carrying amount. All other derivatives are carried at fair value.



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

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

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 *Page 289*

**29**

**Financial risk management activities cont.**

Type of instrument

2006

Cash flow

Figures in million

Normal sale

hedge

Non-hedge

exempted

accounted

accounted

Total

Derivative (liabilities) assets comprise the following:

Commodity option contracts

(3,971)

– (2,866)

(6,837)

Foreign exchange option contracts

– –

2 2

Forward sale commodity contracts

– (1,327)

(52)

(1,379)

Gold interest rate swaps

– –

4 4

All derivatives

(3,971)

(1,327)

(2,912)

(8,210)

2005

Derivative (liabilities) assets comprise the following:

Commodity option contracts

(2,826)

(22)

(1,365)

(4,213)

Foreign exchange option contracts

–

–

12

12

Forward sale commodity contracts

–

(856)

433

(423)

Gold interest rate swaps

—

—

(3)

(3)

All derivatives

(2,826)

(878)

(923)

(4,627)

Page 290\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

29

**Financial risk management activities cont.**

Derivative maturity profile

Figures in million

2006

Total

Assets

Liabilities

Amounts to mature within one year of balance sheet date

(3,417)

1,574 (4,991)

Amounts to mature between one and two years

(424)

36 (460)

Amounts to mature between two and five years

(398)

– (398)

Total

(4,239)

1,610 (5,849)

2005

Amounts to mature within one year of balance sheet date

(1,260)

2,091

(3,351)

Amounts to mature between one and two years

(155)

182

(337)

Amounts to mature between two and five years

(386)

54

(440)

Total

(1,801)

2,327 (4,128)

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

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

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

Trade and other receivables

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

Investments and other non-current assets

Other investments are carried at amortised cost which approximates fair value. The fair value of other investments and other non-current

assets has been calculated using market interest rates.

Borrowings

The fair value of listed fixed rate debt is shown at its closing market value as at 31 December 2006. The remainder of debt re-prices

on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

Derivatives

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

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

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

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 291

**30**

**Change in comparative data**

Cash flow statement

The cash flow comparative data has been amended to reclassify amounts paid for environmental rehabilitation and termination of

employee benefit plans as amounts paid to suppliers and employees. The effect of this reclassification is as follows:

Figures in million

**SA Rands**

Environmental rehabilitation and other expenditure

99

Other non-cash movements

(99)

Income statement and balance sheet

AngloGold Ashanti has, as a result of further guidance on materiality assessment published in the United States of America, decided to

assess materiality on a combination of two methods because it will result in a more accurate assessment of materiality on both the

balance sheet and the income statement, irrespective of the year of occurrence.

In previous periods, AngloGold Ashanti used the “roll over” method to assess materiality for potential adjustments. The roll over method

quantifies a misstatement based on the amount of the error originating in the current year income statement, it ignores the “carryover

effects” of prior year misstatements. This can result in an accumulation of significant misstatements on the balance sheet. The alternative,

to the roll-over method, the iron curtain method, quantifies a misstatement based on the effects of correcting the misstatement existing

on the balance sheet.

As a result of the revised assessment criteria, AngloGold Ashanti identified an adjustment necessary to the balance sheet, principally to

trade and other payables. The adjustment, due to an accumulation over several years of immaterial amounts in the income statement,

has been accounted for retrospectively, and the comparative statements for 2005 have been restated.

The effect of the change on 2005 is as tabulated below. Opening retained earnings for 2005 have been reduced by R69 million which is

the amount of the adjustment relating to periods prior to 2005. The net effect on the income statement was R87 million.

Figures in million

**SA Rands**

Income statement

Reduction in costs of sales

14

Dividends received from subsidiaries

77

Increase in taxation

(4)

Effect on profit for the year

87

Balance sheet

Assets

Increase in tangible assets

9

Decrease in inventories

(4)

Decrease in trade and other receivables

(24)

Liabilities

Decrease in deferred taxation

(29)

Increase in trade and other payables

69

Equity

Decrease in retained earnings

(59)

There are no cash flow effects.

Page 292\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Investment in principal subsidiaries and joint venture interests**

For the year ended 31 December

Shares held

Country of

Nature of

2006

2005

incorporation

business

Direct investments

Advanced Mining Software Limited

17

C

40,000

40,000

AGRe Insurance Company Limited

17

F

2

2

AngloGold American Investments Limited

4

B

1,001

1,001

AngloGold Ashanti USA Incorporated

20

B

100

100

500\*

500\*

AngloGold Ashanti Health (Pty) Limited

17

E

8

8

AngloGold Ashanti Holdings plc

10

B

2,077,313,678

2,077,313,678

AngloGold Offshore Investments Limited

9

B

5,000,000

5,000,000

Eastvaal Gold Holdings Limited

17



B  
454,464,000  
454,464,000  
Masakhisane Investment Limited  
17  
B  
100  
100  
Nuclear Fuels Corporation of SA (Pty) Limited  
17  
D  
1,450,000  
1,450,000  
Rand Refinery Limited \*\*  
17  
G  
208,471  
208,471  
Southvaal Holdings Limited (in voluntary liquidation)  
17  
B  
26,000,000  
26,000,000  
Indirect investments  
AG Mali Holdings  
1  
Limited  
4  
B  
10,002  
10,002  
AG Mali Holdings  
2  
Limited  
4  
B  
10,002  
10,002  
AngloGold Argentina Limited  
4  
B  
1  
1  
AngloGold Argentina S.A.  
1  
B  
1,331,093  
1,331,093  
AngloGold Ashanti Australia Limited  
2  
B

257,462,077

257,462,077

AngloGold Ashanti (Bibiani) Limited

8

A

4,500

4,500

AngloGold Ashanti (Colorado) Corp.

20

B

1,250

1,250

AngloGold Ashanti Exploration (Ghana) Limited

8

A

2

2

AngloGold Ashanti (Ghana) Limited

8

A

132,419,585

132,419,585

AngloGold Ashanti Holdings plc

10

B

1,024,840,886\*

1,024,840,886\*

AngloGold Ashanti (Iduapriem) Limited

8

A

53,010

53,010

AngloGold Ashanti (Nevada) Corp.

20

B

100

100

AngloGold Ashanti North America Inc.

20

B

7,902

7,902

AngloGold Australia Investment Holdings Limited

4

B

1,000

1,000

AngloGold Australia (Sunrise Dam) Pty Limited

2

A

2

2  
AngloGold Ashanti Brasil Mineração Ltda.  
5  
B  
8,827,437,875  
8,827,437,875  
AngloGold Brazil Limited  
4  
B  
1  
1  
AngloGold CV 1 Limited  
4  
B  
11,002  
11,002  
AngloGold CV 2 Limited  
4  
B  
1,002  
1,002  
AngloGold CV 3 Limited  
4  
B  
1,002  
1,002  
AngloGold Finance Australia Holdings Limited  
14  
B  
2  
2  
AngloGold Finance Australia Limited  
14  
B  
2  
2  
AngloGold Geita Holdings Limited  
4  
B  
3,513  
3,513  
AngloGold Ashanti Holdings plc  
10  
B  
1,024,840,886\*  
1,024,840,886\*  
AngloGold Investments Australasia Limited  
4  
B  
1,000  
1,000

AngloGold Investments Australia Pty Ltd

2

B

1

1

AngloGold Investments (Sadex) Limited

4

B

1,000'A'

1,000'A'

AngloGold Morila Holdings Limited

4

B

1,000

1,000

AngloGold Namibia (Pty) Ltd

15

A

10,000

10,000

AngloGold Offshore Investments Limited

4

B

422,510,000\*

422,510,000\*

AngloGold South America Limited

4

B

488,000

488,000

AngloGold South American Holdings Limited

4

B

1

1

Ashanti Goldfields Belgium S.A.

3

B

2,500

2,500

Ashanti Goldfields (Cayman) Limited

6

B

2

2

Ashanti Goldfields Holding (Luxembourg) S.A.

12

B

3,000,000

3,000,000

Ashanti Goldfields Kilo Sarl

20

H

15,520

15,520

Ashanti Goldfields Services Limited

19

B

588,409

588,409

Ashanti Goldfields Teberebie Limited

6

B

2

2

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 293**

Percentage held

Book value

Net loan account

2006

2005

2006

2005

2006

2005

%

%

Rm

Rm

Rm

Rm

100

100

2

2

(8)

(9)

100

100

14

14

-

-

100

100

849

849

(49)

(44)

100

100

1,187

768

-

-

100

100

655

655

-

-

100

100

-

-

48  
54  
100  
100  
13,172  
11,195  
(538)  
(496)  
100  
100  
272  
272  
-  
-  
100  
100  
917  
917  
(602)  
(602)  
100  
100  
-  
-  
5  
4  
100  
100  
7  
7  
5  
(162)  
53.03  
53.03  
116  
116  
-  
-  
100  
100  
-  
3  
-  
(3)  
100  
100  
-  
-  
-  
-  
100

100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
2  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
(2)  
100  
100  
-  
-  
18  
7  
100  
100  
-  
-



-  
-  
80  
80  
-  
-  
2  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
39  
33  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100

100

-

-

-

-

100

100

-

-

-

-

100

100

-

-

-

-

100

100

-

-

-

-

100

100

-

-

-

-

100

100

-

-

-

-

100

100

-

-

-

-

100

100

-

-

-

-

100

100

-

-

-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
1  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
(191)  
(172)  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
86.22

86.22

-

-

6

5

100

100

-

-

-

-

100

100

-

-

-

-

Page 294\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

Shares held

Country of

Nature of

2006

2005

incorporation

business

Ashanti Treasury Services Limited

10

I

250,000

250,000

Australian Mining & Finance Pty Limited

2

B

48

48

Cerro Vanguardia S.A.

1

A

13,875,000

13,875,000

Chevaning Mining Company Limited

19

B

1,000

1,000

Cluff Holdings Pvt Limited

20

B

100

100

Cluff Mineral Exploration Limited

19

B

500,000

500,000

Cluff Oil Limited

19

B

19,646,377

19,646,377

Cluff Resources Limited

19

B

93,638,562

93,638,562

Cripple Creek & Victor Gold Mining Company

(USA joint venture)

20  
A  
—  
—  
Erongo Holdings Limited  
4  
B  
13,334'A'  
13,334'A'  
Geita Gold Mining Limited  
18  
A  
2  
2  
Golden Shamrock Mines Limited  
2  
B  
2,000,000  
2,000,000  
GSM Gold S.A.  
12  
B  
325,000  
325,000  
Mineração Serra Grande S.A.  
5  
A  
499,999,997  
499,999,997  
Morila Limited  
11  
B  
1  
1  
Pioneer Goldfields Limited  
9  
B  
75,000,000  
75,000,000  
Sadiola Exploration Limited  
4  
B  
5,000'A'  
5,000'A'  
Société Ashanti Goldfields de Guinée S.A.  
16  
A  
3,486,134  
3,486,134  
Teberebie Goldfields Limited  
8

A  
 1,860,000  
 1,860,000  
 Joint ventures  
 Nufcor International Limited \*\*  
 19  
 D  
 3,000,000  
 3,000,000  
 Société des Mines de Morila S.A.  
 13  
 A  
 400  
 400  
 Société d'Exploitation des Mines d'Or de Sadiola S.A.  
 13  
 A  
 38,000  
 38,000  
 Société d'Exploitation des Mines d'Or de Yatela S.A.  
 13  
 A  
 400  
 400  
 BGM Management Company Pty Ltd  
 2  
 A  
 3'B'  
 3'B'  
 Nature of business  
 Countries of incorporation  
 A – Mining  
 1 Argentina  
 8 Ghana  
 15 Namibia  
 B – Investment holding  
 2 Australia  
 9 Guernsey  
 16 Republic of Guinea  
 C – Software development  
 3 Belgium  
 10 Isle of Man  
 17 Republic of South Africa  
 D – Market agent  
 4 British Virgin Islands  
 11 Jersey  
 18 Tanzania  
 E – Health care  
 5 Brazil  
 12 Luxembourg  
 19 United Kingdom

F – Short-term insurance and  
6 Cayman Islands  
13 Mali  
20 United States of America  
re-assurance, captive  
7 Democratic Republic of Congo  
14 Malta  
insurance  
G – Precious metal refining  
H – Exploration  
I – Treasury

\*

Indicates preference shares

\*\*

The statutory year-ends of Rand Refinery Limited and Nufcor International Limited are 30 September and 30 June respectively.

