

176 Condensed reconciliation between IFRS and US GAAP

Results for the year ended and as at 31 December 2004

AngloGold Ashanti provides, supplemental to the condensed consolidated financial statements, a reconciliation from its IFRS to US GAAP results. This reconciliation is provided for illustrative purposes only, as AngloGold Ashanti prepares consolidated financial statements prepared in accordance with US GAAP, together with related notes, which are included under Item 18 in AngloGold Ashanti's annual report on Form 20-F filed with the United States Securities and Exchange Commission on 14 July 2005.

Year ended 31 December	Notes	2004	2003	2002
Figures in dollar millions			(As restated)	(As restated)
Income statement information				
Net profit attributable to equity shareholders as per IFRS		81	312	332
Adjusted for:				
Amortisation of acquired properties (ore reserves) and mining assets	I	(100)	(67)	(73)
IFRS exceptional loss reversed	II	–	–	13
Impairment of assets	I	(2)	(34)	–
Actuarial surplus (shortfall) on pension and other post-retirement medical expenses	III	–	57	–
Goodwill adjustments	I	25	18	17
Normandy transaction costs	IV	–	–	(11)
Stock compensation expense	V	4	(4)	–
Convertible bond adjustments	VI	13	–	–
Equity accounted joint ventures	VII	(24)	(13)	(5)
Other	VIII	11	(15)	(17)
Sub-total		8	254	256
Adjustments made to taxation charge	IX	92	(5)	101
Adjusted profit after taxation		100	249	357
Cumulative effect of accounting changes	X	–	(3)	–
Minority adjustments		(3)	1	(1)
Net income applicable to common stockholders as per US GAAP		97	247	356

As at 31 December	Notes	2004	2003
Figures in dollar millions			(As restated)
Balance sheet information			
Net assets as per IFRS		3,229	1,628
Adjusted for:			
Acquired properties (ore reserves)	I	1,654	737
Mining assets	I	(683)	(102)
Intangibles	I	196	(14)
Convertible bond adjustments	VI	(68)	–
Deferred taxation	IX	(231)	(258)
Derivatives	I	(325)	–
Pension and other post-retirement medical benefits	III	(2)	(1)
Equity accounted joint ventures	VII	107	63
Other	VIII	(31)	15
Stockholders' equity as per US GAAP		3,846	2,068

Supplemental information to the condensed consolidated financial statements.

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Differences in accounting treatment between IFRS and US GAAP which have a significant effect on AngloGold Ashanti are noted below:

I Business combinations (including acquired properties and goodwill)

Under IFRS at the formation of AngloGold on 29 June 1998, the acquisition of the participating companies and the interests in the share interest companies were accounted for using the pooling of interest method. Under US GAAP the original formation of AngloGold did not qualify as a "pooling of interest" and therefore the formation transaction was accounted for as a business combination. Subsequent acquisitions have been accounted for as business combinations under both IFRS and US GAAP.

Both IFRS and US GAAP require the purchase consideration to be allocated to the net assets acquired at their fair value on the date of acquisition. Under IFRS any excess of the purchase price over the fair value of the attributable mineral reserves and net assets is recognised as goodwill. Goodwill which represents resources is amortised on a systematic basis which recognises the depletion of resources over the lesser of the LOM or 20 years.

Under US GAAP, the purchase consideration is allocated to the net assets acquired according to the assets and liabilities respective fair value, including acquired properties which is amortised over the LOM. Where the purchase price cannot be attributed to the assets acquired, it is allocated to goodwill and amortised on a straight line basis over the lesser of the LOM or 20 years until 31 December 2001. In accordance with the provisions of SFAS 142, goodwill is no longer amortised but reviewed annually for impairment effective from 1 January 2002.

In cases where traded equity securities are exchanged as consideration, IFRS requires the fair value of the consideration to be determined based on market value at the date of the exchange transaction. The date of acquisition is considered to be when effective control over the acquired assets and liabilities is obtained.

US GAAP requires that the fair value of such transactions be determined by the average trading price of a few days before and after the date at which the terms and conditions of the transaction are agreed to and announced.

II IFRS exceptional loss reversed

Represents the reversal of the loss on disposal of the Free State assets recorded in IFRS in 2002. Under US GAAP, the value of the Free State assets were written down in 2001 to the net selling price per the sale agreement.

III Pension and other post-retirement medical benefits

Under IFRS, pension and other post-retirement medical benefits are accounted for in accordance with the provisions of IAS 19. Under US GAAP these benefits are accounted for in accordance with the provisions of SFAS 87 and SFAS 106.

Under IFRS, only the contractual liability for post-retirement is accounted for. Under US GAAP, both the contractual and the liability in excess of contributions made by plan members are accounted for. The adjustment to post-retirement medical benefits refers to the actuarial valuation as calculated by independent actuaries.

IV Normandy transaction costs

Under IFRS, the transaction costs relating to the Normandy bid were charged to share premium. Under US GAAP, these expenses are expensed as an aborted business combination.

V Stock compensation expense

Under US GAAP performance-related options are accounted for as variable compensation awards in accordance with Accounting Principles Board Opinion No. 25 (APB No. 25). A compensation expense is calculated at the end of each reporting period until the performance obligation has been met or waived. Compensation expense will vary based on the fluctuations of the underlying stock price in excess of the exercise price.

VI Convertible bonds

Under IFRS, convertible bonds are initially recognised as compound financial instruments, with a portion classified as equity and the rest as a liability. Under US GAAP, the entire instrument is recorded as a liability and the amortisation of the discount is limited to the amortisation of issue costs.

VII Equity accounted joint ventures

Under IFRS, proportionate consolidation is applied with respect to incorporated joint ventures for management reporting purposes. Under US GAAP, incorporated joint ventures are equity accounted.

VIII Other

Other consists of other differences between IFRS and US GAAP that are considered too insignificant to be quantified individually.

IX Income taxes

Reflects the tax impact of the differences between IFRS and US GAAP.

X Cumulative effect of accounting changes

Asset retirement obligations

The \$3m (net of provision for deferred taxation) cumulative effect of change in accounting policy represents the transitional adjustment resulting from the adoption of SFAS 143 on 1 January 2003. Under IFRS, accounting for provisions and contingencies is dealt with in IAS 37.

Supplemental information to the condensed consolidated financial statements.