1. Accounting policies

Statement of compliance

The consolidated 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 were adopted by AngloGold Ashanti:

IAS 1	Presentation of financial statements;
IAS 2	Inventories;
IAS 8	Accounting policies, changes in accounting estimates and errors;
IAS 10	Events after the balance sheet date;
IAS 16	Property, plant and equipment;
IAS 17	Leases;
IAS 21	The effects of changes in foreign exchange rates;
IAS 24	Related party disclosures;
IAS 27	Consolidated and separate financial statements;
IAS 28	Investments in associates;
IAS 31	Interests in joint ventures;
IAS 32	Financial instruments: disclosure and presentation;
IAS 33	Earnings per share;
IAS 36	Impairment of assets;
IAS 38	Intangible assets;
IAS 39	Financial instruments: recognition and measurement
IAS 39	Amendment – transition and initial recognition of financial assets and financial liabilities.
IFRS 2	Share based payment;
IFRS 3	Business combinations;
IFRS 4	Insurance contracts;
IFRS 5	Non-current assets held for sale and discontinued operations; and
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities.

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

IAS 19	Amendment – actuarial gains and losses, group plans and disclosures;
IAS 21	Amendment – net investment in a foreign operation;
IAS 39	Amendment – the fair value option;
IAS 39	Amendment – cash flow hedge accounting of forecast intragroup transactions.

The following interpretation, which is not yet mandatory for AngloGold Ashanti, was adopted in the previous year:

IFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds.

Except for the matters referred to in 1.2 below, the adoption of the above identified accounting statements had no financial impact on the annual financial statements.

The following accounting standards, which are not yet mandatory for AngloGold Ashanti, have not been adopted in the current year:

IAS 1	Amendment – capital disclosures (1 January 2007);
IAS 39 and IFRS 4	Amendment – financial guarantee contracts (1 January 2006);
IFRS 6	Exploration for and evaluation of Mineral Resources (1 January 2006);
IFRS 7	Financial instruments disclosures (1 January 2007);
IFRIC 4	Determining whether an arrangement contains a lease (1 January 2006).

We have assessed the significance of these new standards which will be applicable from 1 January 2006 and 1 January 2007 and concluded that they will have no material financial impact.

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 change in accounting policy for the foreign currency convertible bond and for the adoption of the above mentioned new and revised standards where the effects are disclosed in note 1.2.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

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 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, except for foreign currency convertible bonds:

IFRS 2	Share-based payments
IFRS 3	Business combinations, IAS 36 (revised) Impairment of assets and IAS 38 (revised) Intangible assets
IFRS 5	Non-current assets held for sale and discontinued operations
IAS 19	Amendment – Actuarial gains and losses, group plans and disclosures
IAS 21	(revised) – The effects of changes in foreign exchange rates, and IAS 21 amendment – Net investment in foreign operation

Foreign currency convertible bonds

The principal effect of these changes in policies are discussed below.

IFRS 2 "Share-based payments"

The revised accounting policy for share-based payment transactions is described in the "Significant accounting policies". The main impact of IFRS 2 on the group, is the recognition of an expense and a corresponding entry to equity for employees' share options and awards. The group has applied IFRS 2 retrospectively and has taken advantage of the transitional provisions of IFRS 2 in respect of equity settled awards. As a result, the group has applied IFRS 2 only to equity settled awards granted after 7 November 2002 that had not vested on 1 January 2005.

The effect of the revised policy has decreased consolidated current year profits by $2m, R15m (net of tax $2m, R15m) (2004: nil) due to an increase in the employee benefits expense with a corresponding increase in other comprehensive income of $2m, R15m (2004: nil).

The revised policy due to the adoption of IFRS 2 had no effect on basic and diluted earnings per share.

IFRS 3 "Business combinations", IAS 36 (revised) "Impairment of assets" and IAS 38 (revised) "Intangible assets"

IFRS 3 has been applied to business combinations for which the agreement date is on or after 31 March 2004. IFRS 3 was not applied to the AngloGold Ashanti business combination.

1. Accounting policies (continued)

1.2 Changes in accounting policies (continued)

The adoption of IFRS 3, IAS 36 (revised) and IAS 38 (revised) has resulted in the group ceasing annual goodwill amortisation and commencing testing for impairment at the cash-generating unit level annually (unless an event occurs during the year which requires the goodwill to be tested more frequently) from 1 January 2005. The transitional provisions of IFRS 3 have required the group to eliminate at 1 January 2005 the carrying amount of the accumulated amortisation by $194m, R1,096m with a corresponding entry to goodwill. Amortisation in 2004 amounted to $31m, R200m.

Moreover, the useful lives of intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Until the end of last year, intangible assets were considered to have a finite useful life with a rebuttable presumption that the life would be the lesser of the life of mine or twenty years from the date when the asset was available for use.

IFRS 5 "Non-current assets held for sale and discontinued operations"

The group has applied IFRS 5 prospectively in accordance with the transitional provisions, which has resulted in a change in accounting policy on the recognition of a discontinued operation and non-current assets held for sale.

IFRS 5 requires a component of an entity to be classified as a discontinued operation when the criteria to be classified as held for sale have been met, or it has been disposed of. An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resell.

IAS 19 Amendment – "Actuarial gains and losses, group plans and disclosures"

As of 1 January 2005, the group adopted IAS 19 (revised). As a result, additional disclosures are made providing information about trends in the assets and liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. This change in accounting policy has resulted in additional disclosures being included for the years ended 31 December 2005 and 2004.

Further, as of 1 January 2005, the group has early adopted the amendment to IAS 19 permitting the accounting for actuarial gains and losses through equity reserves. The result of this change in accounting policy is that the previously unrecognised actuarial losses of $27m, R173m (2004: $3m, R15m) are recognised in the Statement of Recognised Income and Expense.

IAS 21 (revised) "The effects of changes in foreign exchange rates" and IAS 21 Amendment – "Net investment in foreign operation"

As of 1 January 2005, the group adopted IAS 21(revised). As a result, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are now treated as assets and liabilities of the foreign operation and translated at closing rate. In accordance with the transitional provisions of IAS 21 this change is applied prospectively. This change in accounting policy had no impact as at 31 December 2005.

Further as of 1 January 2005, the group has early adopted the December 2005 amendment to IAS 21, in addition to the amended requirements of IAS 21 (revised), which require exchange differences arising on a monetary item denominated in any currency and that forms part of a reporting entity's net investment in a foreign operation to be recognised initially in the entity's income statement and as a separate component of equity in the consolidated financial statements. The effect of this change in accounting policy on the company financial statements on 1 January 2004 was that R733m was transferred to retained earnings, and for 2004, R78m was recognised in the income statement instead of equity. On the adoption of IAS 21, the group converted retained earnings at the historical average exchange rate which resulted in $220m being recognised directly in equity.

Foreign currency convertible bonds

This change in accounting policy was made in response to additional guidance becoming available from the IASB on the interpretation of International Financial Reporting Standards. This change is applied retrospectively and comparative figures have been restated. Previously, foreign currency convertible bonds were accounted for as compound financial instruments, part equity and part liability. The equity component was not remeasured for changes in fair value.

1. Accounting policies (continued)

1.2 Changes in accounting policies (continued)

Foreign currency convertible bonds (continued)

Foreign currency convertible bonds will now be accounted for entirely as a liability, with the option component disclosed as a derivative liability, carried at fair value. Changes in such fair value are recorded in the income statement.

The impact on December 2004 is an increase in profit attributable to shareholders of $27m, R160m. The option component previously disclosed as equity ($82m, R463m) is removed from shareholders equity and replaced by a derivative liability of $56m, R317m. The effect of the revised policy on earnings per share at 2004 was an increase in earnings per share of US10.74c, SA63.66c.

1.3 Significant accounting judgements and estimates

Use of estimates: The preparation of the financial statements requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other materials in heap leach pads; asset impairments (including impairments of goodwill), write-downs of inventory to net realisable value; post-employment, post-retirement and other employee benefit liabilities, the fair value and accounting treatment of financial instruments and deferred taxation.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

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.

1. Accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

Carrying value of goodwill and tangible assets (continued)
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. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact our estimated life of mine determinant and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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 future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

The carrying amount of goodwill at 31 December 2005 was $373m, R2,366m (2004: $387m, R2,188m). The carrying amount of tangible assets at 31 December 2005 was $5,905m, R37,464m (2004: $5,888m, R33,239m).

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.

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 at 31 December 2005:
– deferred tax asset: $44m, R279m (2004; nil)
– deferred tax liability: $1,159m, R7,353m (2004: $1,356m, R7,653m)
– taxation liability: $112m, R710m (2004: $65m, R368m)

Provision for environmental rehabilitation
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 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 mine.

The carrying amounts of the rehabilitation obligations at 31 December 2005 was $337m, R2,143m (2004: $217m, R1,224m).

Stockpiles, gold in process and product inventories
Costs that are incurred in or benefit the productive process are accumulated as stockpiles, gold in process, ore on leach pads and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing and long-term metals prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

1. Accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

Stockpiles, gold in process and product inventories (continued)

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

The carrying amount of inventories at 31 December 2005 was $570m, R3,618m (2004: $441m, R2,487m).

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 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 at 31 December 2005 was $99m, R627m (2004: $84m, R468m).

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.

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.

The carrying values of the investments in associates represent the cost of each investment, including goodwill, 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').

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

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 where hedge accounting is applied.

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).

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 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 item will flow to the group, and the cost of the item 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.

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing 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 fixed assets comprising vehicles and computer equipment, are depreciated by the straight-line method over their estimated useful lives.

Land

Land is not depreciated and is measured at historical cost less impairments.

Mineral rights, dumps and exploration properties

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 properties include acquired properties that are believed to contain value beyond proved and probable mineral reserves and are recognised at cost. Exploration properties when proved and probable are transferred to mine development costs at carrying value, and are amortised from the date on which commercial production begins.

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

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, exploration properties and net assets is recognised as goodwill. Goodwill in respect of subsidiaries and proportionately consolidated joint ventures is disclosed as goodwill. Goodwill relating to associates is included within the carrying value of the investment in associates and tested for impairment when indicators exist.

Goodwill relating to subsidiaries and joint ventures is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Royalty rate concession
Royalty rate concession with the government of Ghana was capitalised at fair value at agreement date. Fair value represents a present value of future royalty rate concessions over 15 years. The royalty rate concession has been assessed to have a finite life and is amortised 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 with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the shorter of their estimated useful lives and the lease term. Finance lease payments are allocated using the rate implicit in the lease, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor.

Operating lease rentals are charged against operating profits in a systematic manner related to the period the assets concerned will be used.

Exploration and research expenditure
When it has been determined that a mineral property can be economically developed, all directly attributable pre-production expenditure incurred to develop such property is capitalised as a tangible asset. In all other circumstances, 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. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

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.

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 present 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 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 plan 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 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.

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 the 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.

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

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.

Over the vesting period 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 Trusts, 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.

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.

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

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 for 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 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.

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.

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.

A deferred tax liability is recognised for all taxable temporary differences if it is probable that the temporary difference will reverse in the foreseeable future.

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.

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Special items

Items of income and expense that are material and require separate disclosure, in accordance with IAS 1.86, are classified as "special items" on the face of the income statement. Special items that relate to the underlying performance of the business are classified as "operating special items" and include impairment charges and reversals. Special items that do not relate to underlying business performance are classified as "non-operating special items" and are presented below "Operating (loss) profit" on the income statement.

Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are declared by the board of directors of AngloGold Ashanti.

Financial instruments

Financial instruments recognised on the balance sheet include other investments, convertible bonds, trade and other receivables, cash and cash equivalents, borrowings, derivatives and trade and other payables.

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 or 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 for is included in income.

Regular way purchases and sales of all financial assets and liabilities are accounted for at trade 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 IAS39 are recognised in earnings when they are settled by physical delivery;
- where the conditions in IAS39 for hedge accounting are met, the derivative is recognised on the balance sheet as either a derivative asset or derivative liability and recorded at fair value. For cash flow hedges, the effective portion of fair value gains or losses are recognised in equity (other comprehensive income) until the underlying transaction occurs, 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 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.

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.

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

Unearned premiums

Premiums received are recorded as trade and other payables until the option matures at which time the premium is recorded in revenue. This only applies to normal sale exempt designated deliverable call options.

Investments

Listed investments, other than investments in subsidiaries, joint ventures, and associates, are classified as available-for-sale financial assets and are subsequently measured at fair value, and are calculated by reference to the quoted selling price at the close of business on the balance sheet date. 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.

Unlisted investments are classified as held-to-maturity 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 and associates 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.

Trade 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 subsequently measured at cost as they have a short-term maturity.

Cash which is subject to legal or contractual restrictions on use is classified separately.

Financial liabilities

Financial liabilities, other than derivatives, are subsequently measured at amortised cost, using the effective interest rate method.

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.

2 Segmental information

Based on risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment being mining, extraction and production of gold. Therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical analysis by origin and destination.

Group analysis by origin is as follows:

	Net operating assets		Total assets		Capital expenditure	
	2005	2004	2005	2004	2005	2004
US Dollars (m)						
South Africa	**1,878**	1,867	**2,451**	2,664	**347**	335
Argentina	**199**	207	**258**	316	**15**	13
Australia [1]	**382**	379	**747**	720	**38**	28
Brazil	**269**	211	**386**	348	**85**	40
Ghana	**1,675**	1,698	**1,800**	1,774	**90**	42
Guinea	**228**	197	**273**	242	**36**	57
Mali	**220**	234	**316**	322	**12**	11
Namibia	**34**	30	**46**	38	**5**	21
Tanzania [1]	**900**	836	**1,249**	1,107	**78**	13
USA	**374**	380	**431**	409	**8**	16
Zimbabwe	**–**	–	**–**	–	**–**	1
Other	**96**	107	**337**	262	**8**	8
	6,255	6,146	**8,294**	8,202	**722**	585
SA Rands (m)						
South Africa	**11,916**	10,541	**15,554**	15,039	**2,208**	2,159
Argentina	**1,264**	1,166	**1,635**	1,784	**98**	83
Australia [1]	**2,426**	2,139	**4,738**	4,062	**244**	182
Brazil	**1,708**	1,193	**2,449**	1,962	**544**	261
Ghana	**10,629**	9,585	**11,419**	10,016	**574**	269
Guinea	**1,446**	1,115	**1,735**	1,366	**229**	366
Mali	**1,394**	1,319	**2,007**	1,820	**75**	67
Namibia	**217**	172	**289**	216	**33**	134
Tanzania [1]	**5,709**	4,719	**7,924**	6,233	**496**	81
USA	**2,375**	2,144	**2,734**	2,311	**53**	103
Zimbabwe	**–**	–	**–**	–	**–**	9
Other	**607**	605	**2,138**	1,487	**46**	50
	39,691	34,698	**52,622**	46,296	**4,600**	3,764

[1] Includes allocated goodwill of $220m, R1,400m for Australia and $109m, R692m for Tanzania.

2 Segmental information (continued)

	Gold production (oz '000)		Gold production (kg)		Average number of employees	
	2005	2004	2005	2004	2005	2004
South Africa	**2,676**	2,857	**83,223**	88,860	**42,536**	45,200
Argentina	**211**	211	**6,564**	6,575	**950**	791
Australia	**455**	410	**14,139**	12,762	**441**	455
Brazil	**346**	334	**10,756**	10,382	**3,489**	2,686
Ghana	**680**	485	**21,170**	15,041	**10,304**	8,855
Guinea	**246**	83	**7,674**	2,565	**1,978**	2,335
Mali	**528**	475	**16,421**	14,789	**1,309**	1,413
Namibia	**81**	66	**2,510**	2,070	**315**	251
Tanzania	**613**	570	**19,074**	17,740	**2,280**	2,258
USA	**330**	329	**10,252**	10,234	**391**	411
Zimbabwe	**–**	9	**–**	293	**–**	745
	6,166	5,829	**191,783**	181,311	**63,993**	65,400

	Gold income			
	US Dollars (m)		SA Rands (m)	
	2005	2004	2005	2004
Geographical analysis of gold income by origin is as follows:				
South Africa	**1,153**	1,118	**7,359**	7,189
Argentina	**97**	97	**617**	620
Australia	**213**	172	**1,349**	1,099
Brazil	**172**	158	**1,094**	1,014
Ghana	**286**	198	**1,821**	1,257
Guinea	**118**	41	**759**	259
Mali	**236**	188	**1,508**	1,192
Namibia	**36**	27	**230**	176
Tanzania	**214**	201	**1,352**	1,285
USA	**104**	105	**661**	671
Zimbabwe	**–**	4	**–**	26
	2,629	2,309	**16,750**	14,788
Geographical analysis of gold income by destination is as follows:				
South Africa	**847**	524	**5,393**	3,357
North America	**826**	750	**5,263**	4,799
Australia	**21**	70	**133**	447
Asia	**135**	155	**862**	994
Europe	**435**	468	**2,771**	2,996
United Kingdom	**365**	321	**2,328**	2,058
South America	**–**	21	**–**	137
	2,629	2,309	**16,750**	14,788

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		3 Revenue		
		Revenue consists of the following principal categories:		
14,788	16,750	Gold income (note 2)	2,629	2,309
486	483	By-products and other revenue (note 4)	76	76
318	155	Interest received (note 36)	25	49
15,592	17,388		2,730	2,434
		4 Cost of sales		
10,058	11,311	Cash operating costs	1,779	1,571
(486)	(483)	By-products and other revenue (note 3)	(76)	(76)
9,572	10,828		1,703	1,495
342	412	Other cash costs	65	54
9,914	11,240	Total cash costs [(1)]	1,768	1,549
52	168	Retrenchment costs (note 11)	26	7
136	368	Rehabilitation and other non-cash costs	57	22
10,102	11,776	Production costs	1,851	1,578
2,423	3,203	Amortisation of tangible assets (notes 10, 17 and 36)	503	380
8	13	Amortisation of intangible assets (note 18)	2	1
12,533	14,992	Total production costs	2,356	1,959
(228)	(279)	Inventory change	(45)	(35)
12,305	14,713		2,311	1,924

[(1)] Total cash costs include net refining fees.

