ANGLOGOLD ASHANTI LTD
Form 6-K
November 03, 2008
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 November 3, 2008

This Report on Form 6-K shall be incorporated by reference in our Registration Statements on Form S-8 (File Nos. 333-10990 and 333-113789) as amended, to the extent not superseded by documents or reports subsequently filed by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, in each case as amended

AngloGold Ashanti Limited
(Name of Registrant)

76 Jeppe Street
Newtown, 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:

Enclosures:
Unaudited condensed consolidated financial statements as of June 30, 2008 and December 31, 2007 and for each of the six month periods ended June 30, 2008 and 2007, prepared in accordance with U.S. GAAP, and related management's discussion and analysis of financial condition and results of operations.

ANGLOGOLD ASHANTI LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Prepared in accordance with US GAAP
Six months ended June 30,
2008
(unaudited)
2007
(unaudited)
(in US Dollars, millions, except for share data)
Sales and other income
1,908
1,430
Product sales
1,886
1,411
Interest, dividends and other
22
19
Cost and expenses
2,020
1,278
Production costs
948
831
Exploration costs
70
53
Related party transactions
(5)
(6)
General and administrative
64
61
Royalties
42
33
Market development costs
6
7
Depreciation, depletion and amortization
300
295
Interest expense
40
36
Accretion expense
12
8
Employment severance costs
5

2
Profit on sale of assets, realization of loans , indirect taxes and other (see note D)
(47)
(17)
Non-hedge derivative loss/(gain) (see note E)
561
(12)
Other operating items
24
(13)
(Loss)/income from continuing operations before income tax, equity income, minority interests
(112)
152
Taxation expense (see note F)
(67)
(101)
Minority interest
(26)
(16)
Equity (loss)/income in affiliates
(89)
7
(Loss)/income from continuing operations
(294)
42
Discontinued operations (see note G)
23
-
Net (loss)/income – applicable to common stockholders
(271)
42
(Loss)/income per share : (cents)
From continuing operations
Ordinary shares
(105)
15
E Ordinary shares
(52)
7
Ordinary shares – diluted
(105)
15
E Ordinary shares – diluted
(52)
7
Discontinued operations
Ordinary shares
8
-
E Ordinary shares

4
-
Ordinary shares – diluted
8
-
E Ordinary shares – diluted
4
-
Net (loss)/income
Ordinary shares
(97)
15
E Ordinary shares
(48)
7
Ordinary shares – diluted
(97)
15
E Ordinary shares – diluted
(48)
7
Weighted average number of shares used in computation
Ordinary shares
278,372,787
276,979,428
E Ordinary shares – basic and diluted
4,093,776
4,150,888
Ordinary shares – diluted
278,372,787
277,599,300
Dividend declared per ordinary share (cents)
7
32
Dividend declared per E ordinary share (cents)
3
16

3

ANGLOGOLD ASHANTI LIMITED

CONDENSED CONSOLIDATED BALANCE SHEETS

Prepared in accordance with US GAAP

At June 30,

2008

(unaudited)

At December 31,

2007

(in US Dollars, millions)

ASSETS

Current assets

2,291

2,113

Cash and cash equivalents

467

477

Restricted cash

69

37

Receivables

215

205

Trade

44

35

Recoverable taxes, rebates, levies and duties

70

77

Related parties

4

6

Other

97

87

Inventories (see note C)

618

523

Materials on the leach pad (see note C)

48

49

Derivatives

617

516

Deferred taxation assets

256

275

Assets held for sale (see note L)

1

31

Property, plant and equipment, net

5,616
5,527
Acquired properties, net
1,205
1,280
Goodwill and other intangibles, net
616
591
Other long-term inventory (see note C)
96
84
Materials on the leach pad (see note C)
226
190
Other long-term assets
567
559
Deferred taxation assets
34
37
Total assets
10,651
10,381
LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities
5,242
3,795
Accounts payable and other current liabilities (see note M)
1,582
634
Derivatives
2,338
2,782
Short-term debt
1,306
319
Tax payable
16
59
Liabilities held for sale (see note L)
-
1
Other non-current liabilities
134
146
Long-term debt
943
1,564
Derivatives
161
297