The management accounts of Rand Refinery Limited and Nufcor International Limited for the periods ended 30 September and

31 December respectively, have been included in the group's results for the year ended 31 December 2006.

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

The aggregate interest in the net profits and losses in subsidiaries is as follows:

\$ million

2006

2005

Profit attributable to equity shareholders

364

150

Losses attributable to equity shareholders

(530)

(413)

(166)

(263)

**Investment in principal subsidiaries and joint venture interests *cont.***

For the year ended 31 December



AngloGold Ashanti

**Annual Financial Statements** 2006\_*Page 295*

Percentage held

Book value

Net loan account

2006

2005

2006

2005

2006

2005

%

%

Rm

Rm

Rm

Rm

100

100

-

-

-

(7)

100

100

-

-

-

-

92.50

92.50

-

-

1

-

100

100

-

-

-

-

-

-

-

-

-

-

100

100

-

-

-  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
67  
67  
-  
-  
-  
-  
100  
100  
-  
-  
(13)  
(12)  
100  
100  
-  
-  
14  
-  
100  
100  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
50  
50  
-  
-  
1  
-  
50

50  
-  
-  
-  
-  
100  
100  
-  
-  
-  
-  
50  
50  
-  
-  
-  
-  
85  
85  
-  
-  
16  
1  
90  
90  
-  
-  
-  
-  
17,191  
14,798  
(1,237)  
(1,405)  
50  
50  
18  
18  
(2)  
(2)  
40  
40  
-  
-  
-  
-  
38  
38  
-  
-  
-  
-

40

40

-

-

-

-

33.33

33.33

-

-

-

-

18

18

(2)

(2)

Page 296\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

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

The group utilises certain Non-GAAP performance measures and ratios in managing the business and may provide users of this financial

information with additional meaningful comparisons between current results and results in prior operating periods.

Non-GAAP financial

measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any

other measure of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to

similarly titled measures other companies use.

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

1.

Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, fair value adjustment on convertible bond and interest rate swaps

(1)

(adjusted headline earnings)

(716)

(838)

Headline loss

(80)

(97)

Loss on unrealised non-hedge derivatives and other commodity

1,900

4,507

contracts

615

286

Deferred tax on unrealised non-hedge derivatives and other

(128)

(742)

commodity contracts (group note 12)

(106)

(21)

211

(137)

Fair value adjustment on option component of convertible bond

(16)

32

5

—

Fair value loss on interest rate swap

–

1

Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, fair value

1,272

2,790

adjustment on convertible bond and interest rate swaps

413

201

(1)

Loss on non-hedge derivatives and other commodity contracts in the income statement comprise the change in fair value of all non-hedge derivatives and other commodity contracts as follows:

– Open positions: The change in fair value from the previous reporting date or date of recognition (if later) through to the current reporting date; and

– Settled positions: The change in fair value from the previous reporting date or date of recognition (if later) through to the date of settlement.

Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, fair value adjustment on convertible bond and interest rate swaps are intended to illustrate earnings after adjusting for:

– The unrealised fair value change in contracts that are still open at the reporting date, as well as the unwinding of the historic marked-to-market value of the positions settled in the period;

**Non-GAAP disclosure**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 *Page 297*

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

1.

Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, fair value adjustment on convertible bond and interest rate swaps

(1)

(adjusted headline earnings) *cont.*

– Investment in hedge restructure transaction: During the hedge restructure in December 2004 and March 2005 quarters, \$83 million, R475 million and \$69 million, R415 million in cash were injected respectively into the hedge book in these quarters to increase the value of long-dated contracts. The entire investment in short-dated derivatives (certain of which have now matured) and investment in long-dated derivatives (all of which have not yet matured), for the purposes of the adjustment to earnings, will only be taken into account when the realised portion of long-dated non-hedge derivatives are settled, and not when the short-term contracts are settled;

– The unrealised fair value change on the option component of the convertible bond amounting to \$16 million, R137 million (2005: \$32 million, R211 million); and

– The unrealised fair value change on the onerous uranium contracts.

481

1,023

Cents per share

151

76

This calculation is based on adjusted headline earnings of \$413 million, R2,790 million (2005: \$201 million, R1,272 million) and 272,808,217 (2005: 264,635,634) shares being the weighted average number of ordinary shares in issue during the financial year.

2.

Gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts (adjusted gross profit)

Reconciliation of gross profit to gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts

1,099

2,700

Gross profit

443

185  
Loss on unrealised non-hedge derivatives and other commodity  
1,900  
4,507  
contracts  
615  
286  
Gross profit adjusted for the loss on unrealised non-hedge  
2,999  
7,207  
derivatives and other commodity contracts  
(1)  
1,058  
470  
(1)

Loss on non-hedge derivatives and other commodity contracts in the income statement comprise the change in fair value of all non-hedge derivatives and other commodity contracts as follows:

- Open positions: The change in fair value from the previous reporting date or date of recognition (if later) through to the current reporting date; and
- Settled positions: The change in fair value from the previous reporting date or date of recognition (if later) through to the date of settlement.



Page 298\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

2.

Gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts (adjusted gross profit) *cont.*

Gross profit adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, is intended to illustrate earnings after adjusting for:

- The unrealised fair value change in contracts that are still open at the reporting date, as well as, the unwinding of the historic marked-to-market value of the positions settled in the period;
- Investment in hedge restructure transaction: During the hedge restructure in the quarter ended 31 December 2004 and the quarter ended 31 March 2005, \$83 million, R475 million and \$89 million, R415 million in cash was injected into the hedge book in these quarters to increase the value of long-dated contracts. The entire investment in short-dated derivatives (certain of which have now matured) and investment in long-dated derivatives (all of which have not yet matured), for the purposes of the adjustment to earnings, will only be taken into account when the realised portion of long-dated non-hedge derivatives is settled, and not when the short-term contracts are settled; and
- The unrealised fair value change on the onerous uranium contracts.

Gross profit (loss) adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts is analysed by origin as follows:

1,480

3,746

South Africa

549

230

203

245

Argentina

37

32

288

934

Australia

137

46

543  
946  
Brazil  
138  
86  
(191)  
(186)  
Ghana  
(26)  
(29)  
98  
19  
Guinea  
4  
15  
443  
986  
Mali  
146  
69  
64  
148  
Namibia  
22  
10  
49  
(19)  
Tanzania  
(2)  
9  
107  
167  
USA  
23  
17  
(85)  
221  
Other, including corporate and non-gold producing subsidiaries  
30  
(15)  
2,999  
7,207  
1,058  
470

**Non-GAAP disclosure cont.**

For the year ended 31 December

AngloGold Ashanti

Annual Financial Statements 2006 Page 299

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

3.

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

Group:

951

2,552

Gains on realised non-hedge derivatives

376

151

(1,842)

(4,343)

Loss on unrealised non-hedge derivatives

(591)

(277)

(91)

(9)

Unrealised loss on other commodity physical borrowings

(1)

(14)

33

(155)

Provision for loss on future deliveries of other commodities

(23)

5

Loss on non-hedge derivatives and other commodity contracts per

(949)

(1,955)

the income statement

(239)

(135)

Company:

379

1,112

Gains on realised non-hedge derivatives

166

62

(635)

(1,938)

Loss on unrealised non-hedge derivatives

(265)

(95)

(91)

(9)  
 Unrealised loss on other commodity physical borrowings  
 (1)  
 (14)  
 33  
 (101)  
 Provision for loss on future deliveries of other commodities  
 (15)  
 5  
 Loss on non-hedge derivatives and other commodity contracts  
 (314)  
 (936)  
 per the income statement  
 (115)  
 (42)  
 4.  
 Price received  
 16,750  
 20,137  
 Gold income per income statement  
 2,964  
 2,629  
 (566)  
 (804)  
 Adjusted for minority interests  
 (119)  
 (89)  
 16,184  
 19,333  
 2,845  
 2,540  
 951  
 2,552  
 Gains on realised non-hedge derivatives  
 376  
 151  
 17,135  
 21,885  
 3,221  
 2,691  
 190,767  
 173,639  
 Attributable gold sold – kg/ – oz (000)  
 5,583  
 6,133  
 89,819  
 126,038  
 Revenue price per unit – R/kg/ – \$/oz  
 577  
 439  
 5.

Total costs  
 11,229  
 11,839  
 Total cash costs (group note 4)  
 1,746  
 1,766  
 (208)  
 (73)  
 Adjusted for minority interests and non-gold producing companies  
 (11)  
 (33)  
 Total cash costs adjusted for minority interests and non-gold  
 11,021  
 11,766  
 producing companies  
 1,735  
 1,733  
 168  
 152  
 Retrenchment costs (group note 4)  
 22  
 26  
 368  
 (35)  
 Rehabilitation and other non-cash costs (group note 4)  
 (3)  
 57  
 3,203  
 4,059  
 Amortisation of tangible assets (group note 4)  
 597  
 503  
 13  
 13  
 Amortisation of intangible assets (group note 4)  
 2  
 2  
 (102)  
 (122)  
 Adjusted for minority interests and non-gold producing companies  
 (18)  
 (16)  
 Total production costs adjusted for minority interests and non-gold  
 14,671  
 15,833  
 producing companies  
 2,335  
 2,305  
 191,783  
 175,253  
 Gold produced – kg/- oz (000)

5,635

6,166

57,465

67,133

Total cash cost per unit – R/kg/ – \$/oz

308

281

76,495

90,345

Total production cost per unit – R/kg/– \$/oz

414

374

Page 300\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

6.

Cash gross profit

Gross profit adjusted for the loss on unrealised non-hedge

2,999

7,207

derivatives and other commodity contracts

1,058

470

3,203

4,059

Amortisation of tangible assets (group note 4)

597

503

13

13

Amortisation of intangible assets (group note 4)

2

2

(130)

(43)

Non-cash revenues

(5)

(20)

6,085

11,236

1,652

955

Cash gross profit is analysed by origin as follows:

2,562

5,366

South Africa

788

399

354

465

Argentina

69

56

494

1,179

Australia

173

78	
687	
1,136	
Brazil	
165	
108	
249	
396	
Ghana	
60	
40	
258	
282	
Guinea	
42	
40	
732	
1,274	
Mali	
188	
115	
110	
192	
Namibia	
28	
17	
289	
246	
Tanzania	
37	
47	
363	
432	
USA	
62	
57	
(13)	
268	
Other, including corporate and non-gold producing subsidiaries	
40	
(2)	
6,085	
11,236	
1,652	
955	
7.	
EBITDA	
(309)	
1,349	
Operating profit (loss) per the income statement	
246	



(34)	
3,203	
4,059	
Amortisation of tangible assets (group note 4)	
597	
503	
13	
13	
Amortisation of intangible assets (group note 4)	
2	
2	
300	
44	
Impairment of tangible assets (group note 6, 14 and 16)	
6	
44	
125	
–	
Impairment of intangible assets (group note 17)	
–	
20	
Loss on unrealised non-hedge derivatives and other commodity	
1,900	
4,507	
contracts (note 3)	
615	
286	
(5)	
(2)	
Share of associates' EBITDA (group note 8)	
(1)	
(1)	
(40)	
(333)	
Profit on disposal of assets (group note 6)	
(48)	
(5)	
–	
(36)	
Recovery of exploration loan previously expensed (group note 6)	
(5)	
–	
–	
(9)	
Profit on disposal of shares in Nufcor Uranium Limited (group note 6)	
(1)	
–	
31	
–	
Abandonment of assets at Malian operations (group note 6)	
–	

5

5,218

9,592

1,411

820

**Non-GAAP disclosure *cont.***

For the year ended 31 December

AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 301**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

8.