2004	2005	Figures in million	2005	2004
		5 Exploration costs		
519	503	Expenditure incurred during the year	79	81
(236)	(215)	Expenditure transferred to tangible assets	(34)	(37)
283	288		45	44
		6 Other net operating expenses		
37	56	Pension and medical defined benefit provisions	9	6
18	71	Claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases, governmental fiscal claims and costs of old tailings operations	11	3
10	–	Write-off of loan	–	2
4	–	Other	–	1
69	127		20	12

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		7 Operating special items		
8	**300**	Impairment of tangible assets (notes 15 and 17)	**44**	1
–	**125**	Impairment of intangible assets (notes 15 and 18)	**20**	–
–	**55**	Contract termination fee at Geita Gold Mining Limited	**9**	–
–	**31**	Abandonment of assets at Malian operations [1]	**5**	–
–	**27**	Underprovision of indirect taxes	**4**	–
–	**(10)**	Profit on disposal of Mitchell Plateau and Cape Bougainville (note 15)	**(1)**	–
–	**(14)**	Profit on disposal of Bear Creek (note 15)	**(2)**	–
(33)	**(16)**	Profit on disposal of land, mineral rights and exploration properties (note 15)	**(2)**	(5)
(14)	**–**	Profit on disposal of Union Reefs Gold Mine	**–**	(2)
(20)	**–**	Profit on disposal of Western Tanami assets	**–**	(3)
(21)	**–**	Profit on disposal of Tanami Gold Mine	**–**	(3)
–	**1**	Other	**–**	–
(80)	**499**	(note 36)	**77**	(12)

[1] In prior years, various tax assessments for normal company tax and for various indirect taxes have been 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 have been 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 have been prepared in an incorrect manner in terms of the prevailing laws and regulations, the directors have formed a commercial view and decided that the deposits totalling $4m, R25m 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 has been recorded as an operating special loss rather than as an underprovision of prior year taxation.

2004	2005	Figures in million	2005	2004
		8 Finance costs and unwinding of decommissioning and restoration obligations		
73	**143**	Finance costs on bank loans and overdrafts	**22**	11
215	**215**	Finance costs on corporate bond	**34**	33
127	**265**	Finance costs on convertible bonds (note 40) [1]	**42**	20
68	**19**	Finance costs on interest rate swap [2]	**3**	11
18	**18**	Finance lease charges	**3**	3
78	**71**	Other finance costs	**11**	12
579	**731**		**115**	90
(67)	**(102)**	Less: amounts capitalised (note 17)	**(16)**	(11)
512	**629**		**99**	79
51	**21**	Unwinding of decommissioning obligation (note 32)	**3**	8
–	**40**	Unwinding of restoration obligation (note 32)	**6**	–
563	**690**	(note 36)	**108**	87

[1] The interest rate swap was entered into against the convertible bonds and was designated as a fair value hedge and is considered an integral part of the bonds. Accordingly, the finance cost on the convertible bonds is 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 $4m, R24m (2004: $13m, R83m). The swap was unwound in April 2005.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		9 Share of associates' (loss) profit		
87	**96**	Revenue	**15**	13
(85)	**(101)**	Operating expenses	**(16)**	(13)
2	**(5)**	Gross (loss) profit	**(1)**	–
–	**1**	Interest received	**–**	–
(1)	**(1)**	Finance costs	**–**	–
1	**(5)**	(Loss) profit before taxation	**(1)**	–
–	**(1)**	Taxation	**–**	–
1	**(6)**	(Loss) profit after taxation (note 19)	**(1)**	–
–	**(11)**	Impairment [1]	**(2)**	–
1	**(17)**		**(3)**	–

[1] During the year, the Oro Group (Proprietary) Limited investment was impaired. The impairment tests considered the investment's fair value and anticipated future cash flows. An impairment of $2m, R11m (2004: nil) was recorded.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		10 (Loss) profit before taxation		
		(Loss) profit before taxation is arrived at after taking account of:		
		Auditors' remuneration		
17	**30**	– Statutory audit fees	**5**	3
1	**2**	– Under provision prior year	**–**	–
–	**3**	– Other assurance services	**1**	–
18	**35**		**6**	3
		Amortisation of tangible assets (notes 4, 17 and 36)		
2,364	**3,103**	Owned assets	**487**	371
59	**100**	Leased assets	**16**	9
2,423	**3,203**		**503**	380
47	**57**	Grants for educational and community development	**9**	7
317	**418**	Operating lease charges	**66**	49

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		11 Employee benefits		
4,552	**4,790**	Employee benefits including executive directors' salaries and other benefits	**752**	706
		Health care and medical scheme costs		
286	**299**	– current medical expenses	**47**	45
118	**86**	– defined benefit post-retirement medical expenses	**14**	18
		Contributions to pension and provident plans		
254	**199**	– defined contribution	**31**	40
48	**30**	– defined benefit pension plan expense	**5**	7
52	**168**	Retrenchment costs (note 4)	**26**	7
–	**15**	Share-based payment expense	**2**	–
5,310	**5,587**	Included in cost of sales and other operating expenses	**877**	823
		Actuarial defined benefit plan expense analysis		
		Defined benefit post-retirement medical expense		
4	**7**	– current service cost	**1**	1
107	**82**	– interest cost	**13**	16
(2)	**(3)**	– expected return on plan assets	**–**	–
9	**–**	– recognised past service cost	**–**	1
118	**86**		**14**	18
		Defined benefit pension plan expense		
51	**40**	– current service cost	**6**	8
92	**105**	– interest cost	**17**	14
(95)	**(115)**	– expected return on plan assets	**(18)**	(15)
48	**30**		**5**	7
		Actual return on plan assets		
219	**381**	– defined benefit pension and medical plans	**60**	34

Refer to the Remuneration report for details of directors' emoluments.

12 Share-based payments

Share incentive schemes

In addition to schemes approved in prior years, during the financial year the shareholders of AngloGold Ashanti approved two equity settled share incentive schemes, namely the Bonus Share Plan and the Long-Term Incentive Plan.

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.

2004	2005	Figures in million	2005	2004
SA Rands				US Dollars

12 Share-based payments (continued)

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 is R197.50 per share, including dividends, or 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:
- number of BSPs awarded: 283,915
- 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: 271,945
- income statement charge: $2m, R12m

Up to 31 December 2005, the rights to a total of 11,682 shares were surrendered by the participants. A total of 288 shares were allotted to terminated employees.

Long-Term Incentive Plan (LTIP)

The LTIP is an equity settled share-based payment, 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 is R197.50 per share, including dividends, or 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.

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 earnings per share (EPS) 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.

2004	2005	Figures in million	2005	2004
SA Rands				US Dollars

12 Share-based payments (continued)

Accordingly for the award made in 2005, the following information is available:
– number of LTIPs awarded: 368,500
– 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: 363,500
– income statement charge: R3m

Up to 31 December 2005, the rights to a total of 5,000 LTIP shares were surrendered by the participants.

Performance-related share-based remuneration scheme – 1 May 2003
The options 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. In June 2004, 50,000 options were awarded to the president of the AngloGold Ashanti board of directors at an exercise price of R221.00. 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, US dollar EPS must reach at least US188c by the end of 2006 with an indicative annual increase of US10.20c per share over the three-year period. The probability of the options vesting is remote. The remaining weighted average contractual life of options granted is seven years.

Number of shares	Weighted average exercise price		Number of shares	Weighted average exercise price
SA Rands 2004				SA Rands 2005
1,239,700	221.90	Options outstanding at the beginning of the year	**1,225,800**	**221.86**
50,000	221.00	Options granted during the year	**nil**	**nil**
63,900	221.90	Options lapsed during the year	**224,000**	**221.70**
nil	nil	Options exercised during the year	**2,400**	**221.90**
nil	nil	Options expired during the year	**nil**	**nil**
1,225,800	221.86	Options outstanding at the end of the year	**999,400**	**221.90**
nil	nil	Options exercisable at the end of the year	**nil**	**nil**

During the year 2,400 options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside.

Performance-related share-based remuneration scheme – 1 November 2004
The options 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. 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 meaning that US dollar EPS must reach at least US135c by the end of 2007. The probability of the options vesting is remote. The remaining weighted average contractual life of options granted is eight years.

12 Share-based payments (continued)

Number of shares (SA Rands 2004)	Weighted average exercise price (SA Rands 2004)		Number of shares (SA Rands 2005)	Weighted average exercise price (SA Rands 2005)
1,151,000	228.00	Options outstanding at the beginning of the year	**1,149,300**	**228.00**
nil	nil	Options granted during the year	**nil**	**nil**
1,700	228.00	Options lapsed during the year	**135,500**	**228.00**
nil	nil	Options exercised during the year	**900**	**228.00**
nil	nil	Options expired during the year	**nil**	**nil**
1,149,300	228.00	Options outstanding at the end of the year	**1,012,900**	**228.00**
nil	nil	Options exercisable at the end of the year	**nil**	**nil**

During the year, 900 options were exercised by the estate of a deceased employee. On death, the performance criteria were set aside.

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. The performance condition applicable to these options was that US dollar EPS must increase by 7.5% for each of the three years. Therefore the target was an EPS of US287c for 2002, US309c for 2003 and US332c for 2004. On 24 December 2002, AngloGold Ashanti underwent a share split on a 2:1 basis therefore the EPS should have been US143.5c, US154.5c, and US166c respectively. As none of the performance criteria were met, the grantor decided to roll the scheme forward on a "roll over reset" basis, reviewed annually. No changes were made to the performance criteria of EPS of US143.5c US154.5c and US166c. The probability of the options vesting is remote and therefore no changes were made to the incremental fair value of these modified options. The remaining weighted average contractual life of options granted is six years.

Number of shares (SA Rands 2004)	Weighted average exercise price (SA Rands 2004)		Number of shares (SA Rands 2005)	Weighted average exercise price (SA Rands 2005)
1,182,500	299.50	Options outstanding at the beginning of the year	**1,050,800**	**299.50**
nil	nil	Options granted during the year	**nil**	**nil**
131,700	299.50	Options lapsed during the year	**166,100**	**299.50**
nil	nil	Options exercised during the year	**nil**	**nil**
nil	nil	Options expired during the year	**nil**	**nil**
1,050,800	299.50	Options outstanding at the end of the year	**884,700**	**299.50**
nil	nil	Options exercisable at the end of the year	**nil**	**nil**

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 4.6 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

Number of shares (SA Rands 2004)	Weighted average exercise price (SA Rands 2004)		Number of shares (SA Rands 2005)	Weighted average exercise price (SA Rands 2005)
4,180,000	119.15	Options outstanding at the beginning of the year	**1,391,060**	**126.38**
nil	nil	Options granted during the year	**nil**	**nil**
548,800	119.90	Options lapsed during the year	**54,400**	**122.00**
2,240,140	114.47	Options exercised during the year	**471,950**	**125.91**
nil	nil	Options expired during the year	**nil**	**nil**
1,391,060	126.38	Options outstanding at the end of the year	**864,710**	**126.91**
975,000	131.00	Options exercisable at the end of the year	**758,150**	**124.12**

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		13 Taxation		
		Current taxation		
153	**182**	Non-mining taxation	**29**	23
–	**2**	Impairment (note 15)	**–**	–
229	**347**	Under provision prior year	**53**	40
16	**–**	Disposal of assets – recoupment (note 15)	**–**	3
398	**531**		**82**	66
		Deferred taxation		
212	**244**	Temporary differences	**37**	31
3	**–**	Interest rate swap	**–**	1
(226)	**(128)**	Unrealised non-hedge derivatives	**(21)**	(40)
–	**(19)**	Taxation on contract termination fee at Geita Gold Mining Limited	**(3)**	–
–	**(79)**	Impairment (note 15)	**(12)**	–
(566)	**(74)**	Change in estimated deferred taxation [1]	**(12)**	(99)
–	**(695)**	Change in statutory tax rate [2]	**(107)**	–
(577)	**(751)**		**(118)**	(107)
(179)	**(220)**		**(36)**	(41)
(577)	**(751)**	Deferred taxation on continuing operations	**(118)**	(107)
5	**19**	Deferred taxation on discontinued operations	**3**	–
(572)	**(732)**	(note 34)	**(115)**	(107)

Tax reconciliation

A reconciliation of the current tax rate compared to that charged in the income statement is set out in the following table:

	2005	2004
	%	%
Current tax rate	**37**	38
Disallowable expenditure	**(32)**	31
Goodwill amortised	**–**	10
Mining tax formula adjustment	**–**	(29)
Foreign income tax allowances and rate differentials	**(25)**	(15)
Previously unrecognised tax assets	**–**	(5)
Change in estimated deferred tax rate [1]	**7**	(105)
Change in statutory tax rate [2]	**67**	–
Under provision for prior year	**(33)**	41
Other	**1**	(9)
Effective tax rate	**22**	(43)

[1] During 2005, the estimates were revised in South Africa to reflect the future anticipated taxation rate at the time the temporary differences reverse.

[2] During the financial year, there were changes in the South African and Ghanaian statutory tax rates. These rate changes are summarised as follows:

South Africa
Maximum statutory mining tax rate 45% (2004: 46%) [3]
Non-mining statutory mining tax rate 37% (2004: 38%)
Statutory company tax rate 29% (2004: 30%)

Ghana
Statutory company tax rate 25% (2004: 32.5% – however, AngloGold Ashanti had a special tax rate concession of 30%).

[3] Mining tax on mining income in South Africa is determined according to a formula which accounts for 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 (2004: Y = 46 – 230/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.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		13 Taxation (continued)		
		Unrecognised tax losses		
1,085	**1,258**	The unrecognised tax losses of the US operations which are available for offset against future profits earned in the USA.	**198**	192
745	**925**	The unrecognised tax losses of the Ghanaian operations which are available for offset against future profits earned in Ghana [4].	**146**	132
1,830	**2,183**		**344**	324
		[4] The tax losses in Ghana will expire if not utilised within one year.		
		Analysis of tax losses		
		Tax losses available to be used against future profits		
745	**925**	– Utilisation required within one year	**146**	132
1,085	**1,258**	– Utilisation in excess of five years	**198**	192
1,830	**2,183**		**344**	324
		Unrecognised tax losses utilised		
88	**–**	Assessed losses utilised during the year	**–**	16

14 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 remaining available tonnage will be treated and cleaned through the tailings facility. 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.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		The results of Ergo are presented below:		
560	**111**	Gold income	**18**	87
(628)	**(418)**	Cost of sales	**(66)**	(98)
(68)	**(307)**	Gross loss	**(48)**	(11)
–	**115**	Impairment loss reversed (note 17)	**17**	–
(68)	**(192)**	Loss before taxation	**(31)**	(11)
(5)	**(27)**	Taxation	**(5)**	–
(73)	**(219)**	Net loss after taxation	**(36)**	(11)

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 $17m, R115m (2004: nil).

2004 SA cents	2005 SA cents		2005 US cents	2004 US cents
		15 Earnings per ordinary share		
		Basic (loss) earnings per ordinary share		
319	**(394)**	**– Continuing operations** The calculation of basic (loss) earnings per ordinary share is based on losses attributable to equity shareholders of $147m, R1,043m (2004: earnings attributable to equity shareholders of $119m, R801m) and 264,635,634 (2004: 251,352,552) shares being the weighted average number of ordinary shares in issue during the financial year.	**(56)**	47
(29)	**(83)**	**– Discontinued operations** The calculation of basic loss per ordinary share is based on losses attributable to equity shareholders of $36m, R219m (2004: $11m, R73m) and 264,635,634 (2004: 251,352,552) shares being the weighted average number of ordinary shares in issue during the financial year.	**(14)**	(4)
		Diluted (loss) earnings per ordinary share		
318	**(394)**	**– Continuing operations** The calculation of diluted (loss) earnings per ordinary share is based on losses attributable to equity shareholders of $147m, R1,043m (2004: earnings attributable to equity shareholder of $119m, R801m) and 264,635,634 (2004: 252,048,301) shares being the diluted number of ordinary shares. In 2005, no adjustment is made since the effect is anti-dilutive.	**(56)**	47
(29)	**(83)**	**– Discontinued operations** The calculation of diluted earnings per ordinary share is based on losses attributable to equity shareholders of $36m, R219m (2004: $11m, R73m) and 264,635,634 (2004: 252,048,301) shares being the diluted number of ordinary shares. In 2005, no adjustment was made since the effect is anti-dilutive.	**(14)**	(4)
		The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares.		
		Weighted average number of shares	**264,635,634**	251,352,552
		Dilutive potential of share options [1]	**–**	695,749
		Diluted number of ordinary shares	**264,635,634**	252,048,301

[1] The calculation of diluted earnings per share for 2005 did not assume the effect of 601,315 shares issuable on share options as their effects are anti-dilutive for this period.

The calculation of diluted earnings per share for 2005 did not assume the effect of 15,384,615 shares issuable upon the exercise of convertible bonds as their effects are anti-dilutive for this period.