Deferred taxation liabilities
1,271
1,345
Provision for environmental rehabilitation
396
394
Other accrued liabilities
42
45
Provision for pension and other post-retirement medical benefits
161
180
Minority interest
80
63
Commitments and contingencies
-
-
Stockholders' equity
2,221
2,552
Common stock
400,000,000 (2007 – 400,000,000) authorized common stock of 25 ZAR cents each
Stock issued 2008 – 277,894,808 (2007 – 277,457,471)
10
10
Additional paid in capital
5,646
5,607
Accumulated deficit
(2,729)
(2,440)
Accumulated other comprehensive income (see note J)
(706)
(625)
Total liabilities and stockholders' equity
10,651
10,381

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ANGLOGOLD ASHANTI LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Prepared in accordance with US GAAP

Six months ended June 30,

2008

(unaudited)

2007

(unaudited)

(in US Dollars, millions)

Net cash provided by operating activities

192

277

Net (loss)/income – applicable to common stockholders

(271)

42

Reconciled to net cash provided by operations:

Profit on sale of assets , realization of loans , indirect taxes and other

(47)

(14)

Depreciation, depletion and amortization

300

295

Deferred taxation

11

3

Movement in non-hedge derivatives

290

(15)

Equity income in affiliates

89

(7)

Dividends received from affiliates

44

41

Other non cash items

14

44

Net increase in provision for environmental
rehabilitation and pension and other post-retirement medical
benefits

9

4

Effect of changes in operating working capital items:

Receivables

(20)

(35)

Inventories

(152)

(109)

Accounts payable and other current liabilities

(73)
31
Net cash provided by continuing operations
194
280
Net cash used in discontinued operations
(2)
(3)
Net cash used in investing activities
(520)
(467)
Acquisition of assets
-
(40)
Increase in non-current investments
(41)
(8)
Additions to property, plant and equipment
(558)
(443)
Proceeds on sale of mining assets
32
15
Proceeds on sale of discontinued assets
10
1
Proceeds on sale of investments
41
6
Proceeds on sale of affiliate
50
-
Cash (outflows)/inflows from derivatives purchased
(31)
14
Change in restricted cash
(23)
(12)
Net cash generated by financing activities
344
96
Net repayments of short-term debt
(25)
(41)
Issuance of stock
11
19
Share issue expenses
-
(1)
Net proceeds of long-term debt

406
123
Cash (outflows)/inflows from derivatives with financing
(24)
99
Advanced proceeds from rights offer
1
-
Dividends paid
(25)
(103)
Net increase/(decrease) in cash and cash equivalents
16
(94)
Effect of exchange rate changes on cash
(26)
4
Cash and cash equivalents – January 1,
477
471
Cash and cash equivalents – June 30,
467
381

ANGLOGOLD ASHANTI LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
JUNE 30, 2008

Prepared in accordance with US GAAP

Note A. Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

The balance sheet as at December 31, 2007 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by US GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s annual report on Form 20-F for the year ended December 31, 2007.

Note B. Accounting developments

Recently adopted pronouncements

Fair value measurements

The Company adopted FASB Statement No. 157, “Fair Value Measurements” (“SFAS157”) for financial assets and financial liabilities on January 1, 2008.

SFAS157 provides enhanced guidance for using fair value to measure assets and liabilities. Under SFAS157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. SFAS157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS157 also requires that fair value measurements be separately disclosed by level within the fair value hierarchy. The adoption of SFAS157 did not have a material impact on the Company’s financial statements. See note R “Fair value measurements” for additional information.