Interest cover

5,218

9,592

EBITDA (note 7)

1,411

820

690

822

Finance costs (group note 7)

123

108

102

71

Capitalised finance costs (group note 7 and 16)

10

16

792

893

133

124

7

11

Interest cover – times

11

7

9.

Equity and net capital employed

16,508

20,895

Shareholders' equity per balance sheet

2,985

2,603

Adjusted to exclude:

1,655

1,503

– Other comprehensive income (group note 28)

215

261

227

45

– Actuarial losses (group note 28)

6  
 36  
 18,390  
 22,443  
 3,206  
 2,900  
 7,320  
 7,722  
 Deferred tax (group note 33)  
 1,103  
 1,154  
 Adjusted to exclude:  
 1,015  
 1,581  
 – Deferred tax on derivatives and other comprehensive income  
 226  
 160  
 131  
 28  
 – Deferred tax on actuarial losses  
 4  
 22  
 26,856  
 31,774  
 Equity  
 4,539  
 4,236  
 374  
 436  
 Minorities (group note 29)  
 62  
 59  
 10,825  
 9,963  
 Borrowings – long-term portion (group note 30)  
 1,423  
 1,706  
 1,190  
 413  
 Borrowings – short-term portion (group note 30)  
 59  
 188  
 39,245  
 42,586  
 Capital employed  
 6,083  
 6,189  
 (1,328)  
 (3,467)  
 Cash and cash equivalents (group note 25)  
 (495)

(209)  
37,917  
39,119  
Net capital employed  
5,588  
5,980  
10. Net debt  
10,825  
9,963  
Borrowings – long-term portion (group note 30)  
1,423  
1,706  
1,190  
413  
Borrowings – short-term portion (group note 30)  
59  
188  
12,015  
10,376  
Total borrowings  
1,482  
1,894  
(1,328)  
(3,467)  
Cash and cash equivalents (group note 25)  
(495)  
(209)  
10,687  
6,909  
Net debt  
987  
1,685

Page 302\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

11. Net asset value – cents per share

16,882

21,331

Total equity per balance sheet

3,047

2,662

265

280

Number of ordinary shares in issue (millions)

280

265

6,372

7,607

Net asset value – cents per share

1,087

1,005

Number of ordinary shares in issue consists of:

276,236,153 (2005: 264,938,432) ordinary shares (group note 27)

4,185,770 (2005: nil) E ordinary shares (group note 27)

12. Net tangible asset value – cents per share

16,882

21,331

Total equity per balance sheet

3,047

2,662

(2,533)

(2,909)

Intangible assets (group note 17)

(415)

(399)

14,349

18,422

2,632

2,263

265

280

Number of ordinary shares in issue (millions) (note 11)

280

265

5,416

6,569

Net tangible asset value – cents per share

939
854
13. Return on equity
Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, fair value adjustment
1,272
2,790
on convertible bonds and interest rate swaps (note 1)
413
201
26,856
31,774
Equity (note 9)
4,539
4,236
26,719
29,315
Average equity
4,388
4,472
Note – equity for 2004 amounted to \$4,708 million, R26,581 million
5
10
Return on equity – %
9
4
14. Return on net capital
Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, fair value adjustment
1,272
2,790
on convertible bonds and interest rate swaps (note 1)
413
201
690
822
Finance costs (group note 7)
123
108
Headline earnings adjusted for the loss on unrealised non-hedge derivatives and other commodity contracts, fair value adjustment
1,962
3,612
on convertible bonds and interest rate swaps (note 1)
536
309
37,917
39,119
Net capital employed (note 9)
5,588
5,980

36,129

38,518

Average net capital employed

5,784

5,988

Note – Net capital employed for 2004 amounted to \$5,996 million,

R34,340 million

5

9

Return on net capital – %

9

5

**Non-GAAP disclosure cont.**

For the year ended 31 December



AngloGold Ashanti

**\_Annual Financial Statements 2006\_Page 303**

2005

**2006**

Figures in million

**2006**

2005

**SA Rands**

**US Dollars**

15. Free cash flow

3,892

7,825

Net cash inflow from operating activities per cash flow

1,137

612

(2,879)

(3,416)

Stay-in-business capital expenditure per cash flow

(504)

(452)

1,013

4,409

633

160

16. Market capitalisation

Number of ordinary shares in issue at year end (millions)

265

280

(group note 27)

280

265

Closing share price as quoted on the JSE and New York Stock

314.00

329.99

Exchange

47.09

49.33

83,191

92,536

Market capitalisation

13,205

13,069

17. Average number of employees

South Africa

35,968

40,754

Argentina

906

946

Australia

479

393  
Brazil  
4,428  
3,371  
Ghana  
9,443  
10,180  
Guinea  
2,708  
1,978  
Mali  
1,473  
1,309  
Namibia  
313  
315  
Tanzania  
3,220  
2,280  
USA  
369  
357  
Other, including corporate and non-gold producing subsidiaries  
2,146  
2,110  
61,453  
63,993

### **The process of producing gold**

The process of producing gold can be divided into six main phases:

finding the orebody;  
creating access to the orebody;  
removing the ore by mining or breaking the orebody;  
transporting the broken material from the mining face to the plants for treatment;  
processing; and  
refining.

This basic process applies to both underground and surface operations.

#### **Finding the orebody**

AngloGold Ashanti's global exploration group identifies targets and undertakes exploration, on its own or in conjunction with joint venture partners.

#### **Creating access to the orebody**

There are two types of mining which take place to access the orebody:

underground mining: a vertical or decline shaft (designed to transport people and/or materials) is sunk deep into the ground, after which horizontal development takes place at various levels of the main shaft or decline. This allows for further on-reef development of specific mining areas where the orebody has been identified; and

open-pit mining: where the top layers of topsoil or rock are removed in a process called 'stripping' to uncover the reef.

#### **Removing the ore by mining or breaking the orebody**

In underground mining, holes are drilled into the orebody, filled with explosives and then blasted. The blasted 'stopes' or 'faces' are then cleaned and the ore released is then ready to be transported out of the mine.

In open-pit mining, drilling and blasting may also be necessary to release the gold-bearing rock; excavators then load the material onto the ore transport system.

Transporting the broken material from the mining face to the plants for treatment

Underground ore is transported by means of vertical and/or horizontal transport systems. Once on surface, conveyor belts usually transport the ore to the treatment plants.

Open-pit mines transport ore to the treatment plants in vehicles capable of hauling large, heavy loads.

#### **Services**

Mining activities require extensive services, both on the surface and underground, including:

mining engineering services;  
mine planning;  
ventilation;  
provision of consumable resources;  
engineering services;  
financial, administration and human resource services; and

environmental/sustainable development services.

**Processing**

Comminution is the process of breaking up ore to make gold available for treatment. Conventionally, this process occurs in multi-stage crushing and milling circuits. Modern technology is to use large mills fed directly with run-of-mine material.

Gold ores can typically be classified into:

refractory ores, where the gold is locked within a sulphide mineral and not readily available for recovery by the cyanidation process; or

free milling, where the gold is readily available for recovery by the cyanidation process.

Refractory ore treatment: after fine grinding, the sulphide materials are separated from the barren gangue material using

**Gold production and mine-site rehabilitation processes**

*Page 304\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 305

flotation to produce a high-grade sulphide concentrate. The sulphide concentrate is oxidised by either roasting as at AngloGold Ashanti Mineração or bacterial oxidation (BIOX) as at Obuasi. The oxidation process oxidises the sulphide minerals, liberating the gold particles and making them amenable to recovery by the cyanidation process.

Free milling and oxidised refractory ores are processed for gold recovery by leaching the ore in agitated tanks in an alkaline cyanide leach solution. This is generally followed by adsorption of the gold cyanide complex onto activated carbon-in-pulp (CIP).

An alternative process is the heap-leach process. This process is generally considered applicable to high-tonnage, low-grade ore deposits, but it can be successfully applied to medium-grade deposits where the ore deposit tonnage cannot economically justify constructing a process plant. Run-of-mine ore is crushed and heaped on a leach pad. Low strength alkaline cyanide solution is applied, generally as a drip, to the top of the heap for periods of up to three months. The dissolved gold bearing solution is collected from the base of the heap and transferred to carbon-in-solution (CIS) columns where the gold cyanide complex is adsorbed onto activated carbon. The stripped solution is recycled to the top of the heaps.

Gold adsorbed onto activated carbon is recovered by a process of re-dissolving the gold from the activated carbon (elution), followed by precipitation in electro-winning cells and subsequent smelting of that precipitate into doré bars that are shipped to the gold refineries.

Retreatment of tailing stockpile from previous decades' operations is also practiced by AngloGold Ashanti. The old tailings are mined by water sluicing followed by agitator leaching in alkaline cyanide solution and recovery of dissolved gold onto activated carbon.

At AngloGold Ashanti operations, the main by-products produced are:

silver, which is associated with gold in ratios ranging from 0.1:1 to 200:1 silver to gold;

sulphuric acid which is produced from the gases generated by the roasting plants; and

uranium which is recovered in a process which involves initial acid leaching followed by recovery of the leached uranium onto resin and subsequent stripping with ammonium hydroxide and precipitation of crude yellow cake.

The tailings from the process operations are stored in designated tailings storage facilities designed to enhance water recovery and prevent contaminant seepage into the environment.

### **Refining**

The doré bars are transported to a refinery for further refining, to as close to pure gold as possible. This is known as good delivery status.

This gives the assurance that the bar contains the quantity and purity of gold as stamped on the bar.

**The process of mine-site rehabilitation**

In all the jurisdictions in which the company operates, it is required to conduct closure and rehabilitation activities to return the land to a productive state once mining has been completed. Additionally, the company is required to provide financial assurance, in a form prescribed by law, to cover some or all of the costs of the anticipated closure and rehabilitation costs for the operation. Rehabilitation refers to the process of reclaiming mined land to the condition that existed prior to mining or to a pre-determined post-mining use.

Closure plans are devised prior to the commencement of operation and are regularly reviewed to take into account life-of-mine projections. Although the final cost of closure cannot be fully determined ahead of closure, appropriate provision is made during the mine's economic operation.

AngloGold Ashanti's research and development includes a range of initiatives in geology, mining, processing, engineering, safety, environment, marketing and knowledge management. A combination of collaborative and in-house research is adopted. Collaborative partners include research organisations, universities, mining companies, mining service providers and contractors. In addition, AngloGold Ashanti's wholly owned subsidiary, ISS International Ltd, (ISSI), is a global company specialising in seismic monitoring of mines, engineering structures and earthquakes. The company initiates and undertakes both broad-based and focused research and development to enhance the safety of those working in mining by developing effective monitoring and warning technology systems. ISSI functions on the international stage and its involvement in seismic matters extends well beyond the mining environment.