2004	2005	Figures in million	Notes	2005	2004
SA Rands				US Dollars	
		15 Earnings per ordinary share (continued)			
		Headline (loss) earnings			
		The (loss) profit attributable to equity shareholders has been adjusted by the following to arrive at headline earnings:			
728	(1,262)	(Loss) profit attributable to equity shareholders		(183)	108
200	–	Amortisation of goodwill (notes 18 and 19)		–	31
–	125	Impairment of intangible assets (note 7)		20	–
8	300	Impairment of tangible assets (note 7)		44	1
(88)	(39)	Profit on disposal of assets (note 7)		(5)	(13)
		Taxation on items above			
16	2	– current portion (note 13)		–	3
–	(79)	– deferred portion (note 13)		(12)	–
–	11	Impairment of investment in associates (note 19)		2	–
73	219	Net loss from discontinued operations (note 14)		36	11
937	(723)	Headline (loss) earnings		(98)	141
		Cents per share			
		Headline (loss) earnings 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).			
373	(273)	The calculation of headline (loss) earnings per ordinary share is based on headline losses of $98m, R723m (2004: headline earnings $141m, R937m) and 264,635,634 (2004: 251,352,552) shares being the weighted average number of ordinary shares in issue during the year.		(37)	56
		16 Dividends			
		Ordinary shares			
748	–	No. 95 of 335 SA cents per ordinary share was declared on 29 January 2004 and paid on 27 February 2004 (50 US cents per share).		–	111
449	–	No. 96 of 170 SA cents per ordinary share was declared on 29 July 2004 and paid on 27 August 2004 (26 US cents per share).		–	68
–	476	No. 97 of 180 SA cents per ordinary share was declared on 26 January 2005 and paid on 25 February 2005 (30 US cents per share).		80	–
–	450	No. 98 of 170 SA cents per ordinary share was declared on 27 July 2005 and paid on 26 August 2005 (26 US cents per share).		69	–
1,197	926			149	179

No. 99 of 62 SA cents per ordinary share was declared on 9 February 2006 and will be paid on 10 March 2006 (approximately 10 US cents per share). The actual rate of payment will depend on the exchange rate on the date of currency conversion.

17. Tangible assets

Figures in million	Mine development costs	Mine infrastructure	Mineral rights, dumps and exploration properties	Land	Total
US Dollars					
Cost					
Balance at 1 January 2004	2,391	1,622	546	21	4,580
Additions					
– project expenditure	185	34	26	–	245
– stay-in-business expenditure	246	74	9	–	329
Disposals	(11)	(6)	(14)	–	(31)
Acquisition of subsidiaries (note 37)	1,208	511	873	–	2,592
Disposal of subsidiaries (note 37)	(5)	–	–	–	(5)
Transfers and other movements	243	(166)	5	2	84
Finance costs capitalised (note 8)	11	–	–	–	11
Translation	363	113	23	1	500
Balance at 31 December 2004	4,631	2,182	1,468	24	8,305
Accumulated amortisation					
Balance at 1 January 2004	825	870	115	–	1,810
Amortisation for the year (notes 4, 10 and 36)	223	113	44	–	380
Impairments (note 7)	–	–	1	–	1
Disposals	(14)	(5)	(1)	–	(20)
Transfers and other movements	138	(95)	7	–	50
Translation	123	68	5	–	196
Balance at 31 December 2004	1,295	951	171	–	2,417
Net book value at 31 December 2004	3,336	1,231	1,297	24	5,888
Cost					
Balance at 1 January 2005	4,631	2,182	1,468	24	8,305
Additions					
– project expenditure	207	29	18	–	254
– stay-in-business expenditure	384	57	10	1	452
Disposals	(50)	(9)	(3)	(1)	(63)
Transfers and other movements	20	69	(33)	3	59
Finance costs capitalised (note 8)	16	–	–	–	16
Translation	(280)	(84)	(11)	–	(375)
Balance at 31 December 2005	4,928	2,244	1,449	27	8,648
Accumulated amortisation					
Balance at 1 January 2005	1,295	951	171	–	2,417
Amortisation for the year (notes 4, 10 and 36)	310	148	45	–	503
Impairments (note 7)	35	9	–	–	44
Impairments reversal (note 14)	–	(17)	–	–	(17)
Disposals	(50)	(5)	(3)	–	(58)
Transfers and other movements	(2)	–	(9)	–	(11)
Translation	(92)	(53)	10	–	(135)
Balance at 31 December 2005	1,496	1,033	214	–	2,743
Net book value at 31 December 2005	**3,432**	**1,211**	**1,235**	**27**	**5,905**

17. Tangible assets (continued)

Figures in million	Mine development costs	Mine infrastructure	Mineral rights, dumps and exploration properties	Land	Total
SA Rands					
Cost					
Balance at 1 January 2004	15,944	10,819	3,637	143	30,543
Additions					
– project expenditure	1,197	217	164	–	1,578
– stay-in-business expenditure	1,584	478	56	1	2,119
Disposals	(73)	(39)	(90)	(6)	(208)
Acquisition of subsidiaries (note 37)	8,695	2,953	5,991	–	17,639
Disposal of subsidiaries (note 37)	(36)	–	–	–	(36)
Transfers and other movements	1,581	(1,068)	28	17	558
Finance costs capitalised (note 8)	67	–	–	–	67
Translation	(2,818)	(1,041)	(1,500)	(17)	(5,376)
Balance at 31 December 2004	26,141	12,319	8,286	138	46,884
Accumulated amortisation					
Balance at 1 January 2004	5,504	5,796	776	1	12,077
Amortisation for the year (notes 4, 10 and 36)	1,445	700	278	–	2,423
Impairments (note 7)	1	–	7	–	8
Disposals	(87)	(35)	(9)	–	(131)
Transfers and other movements	889	(609)	40	–	320
Translation	(435)	(491)	(126)	–	(1,052)
Balance at 31 December 2004	7,317	5,361	966	1	13,645
Net book value at 31 December 2004	18,824	6,958	7,320	137	33,239
Cost					
Balance at 1 January 2005	26,141	12,319	8,286	138	46,884
Additions					
– project expenditure	1,316	186	117	–	1,619
– stay-in-business expenditure	2,444	365	63	7	2,879
Disposals	(327)	(61)	(23)	(4)	(415)
Transfers and other movements	127	441	(208)	27	387
Finance costs capitalised (note 8)	102	–	–	–	102
Translation	1,456	989	959	6	3,410
Balance at 31 December 2005	31,259	14,239	9,194	174	54,866
Accumulated amortisation					
Balance at 1 January 2005	7,317	5,361	966	1	13,645
Amortisation for the year (notes 4, 10 and 36)	1,971	941	291	–	3,203
Impairments (note 7)	243	57	–	–	300
Impairments reversal (note 14)	–	(115)	–	–	(115)
Disposals	(318)	(31)	(18)	–	(367)
Transfers and other movements	(14)	–	(56)	–	(70)
Translation	291	344	171	–	806
Balance at 31 December 2005	9,490	6,557	1,354	1	17,402
Net book value at 31 December 2005	**21,769**	**7,682**	**7,840**	**173**	**37,464**

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of $49m, R312m (2004: $78m, R439m).

The carrying value of assets encumbered by project finance amounts to nil (2004: $204m, R1,153m) (note 31).

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 10.65% (2004: 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.

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		17 Tangible assets (continued)		
		Impairments include the following:		
		Ghana		
–	255	Bibiani mine – cash generating unit The life of mine at Bibiani was reassessed and reduced. As a result, Bibiani's recoverable amount does not support its carrying value and an impairment loss was recognised. Recoverable amount was determined based on the impairment assumptions detailed below.	38	–
		South Africa – mine development costs		
–	14	Goedgenoeg drilling and 1650 level decline drilling An impairment charge was recognised during the assessment and review of exploration properties as Goedgenoeg will not generate future cash flows.	2	–
–	31	East of Bank Dyke at TauTona 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.	4	–
		Australia		
8	–	The impairment of various mining assets and mineral rights based on the net realisable value.	–	1
8	300	(note 7)	44	1

The above impairments relate to mining properties, mine development costs and mine plant facilities and have been recognised in operating special items (note 7). 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:

- revised life of mine plans which take into account production from proved and probable reserves as well as value beyond proved and probable reserves (refer pages 83 to 86 Mineral Resources and Ore Reserves). For these purposes proved and probable Ore Reserves were determined to be 63.3Moz as at 31 December 2005, using an average gold price of $400/oz, A$556/oz and R86,808/kg for Ore Reserves prepared in accordance with the JORC 2004, and SAMREC 2000 codes and SEC requirements. Ore reserve estimates are reviewed and updated annually and published in the first quarter of each year;
- a ten-year externally sourced market-related forward gold curve representing management's best estimate of the future gold price was applied to the 30 trading day average gold price for December 2005 of $505/oz. Thereafter, the estimated future gold price has been escalated at 2.25% per annum. Where applicable the estimated future gold price has been adjusted for the effects of existing hedge contracts.
- 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;

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	

17 Tangible assets (continued)

Impairment calculation (continued)

- foreign exchange rates are based on management's estimates;
- cash flows used in impairment calculations are based on life of mine plans which exceed five years for the majority of the mines;
- variable operating cash flows are increased at local CPI 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	6.0%
Ghana	6.5% to 8.5%
Australia	5.4% to 6.3%
Tanzania	6.5%

Based on a real pre-tax discount rate of 6.5% 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.

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 and Mineral Resources;
- the grade of Ore Reserves and Mineral Resources 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 in December 2005, 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:

Figures in millions	Carrying value US Dollars	Carrying value SA Rands	Value in use US Dollars	Value in use SA Rands
Obuasi	1,480	9,391	1,591	10,095
Moab Khotsong	638	4,045	665	4,221
Tau Lekoa	103	656	129	816

17 Tangible assets (continued)

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 three 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 2005 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, based on existing knowledge, 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 2005.

18 Intangible assets

SA Rands 2004	SA Rands 2005	Figures in million	Notes	US Dollars 2005	US Dollars 2004
		Goodwill			
		Net carrying value			
3,811	**3,284**	Balance at beginning of year		**581**	571
–	**(1,096)**	Elimination of accumulated amortisation		**(194)**	–
(527)	**178**	Translation		**(14)**	10
3,284	**2,366**	Balance at end of year		**373**	581
		Accumulated amortisation			
1,062	**1,096**	Balance at beginning of year		**194**	159
196	**–**	Amortisation (note 36)		**–**	30
–	**(1,096)**	Elimination of accumulated amortisation		**(194)**	–
(162)	**–**	Translation		**–**	5
1,096	**–**	Balance at end of year		**–**	194
2,188	**2,366**	Net book value		**373**	387

As from 1 January 2005, goodwill is no longer amortised but subject to annual impairment testing.

Goodwill has been allocated to its respective cash generating units (CGUs) where it is tested for impairment as part of the CGU (note 17).

SA Rands 2004	SA Rands 2005	Figures in million	Notes	US Dollars 2005	US Dollars 2004
		Net carrying amount allocated to each of the cash generating unit:			
615	**692**	Geita Gold Mining Limited		**109**	109
664	**700**	Sunrise Dam		**110**	117
664	**700**	Boddington		**110**	117
245	**274**	Other		**44**	44
2,188	**2,366**			**373**	387

SA Rands 2004	SA Rands 2005	Figures in million	Notes	US Dollars 2005	US Dollars 2004
		18 Intangible assets (continued)			
		Royalty and tax rate concession			
		Cost			
–	277	Balance at beginning of year		49	–
312	–	Acquisition of subsidiaries (note 37)		–	49
(35)	35	Translation		–	–
277	312	Balance at end of year		49	49
		Accumulated amortisation			
–	7	Balance at beginning of year		1	–
8	13	Amortisation (notes 4 and 36)		2	1
–	125	Impairments [1] (note 7)		20	–
(1)	–	Translation		–	–
7	145	Balance at end of year		23	1
270	167	Net book value		26	48
2,458	2,533	Total intangible assets		399	435

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.

19 Investments in associates

- The group has a 25.0% (2004: 26.6%) 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 2005.
- With effect 31 May 2005, AngloGold Ashanti increased its equity interest to 29.9% (2004: 17.5%) in Trans-Siberian Gold plc, listed on the LSE, 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 2005.

SA Rands 2004	SA Rands 2005	Figures in million	Notes	US Dollars 2005	US Dollars 2004
		The carrying value of associates consists of:			
41	41	Shares at carrying value brought forward		8	6
5	2	Share of retained earnings brought forward		–	1
1	(6)	(Loss) profit after taxation (note 9)		(1)	–
–	(11)	Impairment [1] (note 15)		(2)	–
–	92	Transfer of Trans-Siberian Gold plc from other investments (note 20)		14	–
–	93	Additional investment acquired in Trans-Siberian Gold plc		15	–
(4)	–	Amortisation of goodwill (note 36)		–	(1)
–	12	Translation		1	2
43	223	Carrying value		35	8

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		19 Investments in associates (continued)		
		The carrying value consists of the following:		
43	35	Oro Group (Pty) Ltd	6	8
–	188	Trans-Siberian Gold plc	29	–
43	223		35	8
–	100	Fair value of listed associate [2]	16	–
		The group's effective share of certain balance sheet items of its associates at 30 September 2005 is as follows:		
14	80	Non-current assets	13	2
49	109	Current assets	17	9
63	189	Total assets	30	11
27	29	Non-current liabilities	5	5
22	31	Current liabilities	5	4
49	60	Total liabilities	10	9
14	129	Net assets	20	2
		Reconciliation of the carrying value of investments in associates with net assets:		
14	129	Net assets	20	2
29	94	Goodwill	15	6
43	223	Carrying value	35	8

[1] During the year, the Oro Group (Pty) Ltd investment was impaired. The impairment tests considered the investment's fair value and future cash flows. An impairment of $2m, R11m (2004: nil) was recorded.

[2] 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. The market value at 31 December 2005 is less than the amount determined as value in use.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		20 Other investments		
		Listed investments – available-for-sale		
20	**167**	Balance at beginning of year	**29**	3
150	**15**	Additions	**2**	22
–	**(13)**	Disposals	**(2)**	–
–	**(98)**	Transfer to investments in associates [1] (note 19)	**(15)**	–
–	**6**	Fair value adjustment on transfer to investment in associate (note 19)	**1**	–
12	**11**	Fair value adjustments	**1**	2
(15)	**9**	Translation	**(1)**	2
167	**97**	Balance at end of year	**15**	29
167	**97**	Fair value of listed investments	**15**	29
		Available-for-sale listed investments consist of investments in ordinary shares.		
		[1] With effect from 31 May 2005, AngloGold Ashanti increased its equity interest in Trans-Siberian Gold plc. to 29.9% (2004: 17.5%).		
		Unlisted investments – held to maturity		
308	**441**	Balance at beginning of year	**78**	46
115	**68**	Additions	**10**	17
(2)	**–**	Impairment	**–**	–
–	**(1)**	Disposal	**–**	–
33	**36**	Interest earned	**6**	5
(13)	**4**	Translation	**(7)**	10
441	**548**	Balance at end of year	**87**	78
441	**548**	Directors' valuation of unlisted investments	**87**	78
		Additions to unlisted investments consist of contributions to the Environmental Rehabilitation Trust Fund and Environmental Protection Bond. These investments are collateral for certain of the group's environmental obligations.		
		Unlisted investments include:		
392	**483**	Fixed-term deposits required by legislation – Environmental Rehabilitation Trust Fund administered by RMB Private Bank	**76**	69
32	**49**	Environmental Protection Bond – fixed-term deposit required by legislation	**8**	6
17	**16**	Other	**3**	3
441	**548**		**87**	78
608	**645**	Total other investments	**102**	107
608	**645**	Total valuation (note 40)	**102**	107

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		21 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		
1,478	**1,504**	Gold income	**236**	230
(1,048)	**(1,002)**	Cost of sales	**(158)**	(163)
11	**–**	Non-hedge derivative gain	**–**	2
441	**502**	Operating profit	**78**	69
2	**4**	Interest received	**1**	–
(27)	**(33)**	Finance costs	**(5)**	(4)
416	**473**	Profit before taxation	**74**	65
(72)	**(79)**	Taxation	**(12)**	(12)
344	**394**	Profit after taxation	**62**	53
		Balance sheet		
		Non-current assets		
773	**933**	Tangible assets	**147**	137
68	**133**	Intangible assets	**21**	12
–	**235**	Inventories	**37**	–
		Current assets		
339	**558**	Inventories	**88**	60
361	**336**	Trade and other receivables	**53**	64
73	**76**	Cash and cash equivalents	**12**	13
1,614	**2,271**	Total assets	**358**	286
1,163	**1,542**	Equity	**243**	206
		Non-current liabilities		
141	**70**	Interest-bearing borrowings	**11**	25
62	**197**	Provisions	**31**	11
		Current liabilities		
141	**297**	Trade and other payables	**47**	25
107	**165**	Interest-bearing borrowings	**26**	19
1,614	**2,271**	Total equity and liabilities	**358**	286

Refer to page 246 for a list of joint ventures.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		22 Inventories		
		Current portion of inventories		
299	372	Gold in process	59	53
62	72	Gold on hand	11	11
396	483	Ore stockpiles	76	71
609	254	Heap-leach inventory	40	108
130	318	By-products (1)	50	23
1,496	1,499	Total metal inventories	236	266
789	937	Consumable stores	148	140
2,285	2,436		384	406
		Non-current portion of inventories		
124	736	Heap-leach inventory	116	22
78	391	Ore stockpiles	61	13
–	44	By-products (1)	7	–
202	1,171	Total metal inventories	184	35
–	11	Consumable stores	2	–
202	1,182		186	35
2,487	3,618	Total inventories	570	441

(1) Uranium by-products of $10m, R64m are pledged to bankers in support of an inventory repurchase programme (note 31)

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		23 Other non-current assets		
		Unsecured		
14	16	Defined benefit post-retirement medical asset for Rand Refinery employees (note 33)	2	2
–	51	AngloGold Ashanti Pension Fund (asset) (note 33)	8	–
–	1	Retiree Medical Plan for Nufcor South Africa employees (note 33)	–	–
		Loans and receivables		
59	38	Loans to joint venture partners – bearing interest at LIBOR + 2% per annum repayable in full by December 2006	6	10
6	12	Other interest-bearing loans – repayable over 5 years at market related rates	2	1
27	26	Other non-interest bearing loans – repayable on various dates	5	6
106	144		23	19
5	43	Less: Current portion of other non-current assets included in current assets	7	1
101	101	(note 40)	16	18
		Pledged		
3	–	Other loans and receivables	–	–

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		24 Trade and other receivables		
		Non-current		
24	27	Prepayments and accrued income	4	4
31	97	Recoverable tax, rebates, levies and duties	16	6
55	124		20	10
		Current		
587	645	Trade debtors (note 40)	102	104
458	371	Prepayments and accrued income	58	81
139	2	Interest receivable (note 40)	–	25
437	530	Recoverable tax, rebates, levies and duties	83	78
79	41	Other debtors (note 40)	7	14
1,700	1,589		250	302

Trade debtors are non-interest-bearing and are generally on current terms less than 90 days.