On February 12, 2008, the FASB issued FASB Staff Position No. FAS 157-2, “Effective date of FASB Statement No. 157” (“the FSP”). The FSP provides a one year deferral until January 1, 2009 for the implementation of SFAS157 for certain non-financial assets and non-financial liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

Fair value option for financial assets and liabilities

In February 2007, the FASB issued FASB Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS159”). SFAS159 permits entities to choose to measure many financial instruments and certain other items at fair value, with the objective of improving financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of SFAS159 were adopted January 1, 2008. The Company did not elect the Fair Value Option for any of its financial assets or liabilities, and therefore, the adoption of SFAS159 had no impact on the Company’s financial statements.

Employers’ accounting for defined benefit pension and other post-retirement plans

In September 2006, the FASB issued FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Post-retirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)” (“SFAS158”). The Company adopted the recognition and disclosure requirements of SFAS158 in 2006, as required, except for the requirement to measure the plan assets and benefit obligations at the fiscal year end, which is effective in fiscal years ending after December 15, 2008. The Company is implementing processes to meet these measurement requirements of SFAS158.

Recently issued pronouncements

Business combinations

In December 2007, the FASB issued FASB Statement No. 141 (R), “Business Combinations” (“SFAS141(R)”). SFAS141(R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. SFAS141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. SFAS141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including combinations achieved without the transfer of consideration. The Company is currently evaluating the potential impact of adopting SFAS141(R) on the Company’s financial statements.

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ANGLOGOLD ASHANTI LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
JUNE 30, 2008 …continued

Prepared in accordance with US GAAP

Note B. Accounting developments (continued)

Recently issued pronouncements (continued)

Noncontrolling interests

In December 2007, the FASB issued FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS160"). SFAS160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. It shall be applied prospectively as of the beginning of the fiscal year in which this Statement is initially adopted, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented. The Company is currently evaluating the potential impact of adopting SFAS160 on the Company's financial statements.

Derivative instruments

In March 2008, the FASB issued FASB statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB statement No. 133" ("SFAS161"). SFAS161 applies to all derivative instruments and nonderivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 37 and 42 of SFAS133 and related hedged items accounted for under SFAS133. SFAS161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. SFAS161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. Comparative disclosures for earlier periods at initial adoption are encouraged but not required. The Company does not expect the adoption of SFAS161 to have a material impact on the Company's financial statements.

Useful life of intangible assets

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, "Goodwill and Other Intangible Assets" ("SFAS142"). FSP FAS 142-3 removes the requirement under paragraph 11 of SFAS142 to consider whether an intangible asset can be renewed without substantial cost or material modifications to the existing terms and conditions and instead, requires an entity to consider its own historical experience in renewing similar arrangements. FSP FAS 142-3 also requires expanded disclosure related to the determination of intangible asset useful lives. FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is not permitted. The guidance for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after the effective date. The disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. The Company is currently evaluating the potential impact of adopting FSP FAS 142-3 on the Company's financial statements.

Convertible debt instruments

In May 2008, the FASB issued FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1") which addresses the accounting for convertible debt securities that may be settled in cash, (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option is required to be separately accounted for as a derivative under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS133"). FSP APB 14-1does not change the accounting for more traditional types of convertible debt securities that do not have a cash settlement feature. Also, FSP APB 14-1 does not apply if, under existing US GAAP for derivatives, the embedded conversion feature must be accounted for separately from the rest of the instrument. FSP APB 14-1 shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is not permitted. The FSP should be applied retrospectively to all past periods presented — even if the instrument has matured, has been converted, or has otherw ise been extinguished as of the effective date of FSP APB 14-1. The Company is currently evaluating the potential impact of adopting FSP APB 14-1 on the Company's financial statements.

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ANGLOGOLD ASHANTI LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED

JUNE 30, 2008 …continued

Prepared in accordance with US GAAP

Note B. Accounting developments (continued)

Recently issued pronouncements (continued)

Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS162"). SFAS162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities. SFAS162 is effective 60 days following the United States Securities and Exchange Commission (SEC's) approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, "*The Meaning of* Present Fairly in Conformity with Generally Accepted Accounting Principles". The Company does not expect the adoption of SFAS162 to have a material impact on the Company's financial statements.