AngloGold Ashanti is a signatory of the International Cyanide Management Institute (ICMI) and is committed to reaching compliance with the International Cyanide Management Code. All processing operations group-wide were audited by an in-house audit team, areas of improvement were identified at the operations and a schedule is in place for the operations to undergo ICMI external audits to demonstrate compliance with the International Cyanide Management Code. Extensive cyanide speciation studies have been conducted in collaboration with Mintek at the various plants in the South Africa region to determine, on both a macro and a micro-scale, the environmental impacts of cyanide in residue material. A project evaluating the impacts of hypersaline water and cyanide on wildlife and the environment is under way in Australia in collaboration with ACMER. Continuing projects cover cyanide measurement and control, cyanide recovery and cyanide destruction. These projects have enabled a clearer understanding of the environmental impacts of cyanide and have led to the implementation of strategies to ensure compliance with the requirements of the International Cyanide Management Code. The AuTEK project to develop new industrial uses for gold is based at Mintek in Johannesburg. AngloGold Ashanti continues to support the catalysis initiative within the programme. This involves gold catalyst development for carbon monoxide oxidation, for use in fuel cells and in photocatalysis. Current efforts are aimed at improving scale-up and commercialisation of gold catalysts.

Geology initiatives include:

the development of a pneumatic sampler for underground use; a digital terrain modelling system for proper representation of 3D data on underground plans, particularly in steeply dipping areas;

geometallurgical mapping and mine modelling to systematically produce metallurgical ore body domains; and a hydrothermal project to understand chemical characteristics of ores and their potential impacts on processing and recovery.

Mining initiatives include:

improving short-term seismic hazard assessment through improved numerical modelling capability;  
improving tunnel support systems in deep, seismically active mines through a destructive proof-testing approach;  
development of an oscillating disc cutter to be mounted on a four wheel drive vehicle for underground face sampling;  
development and testing of an underground water cannon system for stope cleaning;  
a large open-pit research project to develop a new toolbox for geotechnical design and risk management;

**Research and development**

*Page 306\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**



AngloGold Ashanti

Annual Financial Statements 2006 Page 307

development of an alternative radar system for radar monitoring of pit slopes;  
development of micro-seismic monitoring for pit wall stability as a backup monitoring system;  
risk-based mine planning using conditional simulation techniques; and  
Integration of software used for geological mapping and modelling.

Processing initiatives include:

Thiosulphate leaching of gold as a development of a non-cyanide gold extraction process;  
use of digital camera technology to measure mill feed size, using this information to improve mill process control;  
establishing uranium leaching conditions for maximum extraction of uranium from the Vaal River operations;  
Amira P9N comminution technology project on milling efficiency, steel ball and liner wear;  
Amira P420 gold processing project looking at refractory ore treatment, thiosulphate leaching, cyanide and the environment;  
Amira P266 thickening project, improving thickener performance using discrete element analysis and modelling;  
evaluation of optical sorting as a method for upgrading ore streams or waste rock dumps; and  
thickened tailings beach slope angle modelling to improve tailings facility operation.

Other initiatives include:

monitoring real-time corrosion rates in uranium plant elution columns;  
void-filling using aerated cement walls for improved management of heat, radiation and ventilation; and  
Automated in-stope water-blast to reduce silica dust exposure in stopes.

AngloGold Ashanti's rights to own and exploit mineral reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. In a number of countries in which AngloGold Ashanti operates there are, in some cases, certain restrictions in terms of the group's ability to independently move assets out of that country and/or transfer the assets within the group, without the prior consent of the local government or minority shareholders involved.

#### **Argentina**

According to Argentinean mining legislation, mines are the private property of the nation or a province, depending on where they are located. Individuals are empowered to explore for, exploit and dispose of mines as owners by means of a legal license granted by a competent authority under the provisions of the Argentine Mining Code. The legal licenses granted for the exploitation of mines are valid for an undetermined period, provided that the mining title holder complies with the obligations settled in the Argentine Mining Code. In Argentina, the usual ways of transferring rights over mining licenses are: to sell the license; to lease such license; or to assign the rights under such a license by a beneficial interest or Usufruct Agreement. In the case of Cerro Vanguardia – AngloGold Ashanti's operation in Argentina – the mining title holder is its partner, Fomicruz, and due to the Usufruct Agreement signed between them and Cerro Vanguardia SA on 27 December 1996, the latter has the irrevocable right to the exploitation of the deposit for a period of 40 years. This agreement expires on 27 December 2036.

#### **Australia**

In Australia, with few exceptions, all onshore mineral rights are reserved by the government of the relevant state or territory. Exploration for, and mining of, minerals is regulated by the general mining legislation and controlled by the mining ministry of each respective State or Territory.

Where native title has not been extinguished, native title legislation may apply to the grant of tenure and some subsequent administrative processes. Federal and State Aboriginal heritage legislation also operates to protect special sites and areas from disturbance although to date there has not been any adverse impact on any of AngloGold Ashanti's operating properties.

AngloGold Ashanti's operating properties are located in the state of Western Australia. The most common forms of tenure are exploration and prospecting licenses, mining leases, miscellaneous licenses and general purpose leases. In most Australian states, if the holder of an exploration license establishes indications of an economic mineral deposit and complies with the conditions of the grant, the holder of the exploration license has a priority right against all others to apply for a mining lease which gives the holder exclusive mining rights with respect to minerals on the property.

It is possible for an individual or entity to own the surface of the property and for another individual or entity to own the mineral rights. Typically the maximum initial term of a mining lease is 21 years, and

the holder has the right to renew the lease for a further period of 21 years. Subsequent renewals are subject to the discretion of the respective State or Territory's minister responsible for mining rights. Mining leases can only be assigned with the consent of the relevant minister.

Government royalties are payable as specified in the relevant legislation in each State or Territory. A general purpose lease may also be granted for one or more of a number of permitted purposes. These purposes include erecting, placing and operating machinery and plant in connection with mining operations, depositing or treating minerals or tailings and using the land for any other specified purpose directly connected with mining operations.

**Rights to mine and title to properties**

*Page 308\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 309

AngloGold Ashanti owns the mineral rights and has 21-year term mining leases with rights of renewal to all of its mining areas in Australia, including its proportionate share of joint venture operations, and both the group and its joint venture partners are fully authorised to conduct operations in accordance with relevant laws and regulations. The mining leases and rights of renewal cover the current life-of-mine at AngloGold Ashanti's operations in Australia.

**Brazil**

In Brazil, there are two basic mining rights:

a license for the exploration stage, valid up to three years, renewable once; and

a Mining Concession or Mine Manifest, valid for the life of the deposit.

In general, exploration licenses are granted on a first-come, first-served basis. Mining concessions are granted to the holders of exploration licenses that manage to prove the existence of a Mineral Resource and have been licensed by the environmental competent authority.

Mine Manifests (mining titles granted in 1936) and Mining Concessions (mining titles presently granted through an order signed by the Secretary of Mines of the Ministry of Mines and Energy) are valid for an undetermined period until depletion of reserves, provided that the mining title holder complies with current Brazilian mining and environmental legislation, as well as with those requirements set out by the National Department of Mineral Production (DNPM) who acts as inspecting entity for mining activities. Obligations of the titleholder include:

the start of construction, as per an approved development plan, within six months of the issuance of the concession;

extracting solely the substances indicated in the concession;

communicating to the DNPM the discovery of a mineral substance not included in the concession title;

complying with environmental requirements;

restoring the areas degraded by mining; refrain from interrupting exploitation for more than six months; and

reporting annually on operations.

The difference between a Mine Manifest and a Mining Concession lies in the legal nature of these two mining titles, since it is much more difficult and complicated for the public administration to withdraw a Mine Manifest than a Mining Concession although, in practice, it is possible for a Manifest to be cancelled or to become extinct if the abandonment of the mining operation is formally proven. All of AngloGold Ashanti's operations in Brazil have indefinite mining licenses.

**Ghana**

Mining activities in Ghana are primarily regulated by the new Minerals and Mining Act, 2006 (the "Mining Act.") The Mining Act replaces the repealed Minerals and Mining Law, 1986 (PNDCL 153). The Mining

Act replicates many of the provisions of the old Law. Under the Constitution and the Mining Act, all minerals in Ghana in their natural state are the property of the State and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of prospecting, recovery and associated land usage being granted under license or lease.

The key material modifications to the previous mining regime effected by the Mining Act are:

the right of the government to acquire a 10% 'free-carried' interest in a mining company continues, but any further interest in the mining company shall be acquired on terms to be agreed with the holder of the mining right. The Act does not prescribe any terms;

compensation principles for disturbance of an owner's surface rights; and

although the right of the government to be issued with a special share in a mining company still exists, the consent of the special shareholder will only be required for the disposal of a mining lease and/or material assets, which are situated in Ghana.

A license is required for the export or disposal of such minerals and the government has a right of pre-emption over all such minerals. The government of Ghana shall acquire, without payment, a 10% interest in the rights and obligations of the mineral operations in relation to a mineral right to reconnaissance, prospecting or mining, and shall have the option to acquire a further 20% interest where any mineral is discovered in commercial quantities, on terms agreed between the government and the holder of the mining lease subject to arbitration if the parties fail to agree.

A license or lease granting a mineral right is required to prospect for or mine a mineral in Ghana and the Minister of Energy and Mines has the power to negotiate, grant, revoke, suspend or renew any mineral right, subject to a power of disallowance exercisable within 30 days of such grant, revocation, suspension or renewal by the Cabinet. The powers of the Minister of Mines are to be exercised on the advice of the Minerals Commission, which is responsible for regulating and managing the utilisation of natural resources and coordinating policies relating to them.

The grant of a mining lease by the Minister of Mines is normally subject to parliamentary ratification unless the mining lease falls into a class of transactions exempted by Parliament.

A mineral right is deemed a requisite and sufficient authority over the land in respect of which the right is granted, although a separate license is required for some other activities, including the diversion of water, and additional consents may be required for certain developments. A mineral right or interest therein may not be transferred, assigned or otherwise dealt with in any other manner without prior written approval of the Minister of Mines.

Control of mining companies: The Minister of Mines has the power to object to a person becoming or remaining a "shareholder controller", a "majority shareholder controller" or an "indirect controller" of a company which has been granted a mining lease if he considers that the public interest would be prejudiced by the person concerned becoming or remaining such a controller. In this context:

shareholder controller means a person who, either alone or with certain others, is entitled to exercise or control the exercise of 20% or more of the voting power at any general meeting of a mining company or of any other company of which it is a subsidiary;

majority shareholder controller means a shareholder controller in whose case the percentage referred to above also exceeds

50%; and

indirect controller means a person in accordance with whose directions or instructions the director of a mining company, or of another company of which it is a subsidiary, or the shareholder controllers of that mining company, are accustomed to act.

A person may not become a shareholder controller, a majority shareholder controller or an indirect controller of a mining company unless he has served written notice on the Minister of Mines of his intention to that effect and the Minister of Mines consents to his becoming such a controller or does not object within a period of six months.

**Rights to mine and title to properties *cont.***

*Page 310\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 311

Where a person becomes or continues to be a controller of the relevant description after a notice of objection has been served on him, or is otherwise in contravention of the procedures prescribed by the Mining Act, the Minister of Mines may notify the controller that, until further notice, any specified shares are subject to restrictions. The relevant restrictions include restrictions on transfer, voting rights, receipt of further shares and distributions. The Minister of Mines may apply to the High Court to order the sale of any shares which are the subject of such a restriction. There is no legal restriction on the foreign ownership of a mining company. Where a person, either alone or with others, acquires an interest in 5% or more of the voting power of a mining company he is required to notify the Minister of Mines. A person who is a controller of a mining company must give notice of his ceasing to be such a controller before he disposes of his interest. In addition, the mining company itself has to give notice to the Minister of Mines of the fact that any person has become or ceased to be a controller. Violation of these provisions of the Mining Act is a criminal offence. The Mining Act also gives the Minister of Mines power to investigate and report on the ownership and control of any mining company.