There is no concentration of credit risk with respect to trade receivables, as the group has a large number of internationally dispersed customers.

There is a concentration of risk in respect of recoverable value added tax and fuel duties from the Malian government.

Recoverable value added tax due from the Malian government to the group amounts to $25m, R159m at 31 December 2005 (31 December 2004: $14m, R79m). The last audited value added tax return was for the period ended 30 June, 2005 and at the balance sheet date $12m, R76m was still outstanding. $13m, R83m 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 has promised to provide a repayment plan for the amounts due. Due to this uncertainty, the amounts, although reported as current assets, may take longer than 12 months to be received.

Reimbursable fuel duties from the Malian government to the group amount to $13m, R82m at 31 December 2005 (31 December 2004: $13m, R73m). 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 $7m, R44m which is still outstanding, while $6m, R38m 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 has promised to provide a repayment plan for the amounts due. Due to this uncertainty the amounts, although reported as current assets, may take longer than 12 months to be received.

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		25 Cash restricted for use		
23	**16**	Cash restricted by the prudential solvency requirements	**3**	4
		The group is restricted from utilising available funds in Geita Management Company Limited, up to a maximum of $25m in respect		
106	**28**	of outstanding hedges	**4**	19
19	**8**	Other	**1**	3
148	**52**	(note 40)	**8**	26
		26 Cash and cash equivalents		
847	**1,020**	Cash and deposits on call	**161**	150
783	**308**	Money market instruments	**48**	139
1,630	**1,328**	(note 40)	**209**	289
		27 Non-current assets held for sale		
–	**100**	Effective 30 June 2005, the investment in the Weltevreden mining participating rights was classified as held for sale. This investment was previously recognised as a tangible asset. Weltevreden participation rights were sold to Aflease Gold and Uranium Resources Limited on 15 June 2005. On 19 December 2005, Aflease was acquired by SXR Uranium One (formerly Southern Cross Inc.). In terms of the agreement, the price will be paid in the form of shares to be issued to AngloGold Ashanti. This will take place when the conditions precedent to the agreement have been met. The conditions are that the Weltevreden rights are part of a mining rights conversion application and upon the government granting the conversion rights, AngloGold Ashanti will cede the Weltevreden Mineral rights to Aflease. The Director-General of Minerals and Energy notified the company that the new order mining rights have been granted to AngloGold Ashanti, which are expected to be received during 2006. AngloGold Ashanti is awaiting the registration certificate. The related SXR Uranium One shares will then be issued to AngloGold Ashanti as full settlement of the purchase price.	**16**	–

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		28 Share capital and premium		
		Share capital		
		Authorised		
100	**100**	400,000,000 ordinary shares of 25 SA cents each	**16**	18
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	**101**		**16**	18
		Issued and fully paid		
66	**66**	264,938,432 ordinary shares of 25 SA cents each (2004: 264,462,894 ordinary shares of 25 SA cents each)	**10**	12
1	**1**	2,000,000 A redeemable preference shares of 50 SA cents each	**–**	–
–	**–**	778,896 B redeemable preference shares of 1 SA cent each	**–**	–
67	**67**		**10**	12
(1)	**(1)**	Less: Redeemable preference shares held within the group	**–**	–
66	**66**		**10**	12
		Share premium		
9,924	**19,233**	Balance at the beginning of year	**3,405**	1,495
9,309	**60**	Ordinary shares issued	**9**	1,367
–	**–**	Translation	**(369)**	543
19,233	**19,293**	Balance at the end of the year	**3,045**	3,405
(312)	**(312)**	Less: Held within the group	**(53)**	(53)
18,921	**18,981**		**2,992**	3,352
18,987	**19,047**	**Share capital and premium**	**3,002**	3,364

29 Retained earnings and other reserves

Figures in million	Retained earnings (1)	Non-distri-butable reserves (2)	Foreign currency translation reserve	Actuarial gains (losses) (3)	Other compre-hensive income (4)	Total
US Dollars						
Balance at December 2003 as previously reported	577	21	(113)	–	(307)	178
Change in accounting policy for translation of retained earnings (IAS 21 revised)	(220)		220			–
Change in accounting policy for actuarial gains and losses				(18)		(18)
As restated	357	21	107	(18)	(307)	160
Actuarial gains and losses recognised				(3)		(3)
Deferred taxation recognised directly in equity (note 34)				1		1
Profit attributable to equity shareholders	108					108
Dividends (note 16)	(179)					(179)
Net loss on cash flow hedges removed from equity and reported in income					134	134
Net gain on cash flow hedges					48	48
Deferred taxation on cash flow hedges (note 34)					(43)	(43)
Gain on available-for-sale financial assets					2	2
Translation		3	(424)	(2)	(18)	(441)
Balance at December 2004 (restated) (5)	286	24	(317)	(22)	(184)	(213)
Actuarial gains and losses recognised				(27)		(27)
Deferred taxation recognised directly in equity (note 34)				11		11
Loss attributable to equity shareholders	(183)					(183)
Dividends (note 16)	(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 34)					58	58
Gain on available-for-sale financial assets					2	2
Share-based payment expense					2	2
Translation		(2)	250	2	44	294
Balance at December 2005	**(46)**	**22**	**(67)**	**(36)**	**(261)**	**(388)**

29 Retained earnings and other reserves (continued)

Figures in million	Retained earnings [1]	Non-distri-butable reserves [2]	Foreign currency translation reserve	Actuarial gains (losses) [3]	Other compre-hensive income [4]	Total
SA Rands						
Balance at December 2003 as previously reported	3,848	138	(755)	–	(2,047)	1,184
Change in accounting policy for actuarial gains and losses				(112)		(112)
As restated	3,848	138	(755)	(112)	(2,047)	1,072
Actuarial gains and losses recognised				(15)		(15)
Deferred taxation recognised directly in equity (note 34)				5		5
Profit attributable to equity shareholders	728					728
Dividends (note 16)	(1,197)					(1,197)
Net loss on cash flow hedges removed from equity and reported in income					864	864
Net gain on cash flow hedges					239	239
Deferred taxation on cash flow hedges (note 34)					(291)	(291)
Gain on available-for-sale financial assets					12	12
Translation			(2,797)		183	(2,614)
Balance at December 2004 (restated) [5]	3,379	138	(3,552)	(122)	(1,040)	(1,197)
Actuarial gains and losses recognised				(173)		(173)
Deferred taxation recognised directly in equity (note 34)				68		68
Loss attributable to equity shareholders	(1,262)					(1,262)
Dividends (note 16)	(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 34)					377	377
Gain on available-for-sale financial assets					17	17
Share-based payment expense					15	15
Translation			1,642		(139)	1,503
Balance at December 2005	**1,191**	**138**	**(1,910)**	**(227)**	**(1,655)**	**(2,463)**

(1) \$297m, R1,881m 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 \$22m, R141m (2004: \$25m, R141m) and other transfers.
(3) With the adoption of IAS 19 revised, actuarial gains and losses are accounted for through equity reserves. Actuarial gains and losses arise 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.
(5) The 2004 opening balances and comparative amounts have been restated in terms of the effects of changes in foreign exchange rates (IAS 21 revised).

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		30 Minority interests		
354	**327**	Balance at beginning of year	**58**	53
123	**146**	Profit for the year	**23**	19
(125)	**(125)**	Dividends paid	**(20)**	(19)
18	**–**	At acquisition of subsidiaries (note 37)	**–**	3
3	**4**	Net loss on cash flow hedges removed from equity and reported in income	**1**	–
(3)	**(9)**	Net loss on cash flow hedges	**(2)**	–
(43)	**31**	Translation	**(1)**	2
327	**374**	Balance at end of year	**59**	58
		31 Borrowings		
		Unsecured		
5,191	**5,867**	Convertible Bonds (1) Semi-annual coupons are paid at 2.375% per annum. The bonds 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.	**925**	920
–	**2,927**	Syndicated loan facility ($700m) Interest charged at LIBOR plus 0.4% per annum. This dollar-based loan is repayable in January 2008 and is subject to debt covenant arrangements for which no default event occurred.	**461**	–
2,057	**2,062**	Corporate Bond (2) Semi-annual coupons are payable at 10.5% per annum. The bond is repayable on 28 August 2008 and is rand-based.	**325**	364
–	**818**	Money-market short-term borrowings at market-related interest rates are rand-based	**129**	–
87	**124**	RMB International (Dublin) Limited Interest charged at LIBOR plus 0.82% per annum. Loan is of a short-term nature, has no fixed repayment date and is dollar-based.	**20**	16
28	**28**	Bank Belgolaise Interest charged at LIBOR plus 1.5% per annum. Loan is repayable in 24 equal monthly instalments commencing October 2005 and is dollar-based.	**4**	5
12	**13**	Government of Mali Interest charged at LIBOR plus 2% per annum. Loans are repayable by December 2007 and are dollar-based.	**2**	2
8	**4**	Precious Fields Estates Company Ltd Annuity based repayments expiring October 2006. Loan is dollar-based.	**1**	1
8	**3**	Investec Interest charged at 6.5% per annum. Loan is repayable in half-yearly instalments terminating in June 2006 and is dollar-based.	**1**	1
–	**3**	Bank overdraft at market related rates is rand-based	**–**	–
1,498	**–**	Syndicated loan facility ($600m) Interest charged at LIBOR plus 0.7% per annum. Loan was repaid in February 2005, and was dollar-based.	**–**	265
56	**–**	Iduapriem – Syndicated Project Finance Interest charged at LIBOR plus 2% per annum. Loan was repaid in February 2005 and was dollar-based.	**–**	10
8,945	**11,849**	Total unsecured borrowings	**1,868**	1,584

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		31 Borrowings (continued)		
		Secured		
		Finance leases		
72	**66**	Senstar Capital Corporation Interest charged at an average rate of 6.83% per annum. Loans are repayable in monthly instalments terminating in November 2009 and are dollar-based. The equipment financed is used as security for these loans.	**10**	13
33	**30**	Rolls Royce Interest is charged at a variable rate of approximately 20% per annum, based on the lease contract. Loan is repayable in monthly instalments terminating in March 2011 and is dollar-based. The equipment financed is used as security for this loan.	**5**	6
6	**6**	Kudu Finance Company Interest charged at LIBOR plus 2% per annum. Loan is repayable in monthly instalments terminating in December 2010 and is dollar-based. The equipment financed is used as security for this loan.	**1**	1
		Other loans		
–	**64**	Nulux Nukem Luxemburg GmbH Uranium repurchase agreement, 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 the contract.	**10**	–
6	**–**	Geita Syndicated Project Finance Interest charged at LIBOR plus 1.95% per annum. Loan was repaid in June 2005 and was dollar-based. Secured by pledge over the shares in the project company.	**–**	1
9,062	**12,015**	Total borrowings	**1,894**	1,605
1,800	**1,190**	Less: Current portion of borrowings included in current liabilities	**188**	319
7,262	**10,825**	Total long-term borrowings	**1,706**	1,286
		Amounts falling due		
1,800	**1,190**	Within one year	**188**	319
35	**65**	Between one and two years	**10**	6
7,220	**10,757**	Between two and five years	**1,696**	1,279
7	**3**	After five years	**–**	1
9,062	**12,015**	(note 40)	**1,894**	1,605
		Currency		
		The currencies in which the borrowings are denominated are as follows:		
7,005	**9,132**	US dollars	**1,440**	1,241
2,057	**2,883**	SA rands	**454**	364
9,062	**12,015**		**1,894**	1,605

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		31 Borrowings (continued)		
		Undrawn facilities		
		Undrawn borrowing facilities as at 31 December 2005 are as follows:		
–	**1,555**	Syndicated loan ($700m) – US dollar	**245**	–
–	**266**	Amalgamated Banks of South Africa Limited – US dollar	**42**	–
1,891	**–**	Syndicated loan ($600m) – US dollar	**–**	335
45	**49**	Citibank, N.A. – US dollar	**8**	8
54	**35**	RMB International (Dublin) Limited – US dollar	**5**	9
120	**107**	FirstRand Bank Limited – SA rands	**17**	21
45	**45**	Nedbank Limited – SA rands	**7**	8
–	**30**	Amalgamated Banks of South Africa Limited – SA rands	**5**	–
5	**20**	Commerzbank AG – SA rands	**3**	1
221	**232**	Australia and New Zealand Banking Group Limited – Australian dollar	**37**	39
2,381	**2,339**		**369**	421
		(1) Convertible Bonds		
5,645	**6,345**	Senior unsecured fixed-rate bonds	**1,000**	1,000
444	**529**	Less: unamortised discount and bond issue costs	**83**	78
56	**–**	Less: fair value hedge accounting adjustment as a result of the interest rate swap	**–**	10
5,145	**5,816**		**917**	912
46	**51**	Add: accrued interest	**8**	8
5,191	**5,867**		**925**	920
		(2) Corporate Bond		
2,000	**2,000**	Senior unsecured fixed-rate bond	**315**	354
16	**11**	Less: unamortised discount and bond issue costs	**2**	3
1,984	**1,989**		**313**	351
73	**73**	Add: accrued interest	**12**	13
2,057	**2,062**		**325**	364
		32 Environmental rehabilitation and other provisions		
		Environmental rehabilitation obligations		
		Provision for decommissioning		
326	**566**	Balance at beginning of year	**100**	49
148	**–**	Acquisition of subsidiaries (note 37)	**–**	22
84	**282**	Change in estimates (1)	**44**	13
51	**21**	Unwinding of decommissioning obligation (note 8)	**3**	8
(43)	**39**	Translation	**(4)**	8
566	**908**	Balance at end of year	**143**	100
		Provision for restoration		
562	**658**	Balance at beginning of year	**117**	84
202	**–**	Acquisition of subsidiaries (note 37)	**–**	29
(10)	**–**	Disposal of subsidiaries (note 37)	**–**	(1)
116	**149**	Charge to income statement	**23**	18
(39)	**408**	Change in estimates (1)	**64**	(6)
–	**40**	Unwinding of restoration obligation (note 8)	**6**	–
(90)	**(65)**	Utilised during the year	**(10)**	(14)
(83)	**45**	Translation	**(6)**	7
658	**1,235**	Balance at end of year	**194**	117

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		32 Environmental rehabilitation and other provisions (continued)		
		Other provisions		
33	**70**	Balance at beginning of year	**13**	5
101	**72**	Charge to income statement	**11**	16
(52)	**(36)**	Utilised during the year	**(6)**	(8)
(12)	**16**	Translation	**1**	–
70	**122**	Balance at end of year	**19**	13
		Other provisions comprise the following:		
70	**119**	Provision for labour and civil claim court settlements in South America [2]	**19**	13
–	**3**	Provision for employee compensation claims in Australia [3]	**–**	–
70	**122**		**19**	13

[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.

2004	2005	Figures in million	2005	2004
1,294	**2,265**	Total environmental rehabilitation and other provisions	**356**	230
		33 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:		
69	**(51)**	AngloGold Ashanti Pension Fund (asset)	**(8)**	12
40	**–**	South American Brasil Fundambrás Pension Plan	**–**	7
2	**1**	Ashanti Retired Staff Pension Plan	**–**	–
60	**58**	Obuasi Mines Staff Pension Scheme	**9**	11
924	**1,172**	Post-retirement medical scheme for AngloGold Ashanti South African employees	**185**	164
(14)	**(16)**	Post-retirement medical scheme for Rand Refinery employees (asset)	**(2)**	(2)
11	**12**	Retiree Medical Plan for North American employees	**2**	2
6	**6**	Supplemental Employee Retirement Plan (SERP) for North America (USA) Inc employees	**1**	1
–	**(1)**	Retiree Medical Plan for Nufcor South Africa employees (asset)	**–**	–
1,098	**1,181**	Sub-total	**187**	195
		Transferred to other non-current assets (note 23):		
–	**51**	AngloGold Ashanti Pension Fund	**8**	–
–	**1**	Retiree Medical Plan for Nufcor South Africa employees	**–**	–
14	**16**	Post-retirement medical scheme for Rand Refinery employees	**2**	2
1,112	**1,249**		**197**	197

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004

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

AngloGold Ashanti Pension Fund

The plan is evaluated by independent actuaries on an annual basis as at 31 December of each year and a formal statutory valuation required by legislation as at 31 December 2005 will be completed during the first six months of 2006. 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.