Participating securities

In June 2008, the FASB issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method as described in SFAS No. 128, "Earnings per Share" ("SFAS 128"). Under the guidance in FSP EITF 03-6-1, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. All prior-period EPS data presented shall be adjusted retrospectively (including interim financial statements, summaries of earnings and selected financial data) to conform with the provisions of FSP EITF 03-6-1. Early application is not permitted. The Company does not expect the adoption of FSP EITF 03-6-1 to have a material impact on the Company's financial statements.

Instrument indexed to own stock

In June 2008, The Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 07-5, "Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock" ("EITF 07-5"). The consensus was reached on the following three issues:

- How an entity should evaluate whether an instrument (or embedded feature) is indexed to its own stock.
- How the currency in which the strike price of an equity-linked financial instrument (or embedded equity-linked feature) is denominated affects the determination of whether the instrument is indexed to an entity's own stock.
- How an issuer should account for market-based employee stock option valuation instruments.

Consensus was also reached that EITF 07-5 should be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Earlier application by an entity that has previously adopted an alternative accounting policy is not permitted. The consensus must be applied to outstanding instruments as of the beginning of the fiscal year in which EITF 07-5 is adopted as a cumulative-effect adjustment to the opening balance of retained earnings for that fiscal year. The Company is currently evaluating the potential impact of adopting EITF 07-5 on the Company’s financial statements.

Note C. Inventories

	At June 30, 2008	**At December 31, 2007**
	(unaudited)	
	(in US Dollars, millions)	
The components of inventory consist of the following :		
Short-term		
Gold in process	134	133
Gold on hand	68	35
Ore stockpiles	201	166
Uranium oxide and sulfuric acid	15	13
Supplies	248	225
	666	572
Less: Heap leach inventory (1)	(48)	(49)
	618	523

(1) Short-term portion relating to heap leach inventory classified separate, as materials on the leach pad.

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ANGLOGOLD ASHANTI LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2008 …continued

Prepared in accordance with US GAAP

Note C. Inventories (continued)

	At June 30, 2008	**At December 31, 2007**
	(unaudited)	
	(in US Dollars, millions)	
Long-term		
Gold in process	226	190
Ore stockpiles	95	83
Supplies	1	1
	322	274
Less: Heap leach inventory (1)	(226)	(190)
	96	84

(1) Long-term portion relating to heap leach inventory classified separate, as materials on the leach pad.

Note D. Profit on sale of assets, realization of loans, indirect taxes and other

The Company recorded a profit of $47 million (before taxation of $2 million) in the six months ended June 30, 2008, compared to a profit of $17 million (before taxation of $4 million) recorded in the same period in 2007, consisting of:

	Six months ended June 30,	
	2008	**2007**
	(unaudited)	(unaudited)
	(in US Dollars, millions)	
Profit on disposal of certain exploration interests in Colombia to B2Gold Corporation	34	-
Certain royalty and production related interests in North America sold to Royal Gold Inc.	14	-
Profit on disposal the Company’s 50 percent equity interest held in Nufcor International Limited	4	

-
Reassessment of indirect taxes payable in Guinea
6
-
Costs relating to the issue of rights granted to E ordinary shareholders
(1)
(10)
-
(Loss)/profit on disposal of equipment and minor assets in South America and South Africa
(1)
8
Recovery of exploration costs previously expensed in South America (Peru)
-
6
Non-recoverable value added tax in Brazil
-
(1)
Profit on sale of Central African Gold Plc (CAG) shares
-
4
47
17
(1)
Rights offer was completed in early July 2008.