The Act provides for stability agreements as a mechanism to ensure that the incentives and protection afforded by laws in force at the time of the stability agreement are guaranteed for 15 years. A stability agreement is subject to ratification by Parliament. Under the Act, the Minister may enter into a development agreement under a mining lease where the proposed investment by the holder will exceed \$500 million. A development agreement may contain provisions relating to the mineral right or operations to be conducted, the circumstances or manner in which the Minister may exercise discretion conferred by the Act, stability terms, and in relation to environmental issues and obligations of the mineral right. A development agreement is also subject to ratification by Parliament.

Prior to the business combination between AngloGold and Ashanti, AngloGold and the government of Ghana agreed the terms of a Stability Agreement to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti would operate in Ghana following the implementation of the business combination.

**Payments and allowances**

The Mining Act provides that royalties are payable by the holder of a mining lease to the State at rates of between 3% and 6% of total minerals revenue, depending on a formula set out in mineral royalty regulations. The laws of Ghana currently provide for income tax at a rate of 25%. The Mining Act provides for an entitlement to certain specified capital allowances and various additional fiscal and other benefits.

AngloGold Ashanti and the Government of Ghana have entered



into the Stability Agreement with respect to the payment of royalties and taxes.

Under the Stability Agreement, the government of Ghana agreed: to extend the term of the mining lease relating to the Obuasi mine until 2054 on terms existing prior to the business combination;

to maintain for a period of 15 years, the royalties payable by AngloGold Ashanti with respect to its mining operations in Ghana at a rate of 3% per annum of the total revenue from minerals obtained by AngloGold Ashanti from such mining operations;

to ensure that the income tax rate would be 30% for a period of fifteen years. The agreement was amended in December 2006 to a tax rate equal to the prevailing corporate rate and shall not be more than 30%;

that a sale of AngloGold Ashanti's or any of its subsidiaries' assets located in Ghana remain subject to the government's approval;

to permit AngloGold Ashanti and any or all of its subsidiaries in Ghana to retain up to 80% of their exportation proceeds in foreign currencies offshore, or if such foreign currency is held in Ghana, to guarantee the availability of such foreign currency; and

to retain its special rights (Golden Share) under the provisions of the mining Act pertaining to the control of a mining company, in respect of the assets and operations in Ghana.

The Government of Ghana also agreed that AngloGold Ashanti's Ghanaian operations will not be adversely affected by any new enactments or orders or by changes to the level of payments of any customs or other duties relating to mining operations, taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance for a period of 15 years after the completion of the business combination. In consideration of these agreements and undertakings, AngloGold Ashanti issued to the government of Ghana 2,658,000 ordinary shares and paid to the government of Ghana \$5 million in cash, promptly after the implementation of the business combination. AngloGold Ashanti also paid to the government of Ghana, on the date of the completion of the business combination, an additional \$5 million in cash towards the transaction costs incurred by the government of Ghana in its role as regulator.

**Retention of foreign earnings:** Holders of mining leases have certain limited rights to retain foreign exchange earnings overseas and to use such earnings for the acquisition of machinery and equipment as well as for certain other payments, such as debt service payments and dividends. Where the net earnings of a holder of a mining lease are in foreign currency, the holder is permitted to retain not less than 25% of foreign exchange earnings in an external bank account for acquiring machinery and equipment, spare parts and raw materials as well as for certain other payments, such as dividend and debt service payments.

AngloGold Ashanti's operations in Ghana are permitted to retain 80% of its foreign exchange earnings in such an account. In addition, the company has permission from the Bank of Ghana to retain and use, outside of Ghana, dollars required to meet payments to the company's hedge counterparts which cannot be met from the cash resources of its treasury company.

**Leases:** Mining leases may be applied for either by a prospecting license holder who has established the existence of minerals in commercial quantities or by others who do not hold such licenses, who establish the same to the satisfaction of the Minister of Mines. Mining leases are normally granted for a period not exceeding

30 years and the holder may apply to the Minister of Mines for renewal, on such conditions as the Minister of Mines may determine, for up to another 30 years. This period has been extended in terms of the Stability Agreement. They are to have a maximum size (subject to derogation by the President where it is considered to be in the national interest) of 50 square kilometres for any grant and 150 square kilometres in aggregate.

A holder may apply for an enlargement of the mining area, which, subject to the Mining Law, the Minister of Mines may grant if satisfied that such approval is in the national interest. The rights conferred by mining leases include those to take all reasonable measures on or under the surface to mine the mineral to which the

**Rights to mine and title to properties *cont.***

*Page 312\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 313

mining lease relates, to erect necessary equipment, plant and buildings, to prospect within the mining area and to stack or dump mineral waste in an approved manner.

Reconnaissance and prospecting licenses are normally granted for up to 12 months and three years respectively, subject to renewal.

A detailed program must be submitted for the recruitment and training of Ghanaians with a view to achieving 'localisation', being the replacement of expatriate personnel by Ghanaian personnel. In addition, the holder must give preference to Ghanaian products and personnel, to the maximum extent possible, consistent with safety, efficiency and economies.

Prior notification to the Minister of Mines is required for ceasing, suspending or curtailing production. Approval to such actions may be given, subject to conditions determined on the advice of the Minerals Commission.

There are also provisions relating to surrender, suspension and cancellation of mineral rights in certain circumstances. The Minister of Mines may suspend or cancel a mineral right if, among other things, the holder:

fails to make payments under the Mining Act when due;

is in breach of any provisions of the Mining Act or the conditions of the mineral right or the provisions of any other enactment relating to mines and minerals;

becomes insolvent or bankrupt;

makes a statement to the Minister of Mines in relation to the mineral right which he knows, or ought to have known, to be false; or

for any reason becomes ineligible to apply for a mineral right under the provision of the Mining Law.

Except as otherwise provided in a specific mining lease, all immovable assets of the holder under the mining lease vest in the State on termination, as does all moveable property that is fully depreciated for tax purposes. Moveable property that is not fully depreciated is to be offered to the State at the depreciated cost.

The holder must exercise his rights subject to such limitations relating to surface rights as the Minister of Mines may prescribe.

Subject to the proper conduct of the mining operations, the holder must affect as little as possible the interest of any lawful occupier, whose grazing rights are retained but who is precluded from erecting any building without the consent of the holder (or, if such consent is unreasonably withheld, without the consent of the Minister).

An owner or occupier of any land subject to a mineral right may apply to the holder of the mineral right for compensation and the amount of the compensation shall, subject to the approval of the Land Valuation Board, be determined by agreement between the parties concerned (or, if they are unable to reach agreement, by the Minister of Mines in consultation with the Land Valuation Board).

The Land Valuation Board has in the past increased amounts of

compensation payable to owners and occupiers. The holder, in the exercise of his rights, is required to have due regard to the effect of the mineral operations on the environment and is to take such steps as may be necessary to prevent pollution of the environment as a result of such operations.

A range of activities and breaches of the Mining Law, including obstructing the government from exercising its pre-emption right and conducting mining, prospecting or related activities other than in accordance with the Mining Law, constitute offences punishable by fine or imprisonment. The maximum fine is 500,000 cedis (at the current exchange rate, equivalent to approximately \$50) and the maximum term of imprisonment is two years.

Mining properties: The current mining lease for the Obuasi area was granted by the government of Ghana on 5 March 1994. It grants mining rights to land with an area of approximately 334 square kilometres in the Amansie East and Adansi West districts of the Ashanti region for a term of 30 years from the date of the agreement. In addition, the application for a mining lease over the adjacent 140 square kilometres has also been granted resulting in the total area under mining lease conditions increasing to 474 square kilometres, "the Lease Area". The company is required to pay to the government of Ghana rent (subject to review every five years, when the rent may be increased by up to 20%) at a rate of approximately \$5 per square kilometres and such royalties as are prescribed by legislation, including royalties on timber felled within the Lease Area.

Bibiani had title to a 50 square kilometres mining lease for a period of 30 years to 18 May 2027. The terms and conditions of the lease are consistent with similar leases granted in respect of Obuasi. With effect from 1 October 2001, the Bibiani mining lease was transferred to Ashanti Goldfields Company Limited from Ashanti Goldfields (Bibiani) Limited. Effective 1 December 2006, the Bibiani Mine and its assets were sold to Central African Gold Limited.

Iduapriem has title to a 33 square kilometre mining lease granted on 19 April 1989 for a period of 30 years. The terms and conditions of the lease are consistent with similar leases granted in respect of the Obuasi mining lease.

Teberebie has two leases, one granted in February 1998 for a term of 30 years, and another granted in June 1992 for a term of 26 years. The terms and conditions of these leases are consistent with similar leases granted in respect of the Obuasi mining lease.

### **Guinea**

In Guinea, all mineral substances are the property of the State. Mining activities are primarily regulated by the Mining Code, 1995. The right to undertake mining operations can only be acquired by virtue of one of the following mining titles: surveying permit, small-scale mining license, mining prospecting license, mining license or mining concession.

The holders of mining titles are guaranteed the right to dispose freely of their assets and to organise their enterprises as they wish, the freedom to engage and discharge staff in accordance with the regulations in force, free movement of their staff and their products throughout Guinea and freedom to dispose of their products in international markets.

The group's Guinea subsidiary, Société Ashanti Goldfields de Guinée SA (SAG), has title to the Siguiré mining concession area which was granted on 11 November 1993 for a period of 25 years. The agreement provides for an eventual extension/renegotiation after 23 years for such periods as may be required to exhaust economic Ore Reserves.

The original area granted encompassed 8,384 square kilometres which the subsidiary was required to reduce to five or fewer

single blocks of not less than 250 square kilometres per  
block

totalling not more than 1,500 square kilometres

by

11

November 1996. The retrocession reduced the  
Sigiri concession area to four blocks totalling 1,495 square  
kilometres.

SAG has the exclusive right to explore and mine in the remaining  
Sigiri concession area for a further 22-year period from  
11 November 1996 under conditions detailed in a Convention de  
Base predating the new Guinea Mining Code.

**Rights to mine and title to properties *cont.***

*Page 314\_AngloGold Ashanti*

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 315

Key elements of the Convention de Base are:

the government of Guinea holds a 15% free-carried or non-contributory interest; a royalty of 3% based on a spot gold price of less than \$475, and 5% based on a spot gold price above \$475, as fixed on the London Gold Bullion Market, is payable on the value of gold exported; a local development tax of 0.4% is payable on the gross sales revenues; salaries of expatriate employees are subject to a 10% income tax; mining goods imported into Guinea are exempt from all import taxes and duties for the first two years of commercial production; and

SAG is committed to adopt and progressively implement a plan for the effective rehabilitation of the mining areas disturbed or affected by operations.

The Convention de Base is subject to early termination if both parties formally and expressly agree to do so, if all project activities are voluntarily suspended for a continuous period of eight months or are permanently abandoned by our subsidiary or if SAG goes into voluntary liquidation or is placed into liquidation by a court of competent jurisdiction.