All South African pension funds are governed by the Pension Funds Act of 1956 as amended.

Information with respect to the AngloGold Ashanti Pension Fund is as follows:

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		Change in benefit obligation		
1,089	**1,219**	Balance at beginning of year	**216**	163
41	**40**	Current service cost	**6**	6
91	**88**	Interest cost	**14**	14
14	**13**	Participants' contributions	**2**	2
65	**200**	Actuarial loss	**31**	10
(81)	**(152)**	Benefits paid	**(24)**	(13)
–	**–**	Translation	**(23)**	34
1,219	**1,408**	Balance at end of year	**222**	216
		Change in plan assets		
920	**1,150**	Balance at beginning of year	**204**	138
95	**106**	Expected return on plan assets	**16**	15
124	**260**	Actuarial gain	**41**	19
78	**82**	Company contributions	**13**	12
14	**13**	Participants' contributions	**2**	2
(81)	**(152)**	Benefits paid	**(24)**	(13)
–	**–**	Translation	**(22)**	31
1,150	**1,459**	Balance at end of year	**230**	204
(69)	**51**	Funded status at end of year	**8**	(12)
(69)	**51**	Net amount recognised	**8**	(12)

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		33 Provision for pension and post-retirement benefits (continued)		
		Pension benefit obligation		
1,219	**1,408**	Benefit obligation	**222**	216
1,150	**1,459**	Fair value of plan assets	**230**	204
		Components of net periodic benefit cost		
41	**40**	Current service cost	**6**	6
91	**88**	Interest cost	**14**	14
(95)	**(106)**	Expected return on assets	**(16)**	(15)
37	**22**	Net periodic benefit cost	**4**	5
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	**7.75%**	7.50%
		Rate of compensation increase [(1)]	**5.00%**	5.00%
		Expected long-term return on plan assets	**10.14%**	7.50%
		Pension increase	**4.05%**	2.90%

[(1)] The short-term compensation rate increase is 5% and the long-term rate is 5.25%.

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 weighted-average asset allocations at the end of the year, by asset category, are as follows:

	US Dollars 2005	US Dollars 2004
Asset category		
Equity securities	**69%**	65%
Debt securities	**30%**	32%
Other	**1%**	3%
	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.

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

	2005			2004	
	Number of shares	Percentage of total assets	Fair value	Percentage of total assets	Fair value
US Dollars million					
Related parties					
Investments held in related parties are summarised as follows:					
Equity securities					
Holding company Anglo American plc	821,513	11.9%	27	2.2%	4
Fellow subsidiaries of Anglo American plc group					
Anglo Platinum Group	432,310	13.5%	31	0.1%	–
The Tongaat-Hulett Group	189,975	1.1%	3	–	–
AngloGold Ashanti	36,936	0.8%	2	0.3%	1
			63		5
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	8.5%	17
			30		17
SA Rands million					
Related parties					
Investments held in related parties are summarised as follows:					
Equity securities					
Holding company Anglo American plc	821,513	11.9%	174	2.2%	23
Fellow subsidiaries of Anglo American plc group					
Anglo Platinum Group	432,310	13.5%	198	0.1%	–
The Tongaat-Hulett Group	189,975	1.1%	15	–	–
AngloGold Ashanti	36,936	0.8%	11	0.3%	6
			398		29
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	8.5%	96
			192		96

Cash flows

Contributions

The company expects to contribute $7m, R46m (2005: $13m, R82m) to its pension plan in 2006. The reduction arises as additional contributions may no longer be required as the fund is likely to be fully funded at its next statutory actuarial valuation.

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	

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

Estimated future benefit payments

The following pension benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

2004	2005		2005	2004
	92	2006	15	
	92	2007	15	
	94	2008	15	
	95	2009	15	
	96	2010	15	
	939	Thereafter	147	

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 $6m, R51m. This liability was revised annually by Mercer, the plan's actuary. The transfer of funds has been approved by the governmental SPC agency and the actuarial net liability of $10m, R61m has been 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:

2004	2005		2005	2004
		Change in benefit obligation		
112	126	Balance at beginning of year	22	16
12	13	Interest cost	2	2
15	3	Actuarial loss	1	3
–	(160)	Settlements and curtailments	(25)	–
(3)	(6)	Benefits paid	(1)	(1)
(10)	24	Translation	1	2
126	–	Balance at end of year	–	22
		Change in plan assets		
79	86	Fair value of plan assets at beginning of year	15	11
8	8	Expected return on plan assets	1	1
9	–	Actuarial gain	–	2
–	(99)	Settlements and curtailments	(15)	–
(3)	(6)	Benefits paid	(1)	(1)
(7)	11	Translation	–	2
86	–	Fair value of plan assets at end of year	–	15
(40)	–	Funded status at end of year	–	(7)
(40)	–	Net amount recognised	–	(7)

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		33 Provision for pension and post-retirement benefits (continued)		
		Pension benefit obligation		
126	–	Benefit obligation	–	22
86	–	Fair value of plan assets	–	15
		Components of net periodic benefit cost		
12	13	Interest cost	2	2
(8)	(8)	Expected return on plan assets	(1)	(1)
4	5	Net periodic benefit cost	1	1
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	N/A	11.30%
		Rate of compensation increase	N/A	7.10%
		Expected long-term return on plan assets	N/A	11.30%
		Pension increase	N/A	5.00%
		Plan assets		
		The Brasil Fundambrás defined benefit pension plan weighted-average asset allocations, by asset category, at the end of the year are as follows:		
		Asset category		
		Debt securities	–	95%
		Property	–	4%
		Cash	–	1%
			–	100%

No valuation is necessary at 31 December 2005 as the fund has converted during the year to a defined contribution plan.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004

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

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 marginal shortfall of $0.2m, R1m.

Information with respect to the Ashanti Retired Staff pension plan is as follows:

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		Change in benefit obligation		
–	20	Balance at beginning of year	3	–
20	–	Acquisition of subsidiary	–	3
–	1	Interest cost	–	–
–	2	Actuarial loss	–	–
–	(1)	Translation	–	–
20	22	Balance at end of year	3	3
		Change in plan assets		
–	18	Fair value of plan assets at beginning of year	3	–
18	–	Acquisition of subsidiary	–	3
–	1	Expected return on plan assets	–	–
–	2	Actuarial gain	–	–
18	21	Fair value of plan assets at end of year	3	3
(2)	(1)	Funded status at end of year	–	–
(2)	(1)	Net amount recognised	–	–
		Pension benefit obligation		
20	22	Benefit obligation	3	3
18	21	Fair value of plan assets	3	3
		Components of net periodic benefit cost		
–	1	Interest cost	–	–
–	(1)	Expected return on plan assets	–	–
–	–	Net periodic benefit cost	–	–

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		33 Provision for pension and post-retirement benefits (continued)		
		Assumptions		
		Assumptions used to determine benefit obligations at the end of the year are as follows:		
		Discount rate	**5.00%**	5.80%
		Expected long-term return on plan assets	**6.07%**	5.80%
		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 weighted-average asset allocations as at the end of the year, by asset category are as follows:		
		Asset category		
		Equity securities	**51%**	53%
		Debt securities	**41%**	43%
		Property	**2%**	0%
		Cash	**6%**	4%
			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:		
	1	2006	**–**	
	1	2007	**–**	
	1	2008	**–**	
	1	2009	**–**	
	1	2010	**–**	
	17	Thereafter	**3**	

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004

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

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:

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		Change in benefit obligation		
–	60	Balance at beginning of year	11	–
73	–	Acquisition of subsidiary	–	11
–	3	Interest cost	–	–
–	(7)	Actuarial gain	(1)	–
–	(5)	Benefits paid	(1)	–
(13)	7	Translation	–	–
60	58	Balance at end of year	9	11
(60)	(58)	Funded status at end of year	(9)	(11)
(60)	(58)	Net amount recognised	(9)	(11)
		Pension benefit obligation		
60	58	Benefit obligation	9	11
–	–	Fair value of plan assets	–	–
		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	4.0%	4.0%
		Rate of compensation increase	N/A	N/A
		Pension increase	3.0%	4.5%

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		33 Provision for pension and post-retirement benefits (continued)		
		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:		
	6	2006	**1**	
	6	2007	**1**	
	6	2008	**1**	
	6	2009	**1**	
	6	2010	**1**	
	28	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 2005.		
		Information with respect to the defined benefit liability is as follows:		
		Change in benefit obligation		
850	**924**	Benefit obligation at beginning of year	**164**	128
4	**7**	Current service cost	**1**	1
81	**80**	Interest cost	**12**	13
62	**30**	Participants' contributions	**5**	10
(156)	**(105)**	Benefits paid	**(16)**	(24)
9	**–**	Plan amendments	**–**	1
74	**236**	Actuarial loss	**37**	11
–	**–**	Translation	**(18)**	24
924	**1,172**	Balance at end of year	**185**	164
(924)	**(1,172)**	Funded status at end of year	**(185)**	(164)
(924)	**(1,172)**	Net amount recognised	**(185)**	(164)

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		33 Provision for pension and post-retirement benefits (continued)		
		Components of net periodic benefit cost		
4	7	Current service cost	1	1
81	80	Interest cost	12	13
9	–	Amortisation of past service cost	–	1
94	87	Net periodic benefit cost	13	15
		The assumptions used in calculating the above amounts at year end are:		
		Discount rate	7.75%	9.00%
		Expected increase in health care costs	5.00%	5.00%
		Assumed health care cost trend rates at 31 December:		
		Health care cost trend assumed for next year	5.00%	5.00%
		Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.00%
		Year that the rate reaches the ultimate trend	N/A	N/A
		Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% point change in assumed health care cost trend rates would have the following effect:		
	1% point increase		1% point increase	
	10	Effect on total service and interest cost	2	
	125	Effect on post-retirement benefit obligation	19	
	1% point decrease		1% point decrease	
	(9)	Effect on total service and interest cost	(1)	
	(107)	Effect on post-retirement benefit obligation	(16)	
		Cash flows		
		Post-retirement medical plan		
		AngloGold Ashanti expects to contribute $13m, R82m (2005: $12m, R75m) to the post-retirement medical plan in 2006.		
		Estimated future benefit payments		
		The following medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:		
	82	2006	13	
	86	2007	14	
	90	2008	14	
	95	2009	15	
	100	2010	16	
	719	Thereafter	113	

Post-retirement medical scheme for Rand Refinery Limited 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 2005 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.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		33 Provision for pension and post-retirement benefits (continued)		
		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**	Balance at beginning of year	**3**	–
18	**–**	Transfer in	**–**	3
3	**1**	Interest cost	**–**	–
(1)	**(1)**	Benefits paid	**–**	–
(4)	**–**	Actuarial gain	**–**	–
16	**16**	Balance at end of year	**3**	3
		Change in plan assets		
–	**30**	Fair value of plan assets at beginning of year	**5**	–
29	**–**	Transfer in	**–**	5
2	**3**	Expected return on plan assets	**–**	–
(1)	**(1)**	Benefits paid	**–**	–
30	**32**	Fair value of plan assets at end of year	**5**	5
14	**16**	Funded status at end of year	**2**	2
14	**16**	Net amount recognised (note 23)	**2**	2
		Components of net periodic benefit cost		
3	**1**	Interest cost	**–**	–
(2)	**(3)**	Expected return on plan assets	**–**	–
1	**(2)**	Net periodic benefit cost	**–**	–
		Assumptions		
		Assumptions used at year end are as follows:		
		Discount rate	**7.75%**	10.00%
		Expected increase in health care costs	**5.75%**	8.00%
		Expected return on plan assets	**7.26%**	10.00%
		Assumed health care cost trend rates at 31 December:		
		Health care cost trend assumed for next year	**5.75%**	8.00%
		Rate to which the cost trend is assumed to decline (the ultimate trend rate)	**5.75%**	8.00%
		Year that the rate reaches the ultimate trend	**N/A**	N/A
	1% point increase	Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% point change in assumed health care cost trend rates would have the following effect:	**1% point increase**	
	–	Effect on total service and interest cost	**–**	
	2	Effect on post-retirement benefit obligation	**–**	
	1% point decrease		**1% point decrease**	
	–	Effect on total service and interest cost	**–**	
	(1)	Effect on post-retirement benefit obligation	**–**	

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	

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

Plan assets

The weighted-average asset allocation of the Rand Refinery post retirement medical fund as at the end of the year, by asset category, is as follows:

2004	2005	Figures in million	2005	2004
		Asset category		
		Debt securities	75%	90%
		Cash	25%	10%
			100%	100%

Cash flows

Post-retirement medical plan

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.

Estimated future benefit payments

The following medical benefit payments, which reflect the expected future service, as appropriate, are expected to be paid:

2004	2005	Figures in million	2005	2004
	1	2006	–	
	1	2007	–	
	1	2008	–	
	2	2009	–	
	2	2010	–	
	9	Thereafter	3	

North America Retiree Medical Plan

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 2005 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 $2m, R12m (2004: $2m, R11m). 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.

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		33 Provision for pension and post-retirement benefits (continued)		
		Information with respect to the Retiree Medical Plan is as follows:		
		Change in benefit obligation		
13	**11**	Balance at beginning of year	**2**	2
1	**1**	Interest cost	**–**	–
(1)	**(1)**	Benefit paid	**–**	–
(2)	**1**	Translation	**–**	–
11	**12**	Balance at end of year	**2**	2
(11)	**(12)**	Funded status at end of year	**(2)**	(2)
(11)	**(12)**	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	**5.5%**	6.0%
		Benefits are fixed and independent from inflation and consequently health care increases are not relevant.		
	1% point increase	Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% point change in assumed health care cost trend rates would have the following effect:	**1% point increase**	
	–	Effect on total service and interest cost	**–**	
	1	Effect on post-retirement benefit obligation	**–**	
	1% point decrease		**1% point decrease**	
	–	Effect on total service and interest cost	**–**	
	(1)	Effect on post-retirement benefit obligation	**–**	

2003	2005	Figures in million	2005	2003
SA Rands			US Dollars	

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

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:

2003	2005		2005	2003
	1	2006	–	
	1	2007	–	
	2	2008	–	
	1	2009	–	
	1	2010	–	
	6	Thereafter	2	

North America Supplemental Employee Retirement Plan
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 2005 who took into account long-term estimates of inflation, mortality rates in determining the obligation of AngloGold Ashanti USA under the SERP. This evaluation of the SERP reflected plan liabilities of $1m, R6m (2004: $1m, R6m). 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:

2003	2005		2005	2003
		Change in benefit obligation		
6	6	Balance at beginning and end of year	1	1
(6)	(6)	Funded status at end of year	(1)	(1)
(6)	(6)	Net amount recognised	(1)	(1)

There is no net periodic pension and post-retirement cost during 2005 and 2004. The discount rate used to determine the benefit obligation at 31 December was 5.5% (2004: 6.0%).

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 2010 and amount to $1m, R6m.

Nuclear Fuels South Africa (NUFCOR) – Retiree Medical Plan
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 2005 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.

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		33 Provision for pension and post-retirement benefits (continued)		
		Information with respect to the Nufcor South Africa Retiree Medical Plan is as follows:		
		Change in benefit obligation		
2	2	Balance at beginning of year	–	–
–	(1)	Benefit paid	–	–
–	1	Actuarial loss	–	–
2	2	Balance at end of year	–	–
		Change in plan assets		
2	2	Fair value of plan assets at beginning of year	–	–
–	1	Expected return on plan assets	–	–
–	1	Employee contributions	–	–
–	(1)	Benefits paid	–	–
2	3	Fair value of plan assets at end of year	–	–
–	1	Funded status at end of year	–	–
–	1	Net amount recognised	–	–
		Components of net periodic benefit cost		
–	(1)	Expected return on plan assets	–	–
		Assumptions		
		Assumptions used at year end are as follows:		
		Discount rate	7.75%	11.00%
		Expected increase in health care costs	5.75%	9.00%
		Expected return on plan assets	7.75%	11.00%
		Assumed health care cost trend rates at 31 December:		
		Health care cost trend assumed for next year	5.75%	9.00%
		Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.75%	9.00%
		Year that the rate reaches the ultimate trend	N/A	N/A
		Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% point change in assumed health care cost trend rates would have the following effect:		
	1% point increase		**1% point increase**	
	–	Effect on total service and interest cost	–	
	–	Effect on post-retirement benefit obligation	–	
	1% point decrease		**1% point decrease**	
	–	Effect on total service and interest cost	–	
	–	Effect on post-retirement benefit obligation	–	

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	

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

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 2010 and amount to $nil, R2m.

Plan assets

The weighted-average 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%

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 $31m, R199m (2004: $40m, R254m).

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.

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 $1m, R6m (2004: $1m, R6m) during the year.

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 $2m, R12m (2004: $4m, R19m) during the year.

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 contributes to a supplemental provident fund which has been opened with the Parastatal Provident Fund (PPF). The company makes no contribution towards any retirement schemes for contracted expatriate employees that are members of a pension or provident fund. Contracted expatriate employees who are not members of a pension or provident fund contribute to the National Social Security Fund (NSSF) and the company also makes a contribution to the same fund on behalf of these 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.

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

North America

AngloGold Ashanti USA sponsors a 401(k) savings plan whereby employees may contribute up to 17% 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 $2m, R13m (2004: $2m, R13m) during the year ended 31 December 2005.