Note E. Non-hedge derivative loss/gain

A loss on non-hedge derivatives of $561 million was recorded in the six months ended June 30, 2008 compared to a gain of $12 million in the same period of 2007 relating to the use of non-hedging instruments, which represent derivatives not designated in formal hedge accounting relationships. As such, the change in fair value of such derivatives is recorded each period in the income statement. The loss recorded in the six months ended June 30, 2008 primarily relates to the revaluation of non-hedge derivatives resulting from changes in the prevailing spot gold price, exchange rates, interest rates and greater volatilities compared to the same period in 2007. In addition, the Company recognized a loss of $152 million on forward gold contracts previously qualifying for the normal purchase, normal sale exception (which permits the Company to not record such amounts in its financial statements until the maturity date of the contract) under which the Company had committed to deliver a specified quantity of gold at a future date in exchange for an agreed price. However, due to the inability of a single counterparty to accept the physic al delivery of gold for the forward contracts expiring in April through June 2008, the Company cash settled such contracts during the period. Accordingly, the remaining contracts with this counterparty scheduled to mature in later periods have been determined to not meet all of the requirements necessary for them to continue to qualify for the normal purchase, normal sales exception in future periods and are being accounted for at fair value on the balance sheet as at June 30, 2008, with changes in fair value reflected in the income statement. The Company also cash settled contracts, with the same counterparty, maturing in July through September 2008. During September 2008, the Company early cash settled certain contracts with this counterparty, which were due to mature in the months of October 2008 through to August 2009.

ANGLOGOLD ASHANTI LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
JUNE 30, 2008 …continued

Prepared in accordance with US GAAP

Note F. Taxation

A net taxation expense of $67 million was recorded in the six months ended June 30, 2008 compared to $101 million in the same period in 2007. Net taxation expense for the six months ended June 30, 2008 was 60 percent of income before tax compared to 66 percent for the same period in 2007 mainly as a result of the tax ineffectiveness of non-hedge derivative losses. Charges for deferred tax in the six months ended June 30, 2008 amounted to a net tax expense of $11 million compared to $3 million in the same period in 2007. The six months ended June 30, 2008 included deferred tax charges of $107 million on unrealized non-hedge derivatives, compared to deferred tax credits of $15 million in the same period in 2007. Charges for deferred tax in the six months ended June 30, 2007 included a tax expense of $30 million as a result of a change to the estimated deferred tax rate in South Africa. Charges for current tax in the six months ended June 30, 2008 amounted to $56 million compared to $98 million in the same period in 2007.

Uncertain taxes

As at June 30, 2008, the Company had $125 million of total unrecognized tax benefits which, if recognized, would affect the Company’s effective income tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	(in US Dollars, millions)
Balance at January 1, 2008	134
Additions based on tax positions related to the current year	-
Additions for tax positions of prior years	8
Reductions f or tax positions of prior years	-
Settlements	-
Translation	(17)
Balance as at June 30, 2008	125

The Company’s continuing practice is to recognize interest and penalties related to unrecognized tax benefits as part of its income tax expense. During the six months ended June 30, 2008, the Company recognized approximately $5 million in interest. The Company had approximately $38 million for the payment of interest accrued as at June 30, 2008.

Note G. 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 been discontinued as the operation 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 February 1, 2005, mining operations at Ergo ceased on March 31, 2005. The pre-tax gain on disposal of $27 million recorded in the quarter ended June 30, 2008 relates to the remaining moveable and immovable assets of Ergo, that were sold by the Company to ERGO Mining (Pty) Limited a joint venture between Mintails South Africa (Pty) Limited and DRD South African Operations (Pty) Limited.

The transac tion was approved by the Competition Commission in early May 2008 and ERGO Mining (Pty) Limited will operate, in terms of an agreement for its own account, under the AngloGold Ashanti mineral authorizations until the mining rights have been approved by the Minister of Minerals and Energy for transfer to ERGO Mining (Pty) Limited. The results of Ergo for the six months ended June 30, 2008 and 2007, are summarized as follows:

Six months ended June 30,

2008

2007

(unaudited)

(unaudited)

(in US Dollars, millions, except for share data)

(cents)