In addition to the export tax payable to the government of Guinea, a royalty on production may be payable to the International Finance Corporation (IFC) and to Umicore SA, formerly Union Miniere (UM). Pursuant to the option agreement between UM and Golden Shamrock Mines Limited (GSM), a royalty on production may be payable to UM by Chevaning Mining Company Limited (CMC) or GSM, which payment obligation has been assigned to AngloGold Ashanti (Ghana) Limited, on a sliding scale of between 2.5% and 7.5%, based on the spot gold price per ounce between \$350 and \$475, subject to indexing from 1 January 1995, to a cumulative maximum of \$60 million. In addition, under the terms of the restructuring agreement with the IFC, a sliding scale royalty on production may be payable to the IFC calculated on the same basis but at half the rate payable to UM, to a maximum of \$7.8 million.

### **Mali**

Mineral rights in Mali are governed by the Mining Act and Regulations promulgated in 1991. Exploration is carried out under permits granted by Ministerial Decree following application to the National Director of Geology and Mines from the Ministry of Mines, Energy and Water conveying exclusive title to conduct exploration. The permit is valid for a three-year period and is renewable twice. A company applying (in an area it selected) for such a permit must provide proof of technical and financial capabilities.

An exploitation permit is required to mine a deposit located within the exploration area. This permit grants exclusive title to mine for a maximum period of 30 years (inclusive of renewals) and is granted by the Council of Ministers following application to the National Director of Mines.



Both permits referred to above include a Mining Convention (Convention d'Établissement) covering exploration, mining, treatment and marketing in a comprehensive document. This outlines the general conditions with regard to exploration (work program, fiscal and customs regime) and exploitation (formation of a local limited liability company and mining company, state shareholdings, the fiscal and customs regime during construction and exploitation phases, exchange controls, marketing of the product, accounting regime, training programmes for local labour, protection of the environment, reclamation, safety, hygiene and settlement of disputes).

Application for an exploration permit is submitted to the National Director of Mines based on various documents, including applicant

identification, locations, receipts for payment of fixed rights and surface fees, and articles of association, together with a draft mining convention. An inter-ministerial committee examines the applications and one company is retained to do the exploration. This company then negotiates a draft of the Mining Convention and the Minister of Mines grants the exploration permit by an in-house decree published in the Malian Gazette.

Once an economically viable deposit has been identified, an application for an exploitation permit is submitted to the National Director of Mines. This application must be made prior to the expiry of the exploration permit. The application document must contain a map and co-ordinates, a receipt for payment of fixed rights and surface fees and a summary of technical and financial capabilities. The exploitation title is granted following a thorough investigation.

AngloGold Ashanti has complied with all applicable requirements and the relevant permits have been issued. Morila, Sadiola and Yatela have 30-year permits which expire in 2029, 2024 and 2030, respectively.

#### **Namibia**

Mineral rights in Namibia vest in the State. In order to prospect or mine, the Ministry of Mines and Energy initially grants a prospecting license and on presentation of a feasibility study, a mining license is then granted taking into account the abilities of the company, including mining, financial and technical capabilities, rehabilitation programmes and payment of royalties. The relevant license has been granted to AngloGold Namibia (Pty) Ltd in respect of its mining and prospecting activities in Namibia. The current 15-year license expires in 2018.

#### **South Africa**

The Mineral and Petroleum Resources Development Act: In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act (MPRDA), which was passed by the Parliament of South Africa in June 2002 and came into effect on 1 May 2004. The MPRDA vests custodianship of South Africa's mineral rights in the State, which will issue prospecting rights or mining rights to applicants in the future. For further details relating to the MPRDA and the associated broad-based socio-economic empowerment charter and related scorecard, as well as AngloGold Ashanti's progress in converting existing rights in terms of the new legislation. AngloGold Ashanti's new order mineral rights in South Africa could be suspended or cancelled should the company breach, and fail to remedy such breach of its obligations in respect of the acquisition of these rights.

#### **Tanzania**

Mineral rights in the United Republic of Tanzania are governed by the Mining Act of 1998, and property and control over minerals are vested in the United Republic of Tanzania. Prospecting for the mining of minerals, except petroleum, may only be conducted under authority of a mineral right granted by the Ministry of Energy and

Minerals under this Act.

The three types of mineral rights most often encountered, which are also those applicable to AngloGold Ashanti, are:

prospecting licenses;  
retention licenses; and  
mining licenses.

A prospecting license grants the holder thereof the exclusive right to prospect in the area covered by the license for all minerals, other than building and gemstones, for a period of three years. Thereafter, the license is renewable for two further periods of two years each.

On each renewal of a prospecting license, 50% of the area covered

**Rights to mine and title to properties *cont.***

*Page 316*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 317

by the license must be relinquished. Before application is made for a prospecting license, a prospecting reconnaissance for a maximum area of 5,000 square kilometres is issued for a period of two years after which a three-year prospecting license is applied for.

A company applying for a prospecting license must, inter alia, state the financial and technical resources available to it. A retention license can also be requested from the Minister, after the expiry of the 3-2-2-year prospecting license period, for reasons ranging from funds to technical considerations.

Mining is carried out through either a mining license or a special mining license, both of which confer on the holder thereof the exclusive right to conduct mining operations in or on the area covered by the license. A mining license is granted for a period of 10 years and is renewable for a further period of 10 years. A special mining license is granted for a period of 25 years and is renewable for a further period of 25 years. If the holder of a prospecting license has identified a mineral deposit within the prospecting area which is potentially of commercial significance, but it cannot be developed immediately by reason of technical constraints, adverse market conditions or other economic factors of a temporary character, it can apply for a retention license which will entitle the holder thereof to apply for a special mining license when it sees fit to proceed with mining operations.

A retention license is valid for a period of five years and is thereafter renewable for a single period of five years. A mineral right may be freely assigned by the holder thereof to another person, except for a mining license, which must have the approval of the Ministry to be assigned.

However, this approval requirement for the assignment of a mining license will not apply if the mining license is assigned to an affiliate company of the holder or to a financial institution or bank as security for any loan or guarantee in respect of mining operations.

A holder of a mineral right may enter into a development agreement with the Ministry to guarantee the fiscal stability of a long-term mining project and make special provision for the payment of royalties, taxes, fees and other fiscal imposts.

AngloGold Ashanti has complied with all applicable requirements and the relevant licenses have been issued for 25 years and expire in 2024.

#### **United States of America**

Mineral rights, as well as surface rights, in the United States are owned by private parties, state governments and the federal government.

Most land prospective for precious metals exploration, development and mining are owned by the federal government and are obtained through a system of self-initiated mining claim location pursuant to the General Mining Law of 1872, as amended. Individual states typically follow a lease system for state-owned minerals. Private parties have the right to sell, lease or enter into other agreements, such as joint ventures, with respect to minerals that they own or control. All mining activities, regardless of whether they are situated on privately- or publicly-owned lands, are regulated by a myriad of federal, state and

local laws, regulations, rules and ordinances, which address various matters including environmental protection, mitigation and rehabilitation.

Authorisations and permits setting forth the activities and restrictions pertaining thereto are issued by the responsible governmental agencies for all phases of mining activities.

The Cripple Creek & Victor Gold Mining Company joint venture consists almost entirely of owned patented mining claims from public lands, with a small percentage of private and state lands being leased. The total area of control is approximately 7,100 acres. Patented claims vest ownership in the holder, including the right to mine for an indefinite tenure. All life-of-mine reserves are within these property controls. The mining and rehabilitation permits issued by the State of Colorado are life-of-mine permits.

**Mining terms**

**BIF:**

Banded Ironstone Formation. A chemically formed iron-rich sedimentary rock.

**By-products:**

Any products that emanate from the core process of producing gold, including silver, uranium and sulphuric acid.

**Calc-silicate rock:**

A metamorphic rock consisting mainly of calcium-bearing silicates such as diopside and wollastonite, and formed by metamorphism of impure limestone or dolomite.

**Carbon-in-leach (CIL):**

Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to carbon granules in the same circuit. The carbon granules are separated from the slurry and treated in an elution circuit to remove the gold.

**Carbon-in-pulp (CIP):**

Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated from the slurry and treated in an elution circuit to remove the gold.

**Comminution:**

Comminution is the crushing and grinding of ore to make gold available for treatment. (See also "Milling").

**Contained gold:**

The total gold content (tons multiplied by grade) of the material being described.

**Cut-off Grade (Surface Mines):**

The minimum grade at which a unit of ore will be mined to achieve the desired economic outcome.

**Depletion:**

The decrease in quantity of ore in a deposit or property resulting from extraction or production.

**Development:**

The process of accessing an orebody through shafts and/or tunnelling in underground mining operations.

**Diorite:**

An igneous rock formed by the solidification of molten material (magma).

**Electro-winning:**

A process of recovering gold from solution by means of electrolytic chemical reaction into a form that can be smelted easily into gold bars.

**Elution:**

Recovery of the gold from the activated carbon into solution before zinc precipitation or electro-winning.

**Grade:**

The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore

(oz/t), or grams per metric tonne (g/t).

**Greenschist:**

A schistose metamorphic rock whose green colour is due to the presence of chlorite, epidote or actinolite.

**Indicated Mineral Resource:**

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

**Inferred Mineral Resource:**

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological

**Glossary of terms**

*Page 318*\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

AngloGold Ashanti

Annual Financial Statements 2006 Page 319

and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

**Leaching:**

Dissolution of gold from crushed or milled material, including reclaimed slime, prior to adsorption on to activated carbon.

**Life of mine (LOM):**

Number of years that the operation is planning to mine and treat ore, and is taken from the current mine plan.

**Measured Mineral Resource:**

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing, information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

**Metallurgical plant:**

A processing plant erected to treat ore and extract gold.

**Milling:**

A process of reducing broken ore to a size at which concentrating can be undertaken. (See also "Comminution").

**Mine call factor:**

The ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing with the amount estimated in the ore based on sampling. The ratio of contained gold delivered to the metallurgical plant divided by the estimated contained gold of ore mined based on sampling.

**Mineral deposit:**

A mineral deposit is a concentration (or occurrence) of material of possible economic interest in or on the Earth's crust.

**Mineral Resource:**

A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest (in or on the Earth's crust) in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

**Ore Reserve:**

An 'Ore Reserve' is the economically mineable part of



a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate that at the time of reporting, extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

**Ounce (oz) (troy):**

Used in imperial statistics. A kilogram is equal to 32.1507 ounces. A troy ounce is equal to 31.1035 grams.

**Pay limit:**

The grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the total cash cost including Ore Reserve Development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses).

Page 320\_AngloGold Ashanti

\_Annual Financial Statements 2006

Glossary of terms – Mining *cont.*

**Precipitate:**

The solid product of chemical reaction by fluids such as the zinc precipitation referred to below.

**Probable Reserve:**

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

**Productivity:**

An expression of labour productivity based either on the ratio of grams of gold produced per month to the total number of employees or area mined (in square metres) per month to the total number of employees in underground mining operations.

**Proved Reserve:**

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

**Project capital:**

Capital expenditure to either bring a new operation into production; to materially increase production capacity; or to materially extend the productive life of an asset.

**Reclamation:**

In the South African context, reclamation describes the process of reclaiming slimes (tailings) dumps using high-pressure water cannons to form a slurry which is pumped back to the metallurgical plants for processing.

**Recovered grade:**

The recovered mineral content per unit of ore treated.

**Reef:**

A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold.

**Refining:**

The final purification process of a metal or mineral.

**Rehabilitation:**

The process of reclaiming land disturbed by mining to allow an appropriate post-mining use. Rehabilitation standards are

defined by country-specific laws including, but not limited to the South African Department of Minerals and Energy, the US Bureau of Land Management, the US Forest Service, and the relevant Australian mining authorities, and address among other issues, ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.

**Seismic event:**

A sudden inelastic deformation within a given volume of rock that radiates detectable seismic waves energy.