South America

The AngloGold Ashanti South America region operates a number of defined contribution arrangements for their employees. These arrangements are funded by the operations (basic plan) and operations/employees (optional supplementary plan). In December 2001, contributions commenced to a PGBL fund, a plan similar to the American 401 (k) type of plan. This plan is administered by Bradesco Previdencia e Seguros (which assume the risk for any eventual actuarial liabilities).

In 2005, the local authorities approved the withdrawal of sponsorship to the previous portfolio administrator, Fundambras Sociedade de Previdencia Privada. With this scheme, the actuarial risk was carried by the sponsors and AngloGold Ashanti mines in Brazil had to fund the $10m, R61m in cash in order to have the process completed by 29 September 2005. From 1 October 2005, the PGBL fund is the only private pension plan sponsored by the group and contributions amounted to $1m, R6m (2004: $1m; R6m) during the year.

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 $3m, R20m (2004: $2m, R12m) for the year ended 31 December 2005.

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 $19m, R122m (2004: $29m, R181m) during the year.

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		34 Deferred taxation		
		Deferred taxation		
		Deferred taxation relating to temporary differences is made up as follows:		
		Liabilities		
9,088	**9,424**	Tangible assets	**1,485**	1,610
96	**115**	Inventories	**18**	17
445	**189**	Derivatives	**30**	79
160	**312**	Other	**49**	28
9,789	**10,040**		**1,582**	1,734
		Assets		
577	**914**	Provisions	**144**	102
358	**1,099**	Derivatives	**173**	63
1,042	**841**	Tax assets	**132**	184
159	**112**	Other	**18**	29
2,136	**2,966**		**467**	378
7,653	**7,074**	Net deferred taxation liability	**1,115**	1,356
		Included in the balance sheet as follows:		
–	**279**	Deferred tax asset	**44**	–
7,653	**7,353**	Deferred tax liabilities	**1,159**	1,356
7,653	**7,074**	Net deferred taxation liability	**1,115**	1,356

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		34 Deferred taxation (continued)		
		The movement on the deferred tax balance is as follows:		
3,929	**7,653**	Balance at beginning of year	**1,356**	589
–	**(1)**	Fair value adjustments	**–**	–
(572)	**(732)**	Income statement charge (note 13)	**(115)**	(107)
291	**(377)**	Taxation on other comprehensive income (note 29)	**(58)**	43
(5)	**(68)**	Tax on actuarial loss (note 29)	**(11)**	(1)
4,927	**–**	Acquisition of subsidiaries (note 37)	**–**	728
(8)	**–**	Disposal of subsidiaries (note 37)	**–**	(1)
(909)	**599**	Translation	**(57)**	105
7,653	**7,074**	Balance at end of year	**1,115**	1,356
		35 Trade, other payables and deferred income		
		Non-current		
21	**87**	Deferred income	**14**	4
21	**87**	(note 40)	**14**	4
		Current		
1,175	**1,374**	Trade creditors	**216**	209
56	**–**	Interest payable	**–**	10
980	**815**	Accruals	**128**	174
27	**31**	Amounts due to related parties	**5**	4
11	**36**	Deferred income	**6**	2
335	**321**	Unearned premiums on normal sale exempted contracts	**51**	59
45	**134**	Other creditors	**21**	8
2,629	**2,711**	(note 40)	**427**	466
		Current trade and other payables are non-interest bearing and are normally settled within 60 days.		
		36 Cash generated from operations		
745	**(1,117)**	(Loss) profit before taxation	**(160)**	97
		Adjusted for:		
6	**267**	Non-cash movements	**41**	4
1,055	**1,744**	Movement on non-hedge derivatives	**262**	181
2,423	**3,203**	Amortisation of tangible assets (notes 4, 10 and 17)	**503**	380
(144)	**(153)**	Deferred stripping	**(24)**	(21)
(318)	**(155)**	Interest receivable (note 3)	**(25)**	(49)
(80)	**444**	Operating special items	**68**	(12)
563	**690**	Finance costs and unwinding of decommissioning and restoration obligations (note 8)	**108**	87
208	**13**	Amortisation of intangible assets (notes 18 and 19)	**2**	32
(160)	**211**	Fair value adjustment on option component of convertible bond	**32**	(27)
(776)	**(714)**	Movements in working capital	**(108)**	(84)
3,522	**4,433**		**699**	588

SA Rands 2004	SA Rands 2005	Figures in million	Notes	US Dollars 2005	US Dollars 2004
		36 Cash generated from operations (continued)			
		Movements in working capital:			
(1)	**(1,086)**	Increase in inventories		**(123)**	(56)
1	**(46)**	Decrease (increase) in trade and other receivables		**23**	(40)
(776)	**418**	(Decrease) increase in trade and other payables		**(8)**	12
(776)	**(714)**			**(108)**	(84)
		37 Acquisitions and disposals of subsidiaries			
		Acquisitions and disposals can be summarised as follows:			
17,603	**–**	Tangible assets		**–**	2,587
312	**–**	Intangible assets		**–**	49
526	**–**	Inventories		**–**	77
28	**–**	Other investments		**–**	5
302	**–**	Trade and other receivables		**–**	45
356	**–**	Cash and cash equivalents		**–**	51
(18)	**–**	Minority interests (note 30)		**–**	(3)
(1,333)	**–**	Borrowings		**–**	(195)
(415)	**–**	Provisions (notes 32 and 33)		**–**	(61)
(4,919)	**–**	Deferred taxation (note 34)		**–**	(727)
(1,612)	**–**	Trade and other payables		**–**	(233)
(25)	**–**	Taxation		**–**	(4)
10,805	**–**	Carrying value		**–**	1,591
–	**–**	Profit on disposal of subsidiary		**–**	–
10,805	**–**	Net purchase consideration		**–**	1,591
(9,297)	**–**	Non-cash settlement – shares		**–**	(1,366)
15	**–**	Deferred sale consideration		**–**	2
(356)	**–**	Cash and cash equivalents		**–**	(51)
(28)	**–**	Term deposits included in other investments		**–**	(5)
1,139	**–**	Net cash flow on (acquisition) disposal		**–**	171
(1,139)	**–**	Net cash flow on (acquisition) disposal can be summarised as follows:		**–**	(171)
(1,139)	**–**	Purchase of Ashanti Goldfields Company Limited		**–**	(171)
–	**–**	Deferred sale consideration of Freda-Rebecca		**–**	–

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		37 Acquisitions and disposals (continued)		
Ashanti Goldfields Company Limited		**Acquisition comprises the following:**		Ashanti Goldfields Company Limited
17,639	–	Tangible assets (note 17)	–	2,592
312	–	Intangible assets (note 18)	–	49
28	–	Other investments	–	5
546	–	Inventories	–	80
312	–	Trade and other receivables	–	46
356	–	Cash and cash equivalents	–	51
(18)	–	Minority interests (note 30)	–	(3)
(1,343)	–	Borrowings	–	(197)
(425)	–	Provisions (notes 32 and 33)	–	(62)
(4,927)	–	Deferred taxation (note 34)	–	(728)
(1,635)	–	Trade and other payables	–	(236)
(25)	–	Taxation	–	(4)
10,820	–	Carrying value	–	1,593
–	–	Goodwill	–	–
10,820	–	Purchase consideration	–	1,593
(9,297)	–	Non cash settlement – shares	–	(1,366)
(356)	–	Cash and cash equivalents	–	(51)
(28)	–	Term deposits included in other investments	–	(5)
1,139	–	Cash flow on acquisition	–	171
Freda-Rebecca		**Disposals comprise the following:**		Freda-Rebecca
36	–	Tangible assets (note 17)	–	5
20	–	Inventories	–	3
10	–	Trade and other receivables	–	1
(10)	–	Borrowings	–	(2)
(10)	–	Provisions (note 32)	–	(1)
(8)	–	Deferred taxation (note 34)	–	(1)
(23)	–	Trade and other payables	–	(3)
15	–	Carrying value	–	2
–	–	Profit on disposal of subsidiary	–	–
15	–	Sale consideration	–	2
(15)	–	Deferred sale consideration	–	(2)
–	–	Cash flow on disposal	–	–

On 23 April 2004, the High Court of Ghana confirmed the scheme of arrangement between Ashanti Goldfields Company Limited and its shareholders pursuant to which AngloGold would acquire the entire issued ordinary share capital of Ashanti. The confirmation of the High Court was lodged with the Registrar of Companies in Ghana on Monday, 26 April 2004, and the acquisition of Ashanti and the name change to AngloGold Ashanti Limited became effective on 26 April 2004.

On 10 September 2004, AngloGold Ashanti confirmed its agreement to sell its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Pty) Limited for a deferred consideration of $2m, R15m. The sole operating asset of Ashanti Goldfields Zimbabwe Limited is the Freda-Rebecca Gold Mine.

38 Related parties

Details of material transactions with those related parties not dealt with elsewhere in the financial statements are summarised below:

Figures in million	Purchases by (from) related parties 2005	Amounts owed to (by) related parties 2005	Purchases by (from) related parties 2004	Amounts owed to (by) related parties 2004
US Dollars				
Holding company Anglo American plc	**5**	**1**	5	–
Fellow subsidiaries of the Anglo American plc group				
Anglo Coal – a division of Anglo Operations Limited	**1**	**–**	1	–
Boart Longyear Limited – mining services (1)	**5**	**–**	9	1
Haggie Steel Wire Rope Operations (2)	**8**	**1**	9	–
Mondi Limited – timber	**16**	**2**	16	2
Scaw Metals – a division of Anglo Operations Limited – steel and engineering	**6**	**1**	5	1
The Tongaat-Hulett Group Limited	**–**	**–**	–	–
Joint ventures of AngloGold Ashanti Limited				
BGM Management Company Pty Ltd	**–**	**–**	–	–
Geita Gold Mining Limited	**–**	**–**	–	–
Societé d' Exploitation des Mines d' Or de Sadiola S.A.	**–**	**–**	1	–
Societé d' Exploitation des Mines d' Or de Yatela S.A.	**–**	**–**	1	–
Societé des Mines de Morila S.A.	**(2)**	**–**	(1)	–
SA Rands				
Holding company Anglo American plc	**30**	**7**	34	–
Fellow subsidiaries of the Anglo American plc group				
Anglo Coal – a division of Anglo Operations Limited	**4**	**2**	6	2
Boart Longyear Limited – mining services (1)	**30**	**–**	60	6
Haggie Steel Wire Rope Operations (2)	**50**	**6**	59	–
Mondi Limited – timber	**105**	**11**	101	10
Scaw Metals – a division of Anglo Operations Limited – steel and engineering	**40**	**4**	32	5
The Tongaat-Hulett Group Limited	**1**	**–**	–	–
Joint ventures of AngloGold Ashanti Limited				
BGM Management Company Pty Ltd	**1**	**–**	–	–
Geita Gold Mining Limited	**–**	**–**	(2)	–
Societé d' Exploitation des Mines d' Or de Sadiola S.A.	**(3)**	**1**	5	2
Societé d' Exploitation des Mines d' Or de Yatela S.A.	**3**	**–**	6	1
Societé des Mines de Morila S.A.	**(10)**	**–**	(7)	1

Amounts owed to related parties are unsecured non-interest bearing and normally settled within 60 days.

(1) Anglo American plc sold their interest in Boart Longyear Limited with effect from 29 July 2005.

(2) Haggie Steel Wire Rope Operation's related party transactions, previously included in Scaw Metals – a division of Anglo Operations Limited. During the 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 113 to 126)

Compensation to key management personnel totalled $13m, R79m (2004: $9m, R55m). This total comprised short-term employee benefits of $11m, R69m (2004: $8m, R51m); post-employment benefits of $1m, R7m, (2004: $1m, R4m); and share-based payments of $1m, R3m (2004: nil).

Shareholders

The principal shareholders of the company are detailed on page 118 and 265.

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	

39 Contractual commitments and contingencies

Operating leases

At 31 December 2005, 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.

2004	2005		2005	2004
		Expiry within		
347	209	– One year	33	62
147	163	– Between one and two years	26	26
223	127	– Between two and five years	20	39
4	2	– After five years	–	1
721	501		79	128

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 value of payments 2005	Minimum payments 2005		Minimum payments 2005	Present value of payments 2005
SA Rands			US Dollars	
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

Present value of payments 2004	Minimum payments 2004		Minimum payments 2004	Present value of payments 2004
SA Rands			US Dollars	
23	39	Within one year	7	4
88	117	Within one year but not more than five years	20	16
7	10	More than five years	2	1
118	166	Total minimum lease payments	29	21
–	48	Less: amounts representing finance charges	8	–
118	118	Present value of minimum lease payments	21	21

2004	2005	Figures in million	2005	2004
SA Rands			US Dollars	
		39 Contractual commitments and contingencies (continued)		
		Capital commitments		
		Acquisition of tangible assets		
835	**1,182**	Contracted for	**186**	148
3,716	**4,597**	Not contracted for	**725**	658
4,551	**5,779**	Authorised by the directors	**911**	806
		Allocated for:		
		Project expenditure		
1,741	**1,204**	– within one year	**190**	308
833	**671**	– thereafter	**106**	148
2,574	**1,875**		**296**	456
		Stay-in-business expenditure		
818	**3,628**	– within one year	**572**	145
1,159	**276**	– thereafter	**43**	205
1,977	**3,904**		**615**	350
1	**50**	Share of underlying capital commitments of joint ventures	**8**	–

This expenditure will be financed from existing cash resources, cash from operations and future borrowings.

Contingent liabilities

The South African Department of Water Affairs and Forestry issued a new Directive on 1 November 2005 ordering the four mining groups, Simmer and Jack Investments (Proprietary) Limited, Simmer and Jack Mines Limited (collectively known as Simmers who purchased the Buffelsfontein shafts from DRDGold Limited), Harmony Gold Mining Company Limited, AngloGold Ashanti and Stilfontein Gold Mining Company to share equally, the costs of pumping water at Stilfontein's Margaret Shaft. This follows an interdict application made by AngloGold Ashanti in response to DRDGold Limited's threat to cease funding the pumping of water at the Margaret and Buffelsfontein shafts, after placing Buffelsfontein, its subsidiary that operated the North West operations, into liquidation on 22 March 2005. Simmers have purchased the Buffelsfontein shafts from DRDGold Limited and have assumed the environmental and water management liabilities associated with the Buffelsfontein shafts.

The directive also orders the mining companies to submit an agreement and a joint proposal towards the long term sustainable management of water arising from the mining activities in the area. The group believes that it is not liable to fund these pumping costs but cannot make any assurances regarding the ultimate result until the matter has been settled.

2004	2005		2005	2004
–	**–**		**–**	–

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		39 Contractual commitments and contingencies (continued)		
–	–	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.	–	–
–	–	Following the decision to discontinue operations at Ergo in 2005, employees surplus to requirements have been terminated and retrenchment packages settled. Ergo continues to retain various staff members to complete the discontinuance and the attendant environmental obligations which are expected to be completed by 2015. The retained employees may resign, be transferred within the group, attain retirement age or be retrenched as their current position is made redundant. The group is currently unable to determine the effects, if any, of any potential retrenchment costs.	–	–
8	34	The group has undertaken to re-export certain gold artifacts, temporarily imported into South Africa, for which custom and value added tax was waived. The group will be required to pay if it fails to comply with the re-export arrangements agreed with the South African Revenue Service.	5	1
–	100	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 R100m. The suretyship agreements have a termination notice period of 90 days.	16	–
–	–	Mineração Serra Grande S.A., the operator of the Crixas mine in Brazil, has received assessments from the State of Goias tax inspection related to payments of sales taxes on gold deliveries for export. Serra Grande is owned by AngloGold Ashanti and Kinross Gold Corporation in a 50:50 arrangement. AngloGold Ashanti manages the operation and its attributable share of the assessment is approximately $29m, R184m. Mineração Serra Grande S.A. believes the assessments are in violation of federal legislation on sales taxes and that there is a remote chance of success for the State of Goias. The assessment has been appealed.	–	–

SA Rands 2004	SA Rands 2005	Figures in million	US Dollars 2005	US Dollars 2004
		39 Contractual commitments and contingencies (continued)		
–	16	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 claiming rights to share options.	3	–
–	17	Bayswater Construction and Mining Limited (BCM) has instituted court proceedings against Ashanti Goldfields Bibiani Limited (AGB). This matter concerns a contractual dispute. This matter is currently stayed on technical grounds as litigation cannot commence until arbitration has been concluded. A loss of $2m, R13m is considered likely and has been raised as a provision. The amount disclosed under contingent liabilities is over and above the provision.	3	–
–	6	BCM claims against AGB, $1m, R6m in relation to a wall slip which BCM considered that they have the exclusive right under their contract to repair, but which was awarded by AGB to a third party.	1	–
1	1	The group has a potential liability at Navachab in Namibia to pay the outstanding capital cost of the water pipeline and electricity supply in case of mine closure prior to 2019. Based on current life-of-mine business plans, the group believes the likelihood of this potential liability being realised to be more than remote but less than likely.	–	–
–	3	Sierra Club and Mineral Policy Center filed two lawsuits against Cripple Creek & Victor Gold Mining Company, AngloGold Ashanti (Colorado) Corp., AngloGold Ashanti North America Inc., and Golden Cycle Gold Corporation alleging various past and ongoing violations of the federal Clean Water Act at the Cresson Project near Victor, Colorado. The defendants dispute that there have been or that there are ongoing violations of the Clean Water Act, and have been vigorously defending themselves. The trial is scheduled February 2006. Without conceding any liability but in an attempt to resolve these matters without the cost and expense of trial the parties have held settlement discussions and the defendants have offered approximately $0.5m, R3m to conduct on-the-ground activities and pay some of plaintiffs costs. At this time, no settlement has been reached.	1	–
3	2	Pursuant to the assignment of equipment leases to Queenstake Resources USA Inc., as a result of the sale of Jerritt Canyon effective 30 June 2003, AngloGold Ashanti USA has become secondarily liable in the event of a default by Queenstake Resources USA Inc. in performance of any of the lessee's obligations arising under the lease. These agreements have an approximate term remaining of three years.	–	1
11	–	AngloGold Ashanti North America had a potential liability in respect of preference claims from a third party. This was in respect of gold shipments returned by the third party to AngloGold Ashanti North America, which the bankruptcy trustee claimed should not have been returned and final shipments that should not have been paid, as the third party had filed for protection under Chapter 11 of the US Bankruptcy Code. These claims were dismissed during 2005.	–	2

2004	2005	Figures in million	Notes	2005	2004
SA Rands				US Dollars	
		39 Contractual commitments and contingencies (continued)			
		Guarantees			
		The following amounts have been guaranteed and have been recognised on balance sheet:			
–	–	AngloGold Offshore Investments Limited a wholly-owned subsidiary of AngloGold Ashanti has given a guarantee of 50% of the Nufcor International Limited loan facility with RMB International (Dublin) Limited amounting to $25m, R159m.		–	–
–	–	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. The guarantee shall remain 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 2005 the marked-to-market valuation of the GMC hedge book was negative $172m, R1,090m of which $122m, R771m was raised on the balance sheet and the remainder treated under the NPNS exemption.		–	–
		The group has guaranteed all payments and other obligations of AngloGold Ashanti Holdings plc regarding the convertible bonds issued during 2004 with a fiscal maturity date of 27 February 2009. The bonds issued amounted to $1billion at 2.375%. The group's obligations regarding the guarantee will be direct, unconditional and unsubordinated.			
–	–	The group has issued gold delivery guarantees to several counterparty banks in which it guarantees the due performance of its wholly-owned subsidiaries AngloGold Ashanti USA Inc. and AngloGold Ashanti South America under their respective gold hedging agreements.		–	–
–	–	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 2005, the marked-to-market valuation of the ATS hedge book was negative $723m, R4,591m, of which $112m, R711m was raised on the balance sheet while the remainder was treated under the NPNS exemption.		–	–
23	179			29	4

40 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;
- 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 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 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, hedge cover was at 35% of five years 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 a negative $338m, R2,142m.