**Shaft:**

A vertical or subvertical excavation used for accessing an underground mine; for transporting personnel, equipment and supplies; for hoisting ore and waste; for ventilation and utilities; and/or as an auxiliary exit.

**Skarn:**

A rock of complex mineralogical composition, formed by contact metamorphism and metasomatism of carbonate rocks.

**Smelting:**

A pyro-metallurgical operation in which gold is further separated from impurities.

AngloGold Ashanti

*\_Annual Financial Statements 2006\_Page 321*

**Stay-in-business capital:**

Capital expenditure to maintain existing production assets. This includes replacement of vehicles, plant and machinery, ore reserve development and capital expenditure related to safety, health and the environment.

**Stope:**

Underground excavation where the orebody is extracted.

**Stopping:**

The process of excavating ore underground.

**Stripping ratio:**

The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.

**Syngenetic:**

Formed contemporaneously with the deposition of the sediment.

**Tailings:**

Finely ground rock of low residual value from which valuable minerals have been extracted.

**Tailings dam (slimes dam):**

Dam facilities designed to store discarded tailings.

**Tonne:**

Used in metric statistics. Equal to 1,000 kilograms.

**Ton:**

Used in imperial statistics. Equal to 2,000 pounds. Referred to as a short ton.

**Tonnage:**

Quantity of material measured in tonnes or tons.

**Waste:**

Material that contains insufficient mineralisation for consideration for future treatment and, as such, is discarded.

**Yield:**

The amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams per metric tonne.

**Zinc precipitation:**

Zinc precipitation is the chemical reaction using zinc dust that converts gold in solution to a solid form for smelting into unrefined gold bars.

**Financial terms**

**Adjusted gross margin:**

Adjusted gross profit (loss) divided by gold sales including realised non-hedge derivatives.

**Adjusted gross profit (loss):**

Gross profit (loss) excluding unrealised non-hedge derivatives and other commodity contracts.

**Adjusted headline earnings:**

Headline earnings excluding unrealised

non-hedge derivatives, fair value adjustments on the option component of the convertible bond, fair value gain (loss) on interest rate swap, adjustments to other commodity contracts and deferred tax thereon.

**Average number of employees:**

The monthly average number of production and non-production employees and contractors employed during the year, where contractors are defined as individuals who have entered into a fixed-term contract of employment with a group company or subsidiary. Employee numbers of joint ventures represents the group's attributable share.

**Capital expenditure:**

Total capital expenditure on tangible assets which includes stay-in-business and project capital.

**Cash gross margin:**

Cash gross profit (loss) divided by gold sales including realised non-hedge derivatives.

**Cash gross profit (loss):**

Adjusted gross profit (loss) plus amortisation of tangible and intangible assets less non-cash revenues.

**Glossary of terms – Financial**

Page 322\_AngloGold Ashanti

\_Annual Financial Statements 2006

**Discontinued operation:**

A component of an entity that, pursuant to a single plan, has been disposed of or abandoned or is classified as held-for-sale until conditions precedent to the sale have been fulfilled.

**EBITDA:**

Operating profit (loss) before amortisation of tangible and intangible assets, impairment of tangible and intangible assets, profit (loss) on disposal of assets and investments and unrealised non-hedge derivatives, plus the share of associates' EBITDA.

**Effective tax rate:**

Current and deferred taxation as a percentage of profit before taxation.

**Equity:**

Shareholders' equity adjusted for other comprehensive income, actuarial gain (loss) and deferred taxation. Where average equity is referred to, this is calculated by averaging the figures at the beginning and the end of the financial year.

**Free cash flow:**

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

**Gross margin %:**

Adjusted gross profit (loss) as a percentage of gold income including realised non-hedge derivatives.

**Interest cover:**

EBITDA divided by finance costs and unwinding of obligations.

**Monetary asset:**

An asset which will be settled in a fixed or easily determinable amount of money.

**Net asset value per share:**

Total equity per the balance sheet divided by the shares in issue.

**Net capital employed:**

Equity as defined above plus minority interests and interest-bearing borrowings, less cash and cash equivalents and other cash investments. Where average net capital employed is referred to, this is the average of the figures at the beginning and the end of the financial year.

**Net debt:**

Borrowings less cash and cash equivalents and other cash investments.

**Net operating assets:**

Tangible assets, current and non-current portion of inventories, current and non-current trade and other receivables (excluding recoverable tax, rebates, levies and duties), less current and non-current trade and other payables and deferred income (excluding unearned premiums on normal sale extended contracts).

**Net tangible asset value per share:**

Total equity per balance sheet  
less intangible assets, divided by the number of ordinary shares  
in issue.

**Non-hedge derivative and other commodity contract gain  
(loss):**

Derivatives that are neither designated as meeting the normal  
sale exemption under IAS39, nor designated as cash flow hedges  
and other commodity contracts.

**Normal purchase normal sale (NPNS) exemption:**

Hedge  
contracts designated as meeting the exemption criteria under IAS 39.

**Price received (\$/oz and R/kg):**

Attributable gold income including  
realised non-hedge derivatives divided by attributable  
ounces/kilograms sold.

**Realised non-hedge derivatives:**

Represents the current year  
income statement effect of non-hedge derivatives that were settled  
during the current year.

**Region:**

Defines the operational management divisions within  
AngloGold Ashanti and these are South Africa, Argentina, Australia,  
Brazil, Ghana, Guinea, Mali, Namibia, Tanzania and United States  
of America.

AngloGold Ashanti

Annual Financial Statements 2006 Page 323

**Related party:**

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**Return on equity:**

Adjusted headline earnings expressed as a percentage of the average equity, adjusted for the timing of acquisitions and disposals.

**Return on net capital:**

Adjusted headline earnings before finance costs and unwinding of decommissioning and restoration obligations expressed as a percentage of average net capital employed, adjusted for the timing of acquisitions and disposals.

**Significant influence:**

The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decision of an entity so as to obtain economic benefit from its activities.

**Total cash costs:**

Total cash costs include site costs for all mining, processing and administration, reduced by contributions from by-products and are inclusive of royalties and production taxes. Amortisation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded.

Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.

**Total production costs:**

Total cash costs plus amortisation, retrenchment, rehabilitation and other non-cash costs. Corporate administration and exploration costs are excluded. Total production costs per ounce are the attributable total production costs divided by the attributable ounces of gold produced.

**Unrealised non-hedge derivatives and other commodity contracts:**

This represents the change in fair value, including translation differences, of all open non-hedge derivative positions and adjustments to other commodity contracts from the previous reporting date to the current reporting date.

**Weighted average number of ordinary shares:**

The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group, and increased by share options that is virtually certain to be exercised.



**Abbreviations**

Page 324\_AngloGold Ashanti\_Annual Financial Statements 2006

**\$**

United States dollars

**A\$**

Australian dollars

**ADS**

American Depositary Share

**ADR**

American Depositary Receipt

**ARS**

Argentinian peso

**ASX**

Australian Stock Exchange

**BRL**

Brazilian real

**bn**

Billion

**capex**

Capital expenditure

**CDI**

Chess Depositary Interests

**CHF**

Swiss francs

**CLR**

Carbon Leader Reef

**FCFA**

Communauté Financière Africaine Francs

**FIFR**

Fatal injury frequency rate per million hours worked

**g**

Grams

**g/t**

Grams per tonne

**g/TEC**

Grams per total employee costed

**GHC**

Ghanaian cedi

**GhDS**

Ghanaian Depositary Share

**GSE**

Ghana Stock Exchange

**JORC**

Australasian Code for Reporting of Mineral Resources and Ore Reserves

**JIBAR**

Johannesburg interbank agreed rate

**JSE**

JSE Limited

**King Code**

South African King Code on Corporate

Governance, 2002

**kg**

Kilograms

**LSE**

London Stock Exchange

**LIBOR**

London interbank offer rate

**LOM**

Life of mine

**LTIFR**

Lost-time injury frequency rate per million hours worked

(1)

**m<sup>2</sup>/TEC**

Square metres per total employee costed

**M or m**

Metre or million, depending on the context

**Moz**

Million ounces

**Mt**

Million tonnes or tons

**Mtpa**

Million tonnes/tons per annum

**N\$**

Namibian dollars

**NOSA**

National Occupational Safety Association

**NYSE**

New York Stock Exchange

**oz**

Ounces (troy)

**oz/t**

Ounces per ton

**R or ZAR**

South African rands

**RIFR**

Reportable injury frequency rate per million hours worked

**SAMREC**

South African Code for the Reporting of Mineral Resources and Mineral Reserves

**SEC**

United States Securities and Exchange Commission

**SRP**

South African Securities Regulation Panel

**SOX**

Sarbanes-Oxley Act of 2002

**t**

Tons (short) or tonnes (metric)

**tpm**

Tonnes/tons per month

**tpa**

Tonnes/tons per annum

**tpd**

Tonnes/tons per day

**VCR**

Ventersdorp Contact Reef

**VCT**

Voluntary counselling and testing

(1)

Note that AngloGold Ashanti utilises the strictest definition in reporting Lost Time Injuries in that it includes all Disabling Injuries (where an individual is unable to return to his place of regular work the next calendar day after the injury) and Restricted Work Cases (where the individual may be at work, but unable to perform full or regular duties on the next calendar day after the injury) within this definition.

AngloGold Ashanti

Annual Financial Statements 2006 Page 325**Stock exchange listings**

The primary listing of the company's ordinary shares is on the JSE Limited (JSE). Its ordinary shares are also listed on stock exchanges in

London, Paris and Ghana, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs), in New York in the form of American Depositary Shares (ADSs), in Australia, in the form of Clearing House Electronic Subregister System Depositary Interests (CDIs) and in Ghana, in the form of Ghanaian Depositary Shares (GhDSs).

Stock exchange information at 31 December

2006

2005

2004

2003

2002

JSE (Share code: ANG)

Rands per share:

Market price

– high

387.00

319.90

319.00

339.00      347.00

– low

247.00

187.00

192.05

191.00      200.00

– year end

329.99

314.00

199.01      313.99      290.50

Shares traded

– 000

131,476

88,946

102,811

88,025      117,543

London Stock Exchange (Share code: AGD)

Pounds per share:

Market price

– high

34.72

28.25

26.45

23.68      23.26

– low

17.50

11.00

14.77

16.58      4.20

– year end

20.55

26.04

19.25

26.42      10.54

Shares traded

– 000

421

259

19,769

1,187      8,643

Euronext Paris (Share code: VA)

Euros per share:

Market price

– high

52.15

42.00

37.92

41.23      37.73

– low

28.00

24.18

24.90

24.10      18.78

– year end

35.40

41.29

26.60

38.00      33.00

Shares traded

– 000

1,209

855

1,552

841      1,917

Ghana Stock Exchange (Share code: AGA)

(listing commenced 27 April 2004)

Cedis per share:

Market price

– high

300,000

300,000

300,000

–      –

– low

300,000

300,000

300,000

–      –

– year end

300,000

300,000

300,000

– –

Shares traded

– 000

1

–

14

–

–

Euronext Brussels (Share code: ANG)

Euros per IDR:

Market price

– high

51.00

41.30

37.78

40.50 37.50

– low

28.10

24.50

25.00

24.10 32.00

– year end

36.00

41.30

27.00

36.55 32.05

IDRs traded

– 000

1,028

711

477

973 3,138

Each IDR is equal to one ordinary share

New York Stock Exchange (Share code: AU)

US dollars per ADS:

Market price

– high

62.20

49.88

48.25

49.95 35.33

– low

35.58

30.50

29.91

32.80 17.62

– year end

47.09

49.33

36.35  
46.70 34.26

ADSs traded

– 000

348,040

191,698

225,286

249,791 210,933

Each ADS is equal to one ordinary share

Australian Stock Exchange (Share code: AGG)

Australian dollars per CDI:

Market price

– high

16.40

13.60

12.60

13.55 12.00

– low

9.75

7.95

8.60

8.61 7.00

– year end

11.90

13.40

9.40

12.80 12.00

CDIs traded

– 000

5,424

13,691

875

12,788 6,758

Each CDI is equal to one-fifth of one ordinary share

Ghana Stock Exchange (Share code: AADS)

(listing commenced 27 April 2004)

Cedis per GhDS:

Market price

– high

3,101

3,006

3,006

– –

– low

3,000

5,000

3,000

– –

– year end

3,101

3,000

3,006

— —

GhDSs traded

— 000

3,019

20

62

— —

Each GhDS is equal to one-hundredth of one ordinary share

**Shareholders' information**



Page 326\_AngloGold Ashanti  
 \_Annual Financial Statements 2006

**Major shareholders**

According to information available to the directors, the following are the only shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary share capital of the company:

Ordinary shares held

31 January 2007

31 December 2006

31 December 2005

Number	%
--------	---

Number	%
--------	---

Number	%
--------	---

Anglo American plc (AA plc)

115,102,929

41.67

115,102,929

41.67

134,788,099

50.88

The Bank of New York\*

72,504,931

26.25

73,559,916

41.67

48,702,313

18.38

\* Shares held through various custodians in respect of ADSs issued by the Bank.