Net delta open hedge position as at 31 December 2005

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 2005

Year	2006	2007	2008	2009	2010	2011-2015	Total
US Dollar/Gold							
Forward contracts							
Amount (kg)	8,592	25,469	30,076	26,288	16,328	37,239	143,992
$/oz	$279	$357	$365	$380	$382	$411	$375
Put options purchased							
Amount (kg)	8,592	1,455					10,047
$/oz	$345	$292					$337
Put options sold							
Amount (kg)	6,532		855	1,882	1,882	7,527	18,678
$/oz	$389		$390	$400	$410	$435	$411
Call options purchased							
Amount (kg)	12,144	6,357					18,501
$/oz	$346	$344					$345
Call options sold							
Amount (kg)	32,157	32,544	32,500	31,194	28,054	72,911	229,360
$/oz	$386	$387	$393	$418	$429	$497	$432

40 Financial risk management activities (continued)

Summary: All open contracts in the group's commodity hedge position as at 31 December 2005

Year	2006	2007	2008	2009	2010	2011-2015	Total
Rand/Gold							
Forward contracts							
Amount (kg)		2,449		933			3,382
R/kg		R97,520		R116,335			R102,711
Put options purchased							
Amount (kg)	1,875						1,875
R/kg	R93,602						R93,602
Put options sold							
Amount (kg)	2,333						2,333
R/kg	R93,713						R93,713
Call options sold							
Amount (kg)	3,306	311		2,986	2,986	2,986	12,575
R/kg	R102,447	R108,123		R202,054	R216,522	R230,990	R183,851
Australian Dollar/Gold							
Forward contracts							
Amount (kg)	(3,110)[1]	6,843	2,177	3,390	3,110		12,410
A$/oz	A$625	A$640	A$665	A$656	A$684		A$664
Call options purchased							
Amount (kg)	3,110	3,732	3,110	1,244	3,110		14,306
A$/oz	A$673	A$668	A$680	A$694	A$712		A$684
Total net gold							
Delta (kg) [2]	23,848	56,229	59,740	57,703	42,074	97,482	337,076
Delta (oz) [2]	766,730	1,807,802	1,920,683	1,855,192	1,352,709	3,134,115	10,837,231

[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 2005.

	2006	2007	2008	2009	2010	2011-2015	Total
US Dollar/Silver							
Put options purchased							
Amount (kg)	43,545	43,545	43,545				130,635
$/oz	$7.11	$7.40	$7.66				$7.39
Put options sold							
Amount (kg)	43,545	43,545	43,545				130,635
$/oz	$6.02	$5.93	$6.19				$6.05
Call options sold							
Amount (kg)	43,545	43,545	43,545				130,635
$/oz	$8.11	$8.40	$8.64				$8.38

40 Financial risk management activities (continued)

Summary: All open contracts in the group's currency hedge position as at 31 December 2005

Year	2006	2007	2008	2009	2010	2011-2015	Total
Rand/US Dollar (000)							
Put options purchased							
Amount ($)	60,000						60,000
R per $	R6.89						R6.89
Put options sold							
Amount ($)	60,000						60,000
R per $	R6.56						R6.56
Call options sold							
Amount ($)	60,000						60,000
R per $	R7.28						R7.28
Australian Dollar (000)							
Forward contracts							
Amount ($)	59,149						59,149
$ per A$	$0.75						$0.75
Put options purchased							
Amount ($)	80,000						80,000
$ per A$	$0.73						$0.73
Put options sold							
Amount ($)	80,000						80,000
$ per A$	$0.76						$0.76
Call options sold							
Amount ($)	130,000						130,000
$ per A$	$0.72						$0.72
Brazilian Real/US Dollar (000)							
Forward contracts							
Amount ($)	24,000	4,000					28,000
BRL per $	BRL3.18	BRL3.31					BRL3.20
Call options sold							
Amount ($)	20,000						20,000
BRL per $	BRL3.29						BRL3.29

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 $1.94bn (negative R12.32bn) as at 31 December 2005 (as at 31 December 2004: negative $1.16bn, negative R6.58bn). These values were based on a gold price of $517.00/oz, exchange rates of $1 = R6.305 and A$1 = $0.7342 and the prevailing market interest rates and volatilities at 31 December 2005.

40 Financial risk management activities (continued)

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the group receives cash from the proceeds of its gold sales and is required to fund working capital requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market-related returns while minimising risks. The group is able to actively source financing at competitive rates.

The syndicated $600m facility was repaid on 4 February 2005, and a new three year $700m syndicated facility was signed in January 2005, with an interest rate of LIBOR plus 0.4% per annum.

The group has sufficient undrawn borrowing facilities available to fund working capital requirements.

Cash and short-term loans advanced

Maturity date	Currency	Fixed rate investment amount million	Effective rate %	Floating rate investment amount million	Effective rate %
All less than one year	USD	9	3.8	64	3.6
	ZAR	52	6.0	12	5.9
	AUD	22	5.4	30	6.0
	EUR	1	3.8	5	2.5
	HKD			1	1.8
	BRL			10	19.0
	ARS			2	5.1
	NAD			45	7.5

Borrowing maturity profile (note 31)

	Within one year		Between one and two years		Between two and five years	
Currency	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %
$	47	5.0	10	5.3	1,383	3.3
ZAR	894[(1)]	7.4			1,989	10.5

Interest-rate risk

	Fixed for less than one year		Fixed for between one and three years		Fixed for greater than three years		
Currency	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Total borrowings amount million
$	501	5.3	22	5.3	917	2.4	1,440
ZAR	894[(1)]	7.4			1,989	10.5	2,883

(1) Includes R73m interest accrual on the corporate bond as at 31 December 2005.

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.

40 Financial risk management activities (continued)

Interest rate swaps

The group previously entered into a convertible interest rate swap. The swap was a derivative instrument as defined by IAS39 and had been designated as a fair value hedge. The swap hedged the group's exposure to fair value changes on the $1 billion convertible bonds attributable to changes in interest rates and had the effect of swapping the 2.375% fixed coupon into a LIBOR-based floating rate. As the swap was considered an integral part of the bond, the interest expense on the convertible bonds, for the portion of the year that the swap was in place, is disclosed after adjusting such expense for the interest income and expense under the swap.

The swap was unwound during September 2005. Since then the carrying value of the bond was no longer adjusted for changes in fair value attributable to the hedged interest rate risk. At that point the amortisation profile was recalculated to a new effective interest rate that will result in the bond being amortised up to redemption value by maturity.

The group had vanilla interest rate swap agreements to convert R750m of its R2,000m fixed-rate corporate bond to variable-rate debt. These interest rate swaps ran over the term of the bond and received interest at a fixed rate of 10.5% and paid floating JIBAR (reset quarterly) plus a spread of 0.915%.

These swaps were unwound during April 2005. All changes in the fair value of the swaps up to that point are recorded in the income statement as the swaps were not designated as a hedge.

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 $713m, R4,523m on a contract by contract basis. Credit risk exposure netted by counter parties amounts to $18m, R115m. 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.

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 2005 are as follows:

40 Financial risk management activities (continued)

Type of instrument

Figures in million	2005 Carrying amount	2005 Fair value	2004 Carrying Amount	2004 Fair Value
US Dollars				
Financial assets				
Other investments (note 20)	**102**	**102**	107	107
Other non-current assets (note 23)	**13**	**13**	17	17
Trade and other receivables (note 24)	**109**	**109**	143	143
Cash restricted for use (note 25)	**8**	**8**	26	26
Cash and cash equivalents (note 26)	**209**	**209**	289	289
Financial liabilities				
Borrowings (note 31)	**1,894**	**1,915**	1,605	1,623
Trade, other payables and deferred income (note 35)	**370**	**370**	405	405
Derivatives comprise the following:	**(749)**	**(2,029)**	(393)	(1,217)
Forward sale commodity contracts	**(81)**	**(909)**	(172)	(666)
Option contracts	**(612)**	**(1,058)**	(177)	(507)
Foreign exchange contracts	**6**	**6**	16	16
Foreign exchange option contracts	**(5)**	**(5)**	(2)	(2)
Interest rate swaps	**31**	**25**	(2)	(2)
Option component of convertible bond	**(88)**	**(88)**	(56)	(56)
SA Rands				
Financial assets				
Other investments (note 20)	**645**	**645**	608	608
Other non-current assets (note 23)	**77**	**75**	92	91
Trade and other receivables (note 24)	**688**	**688**	805	805
Cash restricted for use (note 25)	**52**	**52**	148	148
Cash and cash equivalents (note 26)	**1,328**	**1,328**	1,630	1,630
Financial liabilities				
Borrowings (note 31)	**12,015**	**12,147**	9,062	9,523
Trade, other payables and deferred income (note 35)	**2,354**	**2,354**	2,283	2,283
Derivatives comprise the following:	**(4,751)**	**(12,873)**	(2,218)	(6,900)
Forward sale commodity contracts	**(517)**	**(5,768)**	(972)	(3,787)
Option contracts	**(3,883)**	**(6,713)**	(998)	(2,865)
Foreign exchange contracts	**41**	**41**	90	90
Foreign exchange option contracts	**(33)**	**(33)**	(10)	(10)
Interest rate swaps	**197**	**156**	(11)	(11)
Option component of convertible bond	**(556)**	**(556)**	(317)	(317)

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 referenced as only financial assets and liabilities are shown.

Figures in million	2005 Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total
US Dollars				
Derivatives comprise the following:	**(1,280)**	**(338)**	**(411)**	**(2,029)**
Forward sale commodity contracts	**(828)**	**(342)**	**261**	**(909)**
Options contracts	**(446)**	**(4)**	**(608)**	**(1,058)**
Foreign exchange contracts	**–**	**8**	**(2)**	**6**
Foreign exchange option contracts	**–**	**–**	**(5)**	**(5)**
Interest rate swaps	**(6)**	**–**	**31**	**25**
Option component of convertible bond	**–**	**–**	**(88)**	**(88)**

40 Financial risk management activities (continued)

Type of instrument (continued)

Figures in million	2004 Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total
US Dollars				
Derivatives comprise the following:	(824)	(238)	(155)	(1,217)
Forward sale commodity contracts	(494)	(252)	80	(666)
Options contracts	(330)	(1)	(176)	(507)
Foreign exchange contracts	–	15	1	16
Foreign exchange option contracts	–	–	(2)	(2)
Interest rate swaps	–	–	(2)	(2)
Option component of convertible bond	–	–	(56)	(56)

Figures in million	2005 Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total
SA Rands				
Derivatives comprise the following:	**(8,122)**	**(2,142)**	**(2,609)**	**(12,873)**
Forward sale commodity contracts	**(5,251)**	**(2,170)**	**1,653**	**(5,768)**
Options contracts	**(2,830)**	**(22)**	**(3,861)**	**(6,713)**
Foreign exchange contracts	**–**	**50**	**(9)**	**41**
Foreign exchange option contracts	**–**	**–**	**(33)**	**(33)**
Interest rate swaps	**(41)**	**–**	**197**	**156**
Option component of convertible bond	**–**	**–**	**(556)**	**(556)**

Figures in million	2004 Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total
SA Rands				
Derivatives comprise the following:	(4,682)	(1,342)	(876)	(6,900)
Forward sale commodity contracts	(2,815)	(1,420)	448	(3,787)
Options contracts	(1,867)	(7)	(991)	(2,865)
Foreign exchange contracts	–	85	5	90
Foreign exchange option contracts	–	–	(10)	(10)
Interest rate swaps	–	–	(11)	(11)
Option component of convertible bond	–	–	(317)	(317)

40 Financial risk management activities (continued)

Derivative maturity profile

Figures in million	Total	2005 Assets	Liabilities
US Dollars			
Total	**(749)**	**713**	**(1,462)**
Less: Amounts to mature within 12 months 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**
Amounts to mature thereafter	**–**	**–**	**–**
SA Rands			
Total	**(4,751)**	**4,523**	**(9,274)**
Less: Amounts to mature within 12 months 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**
Amounts to mature thereafter	**–**	**–**	**–**

Figures in million	Total	2004 Assets	Liabilities
US Dollars			
Total	(393)	677	(1,070)
Less: Amounts to mature within 12 months of balance sheet date	43	(490)	533
Amounts to mature between one and two years	246	(128)	374
Amounts to mature between two and five years	97	(59)	156
Amounts to mature thereafter	(7)	–	(7)
SA Rands			
Total	(2,218)	3,822	(6,040)
Less: Amounts to mature within 12 months of balance sheet date	240	(2,767)	3,007
Amounts to mature between one and two years	1,389	(725)	2,114
Amounts to mature between two and five years	552	(330)	882
Amounts to mature thereafter	(37)	–	(37)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Trade and other receivables, 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.

Investments and other non-current assets

Listed investments are carried at fair value while unlisted investments are carried at amortised cost. 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. 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 2005.

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 input supplied by leading market participants (international banks). The group believes that no other possible alternative would result in significantly different fair value estimations.

41 Changes to comparative information

		Change in accounting policies			Reclassifications			
US Dollar million	Balance per annual financial statements 2004	Fair value adjustment on option component of bond [1]	Equity portion of the convertible bond reallocated to derivatives [1]	Change in accounting treatment for actuarial gains and losses	Other reclassifications	Ergo treated as a discontinued operation [2]	Rounding	Revised 2004 comparative
Income statement								
Revenue [3]	2,521	–	–	–	5	(92)	–	2,434
Gold income	2,396	–	–	–	–	(87)	–	2,309
Cost of sales	(2,022)	–	–	–	–	98	–	(1,924)
Non-hedge derivative loss [4]	–	–	–	–	(142)	–	–	(142)
Gross profit [4]	374	–	–	–	(142)	11	–	243
Corporate administration and other expenses	(51)	–	–	–	–	–	–	(51)
Market development costs	(15)	–	–	–	–	–	–	(15)
Exploration costs	(44)	–	–	–	–	–	–	(44)
Amortisation of intangible assets	(31)	–	–	–	–	–	–	(31)
Impairment of tangible assets [5]	(1)	–	–	–	1	–	–	–
Non-hedge derivative loss [4]	(142)	–	–	–	142	–	–	–
Other net operating expenses [6]	(12)	–	–	–	1	–	(1)	(12)
Other operating income [6]	1	–	–	–	(1)	–	–	–
Operating special items [5] [8]	–	–	–	–	12	–	–	12
Operating profit	79	–	–	–	13	11	(1)	102
Interest received [3]	44	–	–	–	5	–	–	49
Other net income [3] [7]	9	–	–	–	(9)	–	–	–
Exchange gain [7]	–	–	–	–	4	–	–	4
Profit on disposal of assets and subsidiaries [8]	13	–	–	–	(13)	–	–	–
Fair value adjustment on option component of convertible bond	–	27	–	–	–	–	–	27
Finance costs and unwinding of decommissioning obligations	(87)	–	–	–	–	–	–	(87)
Fair value gains on interest rate swaps	2	–	–	–	–	–	–	2
Share of associates profit [9]	–	–	–	–	–	–	–	–
Profit before taxation	60	27	–	–	–	11	(1)	97
Taxation	40	–	–	–	–	–	1	41
Profit after taxation from continuing operations	100	27	–	–	–	11	–	138
Discontinued operations								
Loss for the year for discontinued operations	–	–	–	–	–	(11)	–	(11)
Profit for the year	100	27	–	–	–	–	–	127
Allocated as follows								
Equity shareholders of the parent	81	27	–	–	–	–	–	108
Minority interests	19	–	–	–	–	–	–	19
	100	27	–	–	–	–	–	127

(1) The convertible bonds were previously accounted for as compound financial instruments, part equity and part liability. The equity component was not remeasured for changes in fair value. Convertible bonds are now accounted for entirely as a liability, with the option component disclosed as a derivative liability, carried at fair value. Changes in such fair value are recorded in the income statement.
(2) Ergo reclassified as a discontinued operation from 1 February 2005 as it has reached the end of its useful life.
(3) Growth in AngloGold Environmental Rehabilitation Trust Fund reclassified to be included in interest received. Interest received is included in revenue.
(4) Non-hedge derivative loss reclassified to be included in gross profit.
(5) Impairment of tangible assets reclassified to operating special items.
(6) Other operating income reclassified to other net operating expenses.
(7) Exchange gain reclassified to be reported separately on the face of the income statement.
(8) Profit on disposal of assets and subsidiaries reclassified to operating special items.
(9) Share of associates profit reclassified from other net income to comply with IAS 28.