In April 2006 AA plc sold \$1 billion worth of ordinary shares it held in AngloGold Ashanti. On 21 February 2007, AA plc stated that it intends

to reduce and ultimately to exit its gold company holdings and that it will continue to explore all available options to exit AngloGold Ashanti in an orderly manner.

**Voting rights**

The articles of association provide that every member present at a meeting in person or, in the case of a body corporate, represented, is

entitled to one vote only on a show of hands. Upon a poll, members present or any duly appointed proxy shall have one vote for every share

held. There are no limitations on the right of non-South African shareholders to hold or exercise voting rights attaching to any shares of the

company. CDI holders are not entitled to vote in person at meetings, but may vote by way of proxy.

Options granted in terms of share incentive schemes do not carry a right to vote.

**Top 20 shareholders**

The 20 largest holders of the ordinary share capital of the company as at 31 December 2006 were:

Ordinary shares held

**Top 20 shareholders as at 31 December 2006**

Number

%

Anglo American plc (Main Holdings and other related funds)

115,246,230

43.58

Bank of New York Unrestricted Depository Receipts

52,979,776

20.03

JP Morgan Chase (Custodian)

12,705,393

4.80

Bank of New York (Custodian)

11,466,616

4.34

ANZ Nominees Limited

11,140,663

4.21

Government of Ghana

9,031,650

3.41

Public Investment Corporation

5,732,659

2.17

Old Mutual Group

4,259,424

1.61

Sanlam

4,026,619

1.52

Soges Fiducem SA

3,015,166

1.14

State Street Bank & Trust Co (Custodian)

2,683,280

1.01

Investors Bank & Trust Company (Custodian)

2,278,859

0.86

Citibank (Custodian)

2,088,625

0.79

Northern Trust (Custodian)

1,959,154

0.74

National Nominees Limited

1,951,582

0.74

Liberty Group

1,457,277

0.55

Euroclear SA

1,440,034

0.54

Engineering Industries Pension Fund

1,329,001

0.50

Mellon Bank (Custodian)

1,208,368

0.46

HSBC International Trustee Ltd

965,589

0.37

The above list of shareholders may not necessarily reflect the beneficial shareholders.

**Shareholders' information *cont.***

AngloGold Ashanti

Annual Financial Statements 2006 Page 327

Analysis of ordinary shareholdings at 31 December 2006

Number of % of total Number of % of shares Size of shareholding shareholders shareholders shares issued		
1		
–		
100	8,939	
46.44		
476,529		
0.18		
101		
–		
500	7,129	
37.03		
1,674,136		
0.63		
501		
–		
1,000	1,383	
7.18		
1,013,177		
0.38		
1,001		
–		
5,000	1,168	
6.07		
2,494,575		
0.94		
5,001		
–		
10,000	196	
1.02		
1,395,472		
0.53		
10,001		
– 100,000	342	
1.78		
9,728,938		
3.68		
Over 100,000		
93		
0.48		
247,689,866		

93.65  
 Total  
 19,250  
 100.00  
 264,472,694  
 100.00

**Shareholder spread**

as at 31 December 2006

Pursuant to the Listings Requirements of the JSE, with the best knowledge of the directors and after reasonable enquiry, the spread of shareholders was as follows:

Number %

of  
 Number  
 Class  
 of shares  
 shares issued  
 of holders  
 %

**Ordinary shares**

Non-public shareholders:

16  
 0.08  
 143,904,254  
 54.41

Directors and Associates of the company holdings

9  
 0.05  
 64,627  
 0.02

Strategic Holdings (more than 10%)

2  
 0.01  
 143,819,749  
 54.38

Pension Fund

2  
 0.01  
 11,860  
 0.00

Share Trusts

3  
 0.02  
 8,018  
 0.00

Public shareholders

19,234  
 99.92  
 120,568,440  
 45.59

Total

19,250

100.00

264,472,694

100.00

A

redeemable preference shares

}

All shares are held by a wholly-owned subsidiary company

B

redeemable preference shares

Page 328\_AngloGold Ashanti

**\_Annual Financial Statements 2006**

**Shareholders' diary**

Financial year-end

31 December 2006

Annual financial statements

posting on or about

26 March 2006

Annual general meeting

11:00 SA time

4 May 2007

Quarterly reports

Released on or about

– Quarter ended 31 March 2007

5 May 2007

– Quarter ended 30 June 2007

31 July 2007

– Quarter ended 30 September 2007

1 November 2007

– Quarter ended 31 December 2007

\*1 February 2008

**Dividends**

Last date

to trade

Date                    ordinary

Payment

Payment

dividend

shares

date to

date to

Dividend number

declared

cum dividend

shareholders

ADS holders

Final – number 101

12 February 2007

2 March 2007

16 March 2007

26 March 2007

Interim – number 102

30 July 2007\*

17 August 2007\*

31 August 2007\*

10 September 2007\*

Final – number 103

31 January 2008\*

15 February 2008\*

29 February 2008\*

10 March 2008\*

\* Approximate dates.

**Shareholders' information *cont.***



**AngloGold Ashanti Limited**

Registration No. 1944/017354/06

Incorporated in the Republic of South Africa

**Share codes:**

ISIN: ZAE000043485

JSE: ANG

LSE: AGD

NYSE: AU

ASX:

AGG

GSE (Shares):

AGA

GSE (GhDS):

AADA

Euronext Paris:

VA

Euronext Brussels:

ANG

JSE Sponsor:

UBS

Auditors:

Ernst & Young

Registered

Auditors Inc.

**Offices**

Registered and Corporate

11 Diagonal Street

Johannesburg 2001

(PO Box 62117, Marshalltown 2107)

South Africa

Telephone: +27 11 637 6000

Fax: +27 11 637 6624

Australia

Level 13, St Martins Tower

44 St George's Terrace

Perth, WA 6000

(PO Box Z5046, Perth WA 6831)

Australia

Telephone: +61 8 9425 4602

Fax: +61 8 9425 4662

Ghana

Gold House

Patrice Lumumba Road

(PO Box 2665)

Accra

Ghana

Telephone: +233 21 772190

Fax: +233 21 778155

United Kingdom Secretaries

St James's Corporate Services Limited

6 St James's Place

London SW1A 1NP  
England  
Telephone: +44 20 7499 3916  
Fax: +44 20 7491 1989

**Directors**

Executive

RM Godsell (Chief Executive Officer)

R Carvalho Silva §

NF Nicolau

S Venkatakrishnan \*

Non-Executive

RP Edey \* (Chairman)

Dr TJ Motlatsi (Deputy Chairman)

FB Arisman #

RE Bannerman ‡

Mrs E le R Bradley

CB Brayshaw

R Médori † (Alternate: P G Whitcutt)

JH Mensah ‡

WA Nairn (Alternate: A H Calver \*)

Prof WL Nkuhlu

SM Pityana

SR Thompson \*

AJ Trahar

\* British

# American

‡ Ghanaian

† French

§ Brazilian

Officers

Managing Secretary:

Ms Y Z Simelane

Company Secretary:

Ms L Eatwell

**Contacts**

South Africa

Charles Carter

Telephone: +27 11 637 6385

Fax: +27 11 637 6400

E-mail: cecarter@AngloGoldAshanti.com

Michael Clements

Telephone: +27 11 637 6647

Fax: +27 11 637 6400

E-mail: mclements@AngloGoldAshanti.com

General E-mail enquiries

investors@AngloGoldAshanti.com

AngloGold Ashanti website

<http://www.AngloGoldAshanti.com>

AngloGold Ashanti annual report website

<http://www.aga-reports.com>

Company secretarial e-mail  
companysecretary@AngloGoldAshanti.com

**Share Registrars**

South Africa  
Computershare Investor Services 2004 (Pty)  
Limited  
Ground Floor, 70 Marshall Street  
Johannesburg 2001  
(PO Box 61051, Marshalltown 2107)  
South Africa  
Telephone: 0861 100 724 (in SA)  
Fax: +27 11 688 5222  
web.queries@computershare.co.za

United Kingdom  
Computershare Investor Services PLC  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH  
England  
Telephone: +44 870 702 0000  
Fax: +44 870 703 6119

Australia  
Computershare Investor Services  
Pty Limited  
Level 2, 45 St George's Terrace  
Perth, WA 6000  
(GPO Box D182 Perth, WA 6840)  
Australia  
Telephone: +61 8 9323 2000  
Telephone: 1300 55 7010 (in Australia)  
Fax: +61 8 9323 2033

Ghana  
NTHC Limited \*  
Martco House  
Off Kwame Nkrumah Avenue  
PO Box K1A 9563 Airport  
Accra  
Ghana  
Telephone: +233 21 238492-3  
Fax: +233 21 229975

\* GhDS registrars

**ADR Depository**

The Bank of New York (BoNY)  
Investor Services, P O Box 11258  
Church Street Station  
New York, NY 10286-1258  
United States of America  
Telephone: +1 888 269 2377 (Toll free in  
USA) or +1 212 815 3700 (outside USA)  
E-mail: shareowners@bankofny.com

Website: <http://www.stockbny.com>

Global BuyDIRECT

SM

BoNY maintains a direct share purchase and dividend reinvestment plan for

AngloGold Ashanti.

Telephone: +1-888-BNY-ADRS

The Annual Financial Statements 2006 is available in printed or CD format from the contacts whose details appear above or on the Internet at the above website

address. In addition, AngloGold Ashanti must by no later than 30 June 2007 produce a Form 20-F (a report required by the Securities and Exchange Commission in

the United States), copies of which will be available free of charge on EDGAR at [www.sec.gov](http://www.sec.gov), or from the contacts detailed above.

Supplementary information on Mineral Resources, Ore Reserves and development, prepared on a business unit basis, is obtainable from the above sources as well

as in PDF format on the AngloGold Ashanti website. Plans of the South Africa region underground workings are also available on request.

**Administrative information**

[www.anglogoldashanti.com](http://www.anglogoldashanti.com)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AngloGold Ashanti Limited

Date: March 29, 2007

By:

/s/ L Eatwell

Name: Lynda Eatwell

Title: Company Secretary