41 Changes to comparative information (continued)

		Change in accounting policies			Reclassifications			
SA Rands million	Balance per annual financial statements 2004	Fair value adjustment on option component of bond [1]	Equity portion of the convertible bond reallocated to derivatives [1]	Change in accounting treatment for actuarial gains and losses	Other reclassifications	Ergo treated as a discontinued operation [2]	Rounding	Revised 2004 comparative
Income statement								
Revenue [3]	16,150	–	–	–	33	(591)	–	15,592
Gold income	15,348	–	–	–	–	(560)	–	14,788
Cost of sales	(12,933)	–	–	–	–	628	–	(12,305)
Non-hedge derivative loss [4]	–	–	–	–	(786)	–	–	(786)
Gross profit [4]	2,415	–	–	–	(786)	68	–	1 697
Corporate administration and other expenses	(331)	–	–	–	–	–	–	(331)
Market development costs	(100)	–	–	–	–	–	–	(100)
Exploration costs	(283)	–	–	–	–	–	–	(283)
Amortisation of intangible assets	(200)	–	–	–	–	–	–	(200)
Impairment of tangible assets [5]	(8)	–	–	–	8	–	–	–
Non-hedge derivative loss [4]	(786)	–	–	–	786	–	–	–
Other net operating expenses [6]	(78)	–	–	–	9	–	–	(69)
Other operating income [6]	9	–	–	–	(9)	–	–	–
Operating special items [5] [8]	–	–	–	–	80	–	–	80
Operating profit	638	–	–	–	88	68	–	794
Interest received [3]	285	–	–	–	33	–	–	318
Other net income [3] [7]	59	–	–	–	(59)	–	–	–
Exchange gain [7]	–	–	–	–	25	–	–	25
Profit on disposal of assets and subsidiaries [8]	88	–	–	–	(88)	–	–	–
Fair value adjustment on option component of convertible bond	–	160	–	–	–	–	–	160
Finance costs and unwinding of decommissioning obligations	(563)	–	–	–	–	–	–	(563)
Fair value gains on interest rate swaps	10	–	–	–	–	–	–	10
Share of associates profit [9]	–	–	–	–	1	–	–	1
Profit before taxation	517	160	–	–	–	68	–	745
Taxation	174	–	–	–	–	5	–	179
Profit after taxation from continuing operations	691	160	–	–	–	73	–	924
Discontinued operations								
Loss for the year from discontinued operations	–	–	–	–	–	(73)	–	(73)
Profit for the year	691	160	–	–	–	–	–	851
Allocated as follows								
Equity shareholders of parent	567	160	–	–	–	–	1	728
Minority interests	124	–	–	–	–	–	(1)	123
	691	160	–	–	–	–	–	851

41 Changes to comparative information (continued)

US Dollar million	Balance per annual financial statements 2004	Change in accounting policies: Fair value adjustment on option component of bond [(1)]	Change in accounting policies: Equity portion of the convertible bond reallocated to derivatives [(1)]	Change in accounting policies: Change in accounting treatment for actuarial gains and losses [(2)]	Reclassifications: Other reclassifications	Reclassifications: Ergo treated as a discontinued operation	Restatement: Tax rate concession [(3)]	Rounding	Revised 2004 comparative
Balance sheet									
Assets									
Non-current assets									
Tangible assets [(4)]	5,880	–	–	–	8	–	–	–	5,888
Intangible assets	416	–	–	–	–	–	20	(1)	435
Investments in associates	8	–	–	–	–	–	–	–	8
Other investments [(4) (5)]	40	–	–	–	67	–	–	–	107
Inventories [(6)]	22	–	–	–	13	–	–	–	35
Derivatives	187	–	–	–	–	–	–	–	187
Trade and other receivables [(7)]	–	–	–	–	10	–	–	–	10
Other non-current assets [(5) (8)]	106	–	–	(20)	(68)	–	–	–	18
	6,659	–	–	(20)	30	–	20	(1)	6,688
Current assets									
Inventories [(6)]	419	–	–	–	(13)	–	–	–	406
Trade and other receivables [(7)]	309	–	–	–	(8)	–	–	1	302
Derivatives	490	–	–	–	–	–	–	–	490
Current portion of other non-current assets	1	–	–	–	–	–	–	–	1
Cash restricted for use [(5) (9)]	–	–	–	–	26	–	–	–	26
Cash and other cash equivalents [(9)]	312	–	–	–	(23)	–	–	–	289
	1,531	–	–	–	(18)	–	–	1	1,514
Total assets	8,190	–	–	(20)	12	–	20	–	8,202
EQUITY AND LIABILITIES									
Share capital and premium	3,364	–	–	–	–	–	–	–	3,364
Retained earnings and other reserves	(135)	25	(82)	(22)	–	–	–	1	(213)
Shareholders' equity	3,229	25	(82)	(22)	–	–	–	1	3,151
Minority interests	58	–	–	–	–	–	–	–	58
Total equity	3,287	25	(82)	(22)	–	–	–	1	3,209
Non-current liabilities									
Borrowings	1,286	–	–	–	–	–	–	–	1,286
Environmental rehabilitation and other provisions [(10)]	231	–	–	–	(1)	–	–	–	230
Provision for pension and post-retirement benefits [(8) (10)]	171	–	–	13	13	–	–	–	197
Trade, other payables and deferred income [(11)]	–	–	–	–	4	–	–	–	4
Derivatives	481	(25)	82	–	–	–	–	(1)	537
Deferred taxation	1,347	–	–	(11)	–	–	20	–	1,356
	3,516	(25)	–	2	16	–	20	(1)	3,610
Current liabilities									
Trade, other payables and deferred income [(11)]	470	–	–	–	(4)	–	–	–	466
Current portion of borrowings	319	–	–	–	–	–	–	–	319
Derivatives	533	–	–	–	–	–	–	–	533
Taxation	65	–	–	–	–	–	–	–	65
	1,387	–	–	–	(4)	–	–	–	1,383
Total liabilities	4,903	(25)	82	2	12	–	20	(1)	4,993
Total equity and liabilities	8,190	–	–	(20)	12	–	20	–	8,202

(1) The convertible bonds were previously accounted for as compound financial instruments, part equity and part liability. The equity component was not remeasured for changes in fair value. Convertible bonds are now accounted for entirely as a liability, with the option component disclosed as a derivative liability, carried at fair value. Changes in such fair value are recorded in the income statement.
(2) The AngloGold Ashanti group has adopted IAS 19 (revised) whereby actuarial gains and losses are recognised through equity reserves.
(3) Restatement of deferred tax asset being tax rate concession in Ghana, to intangible assets in terms of IAS 38.
(4) Investment properties included in other investments, reclassified to tangible assets.
(5) Fixed-term deposits held by the AngloGold Environmental Rehabilitation Trust Fund and Environmental Protection Bond reclassified to other investments and restricted cash from other non-current assets.
(6) Reclassification of inventories from current to non-current assets.
(7) Reclassification of trade and other receivables from current to non-current assets.
(8) Reclassification of AngloGold Ashanti Pension Fund credit balance from other non-current assets to provisions for pension and post-retirement benefits.
(9) Reclassification from cash and cash equivalents to cash restricted for use.
(10) Reclassification of North America Pension Plan from other provisions to retirement provisions.
(11) Reclassification of deferred income from current to non-current trade and other payables.

41 Changes to comparative information (continued)

SA Rand million	Balance per annual financial statements 2004	Change in accounting policies: Fair value adjustment on option component of bond [1]	Change in accounting policies: Equity portion of the convertible bond reallocated to derivatives [1]	Change in accounting policies: Change in accounting treatment for actuarial gains and losses [2]	Reclassifications: Other reclassifications	Reclassifications: Ergo treated as a discontinued operation	Restatement: Tax rate concession [3]	Rounding	Revised 2004 comparative
Balance sheet									
ASSETS									
Non-current assets									
Tangible assets [4]	33,195	–	–	–	44	–	–	–	33,239
Intangible assets	2,347	–	–	–	–	–	111	–	2,458
Investments in associates	43	–	–	–	–	–	–	–	43
Other investments [4] [5]	223	–	–	–	385	–	–	–	608
Inventories [6]	124	–	–	–	78	–	–	–	202
Derivatives	1,055	–	–	–	–	–	–	–	1,055
Trade and other receivables [7]	–	–	–	–	55	–	–	–	55
Other non-current assets [5] [8]	601	–	–	(113)	(387)	–	–	–	101
	37,588	–	–	(113)	175	–	111	–	37,761
Current assets									
Inventories [6]	2,363	–	–	–	(78)	–	–	–	2,285
Trade and other receivables [7]	1,747	–	–	–	(48)	–	–	1	1,700
Derivatives	2,767	–	–	–	–	–	–	–	2,767
Current portion of other non-current assets	5	–	–	–	–	–	–	–	5
Cash restricted for use [5] [9]	–	–	–	–	148	–	–	–	148
Cash and cash equivalents [9]	1,758	–	–	–	(128)	–	–	–	1,630
	8,640	–	–	–	(106)	–	–	1	8,535
Total assets	46,228	–	–	(113)	69	–	111	1	46,296
EQUITY AND LIABILITIES									
Share capital and premium	18,987	–	–	–	–	–	–	–	18,987
Retained earnings and other reserves	(759)	147	(463)	(122)	–	–	–	–	(1,197)
Shareholders' equity	18,228	147	(463)	(122)	–	–	–	–	17,790
Minority interests	327	–	–	–	–	–	–	–	327
Total equity	18,555	147	(463)	(122)	–	–	–	–	18,117
Non-current liabilities									
Borrowings	7,262	–	–	–	–	–	–	–	7,262
Environmental rehabilitation and other provisions [10]	1,297	–	–	3	(6)	–	–	–	1,294
Provision for pension and post-retirement benefits [8] [10]	968	–	–	69	75	–	–	–	1,112
Trade, other payables and deferred income [11]	–	–	–	–	21	–	–	–	21
Derivatives	2,716	(147)	463	–	–	–	–	1	3,033
Deferred taxation	7,605	–	–	(63)	–	–	111	–	7,653
	19,848	(147)	463	9	90	–	111	1	20,375
Current liabilities									
Trade, other payables and deferred income [11]	2,650	–	–	–	(21)	–	–	–	2,629
Current portion of borrowings	1,800	–	–	–	–	–	–	–	1,800
Derivatives	3,007	–	–	–	–	–	–	–	3,007
Taxation	368	–	–	–	–	–	–	–	368
	7,825	–	–	–	(21)	–	–	–	7,804
Total liabilities	27,673	(147)	463	9	69	–	111	1	28,179
Total equity and liabilities	46,228	–	–	(113)	69	–	111	1	46,296

41 Changes to comparative information (continued)

US Dollar million	Balance per annual financial statements 2004	Change in accounting policies: Fair value adjustment on option component of bond [1]	Change in accounting policies: Equity portion of the convertible bond reallocated to derivatives [1]	Change in accounting policies: Change in accounting treatment for actuarial gains and losses	Reclassifications: Other reclassifications	Reclassifications: Ergo treated as a discontinued operation [2]	Rounding	Revised 2004 comparative
Cash flow								
Cash flows from operating activities								
Receipts from customers [3]	2,480	–	–	–	(56)	(92)	–	2,332
Payments to suppliers and employees	(1,895)	–	–	–	57	94	–	(1,744)
Cash generated from operations	585	–	–	–	1	2	–	588
Cash utilised from discontinued operations	–	–	–	–	–	(2)	–	(2)
Interest received [5]	37	–	–	–	(37)	–	–	–
Environmental, rehabilitation and other expenditure [6]	(24)	–	–	–	6	–	–	(18)
Finance costs [5]	(72)	–	–	–	72	–	–	–
Taxation paid	(34)	–	–	–	–	–	–	(34)
Net cash inflow from operating activities	492	–	–	–	42	–	–	534
Cash flows from investing activities								
Capital expenditure								
– project expenditure	(256)	–	–	–	–	–	–	(256)
– stay-in-business expenditure	(329)	–	–	–	–	–	–	(329)
Proceeds from disposal of tangible assets	10	–	–	–	–	–	–	10
Other investments acquired [6]	(20)	–	–	–	(10)	–	–	(30)
(Acquisition) disposal of subsidiaries net of cash [7]	(171)	–	–	–	171	–	–	–
(Acquisition) disposal of subsidiaries [7]	–	–	–	–	(227)	–	–	(227)
Cash in subsidiary acquired [7]	–	–	–	–	56	–	–	56
Cash restricted for use [4] [6]	–	–	–	–	(6)	–	–	(6)
Interest received [5]	–	–	–	–	37	–	–	37
Loans advanced	(2)	–	–	–	–	–	–	(2)
Repayment of loans advanced	85	–	–	–	–	–	–	85
Utilised in hedge restructure	(123)	–	–	–	–	–	–	(123)
Net cash outflow from investing activities	(806)	–	–	–	21	–	–	(785)
Cash flows from financing activities								
Proceeds from issue of share capital	3	–	–	–	–	–	–	3
Share issue expenses	–	–	–	–	–	–	–	–
Proceeds from borrowings	1,077	–	–	–	–	–	–	1,077
Repayment of borrowings	(818)	–	–	–	–	–	–	(818)
Finance costs [5]	–	–	–	–	(72)	–	–	(72)
Dividends paid	(198)	–	–	–	–	–	–	(198)
Proceeds from hedge restructure	40	–	–	–	–	–	–	40
Net cash inflow (outflow) from financing activities	104	–	–	–	(72)	–	–	32
Net decrease in cash and cash equivalents	(210)	–	–	–	(9)	–	–	(219)
Translation [8]	17	–	–	–	(4)	–	–	13
Cash and cash equivalents at beginning of year	505	–	–	–	(10)	–	–	495
Net cash and cash equivalents at end of year	312	–	–	–	(23)	–	–	289

41 Changes to comparative information (continued)

US Dollar million	Balance per annual financial statements 2004	Change in accounting policies: Fair value adjustment on option component of bond [1]	Change in accounting policies: Equity portion of the convertible bond reallocated to derivatives [1]	Change in accounting policies: Change in accounting treatment for actuarial gains and losses	Reclassifications: Other reclassifications	Reclassifications: Ergo treated as a discontinued operation [2]	Rounding	Revised 2004 comparative
Cash flow (continued)								
Cash generated from operations								
Profit before taxation	60	27	–	–	–	11	(1)	97
Adjusted for:								
Non-cash movements [9]	3	–	–	–	5	(5)	1	4
Movement on non-hedge derivatives	185	–	–	–	–	(4)	–	181
Amortisation of tangible assets	380	–	–	–	–	–	–	380
Deferred stripping	(21)	–	–	–	–	–	–	(21)
Interest received [9]	(44)	–	–	–	(5)	–	–	(49)
Operating special items [10] [11]	–	–	–	–	(12)	–	–	(12)
Finance costs and unwinding of decommissioning obligations	87	–	–	–	–	–	–	87
Amortisation of intangible assets	32	–	–	–	–	–	–	32
Impairment of tangible assets [10]	1	–	–	–	(1)	–	–	–
Profit on disposal of assets and subsidiaries [11]	(13)	–	–	–	13	–	–	–
Fair value adjustment on option component of convertible bond	–	(27)	–	–	–	–	–	(27)
Movements in working capital	(85)	–	–	–	1	–	–	(84)
	585	–	–	–	1	2	–	588
Movements in working capital:								
Increase in inventories	(56)	–	–	–	–	–	–	(56)
(Increase) decrease in trade and other receivables [4]	(41)	–	–	–	1	–	–	(40)
Increase in trade and other payables	12	–	–	–	–	–	–	12
	(85)	–	–	–	1	–	–	(84)

(1) The convertible bonds were previously accounted for as compound financial instruments, part equity and part liability. The equity component was not remeasured for changes in fair value. Convertible bonds are now accounted for entirely as a liability, with the option component disclosed as a derivative liability, carried at fair value. Changes in such fair value are recorded in the income statement.
(2) Ergo reclassified as a discontinued operation from 1 February 2005 as it has reached the end of its useful life.
(3) Effect of reallocations within trade and other receivables on receipts from customers.
(4) Reallocation of Disaster Compensation Fund to restricted cash.
(5) Interest received and finance costs have been reclassified from operating activities to investing and financing activities respectively.
(6) Contributions to the Environmental Rehabilitation Trust Fund reallocated to other investments acquired $6m, $4m reallocated to cash restricted for use.
(7) Cash in subsidiaries acquired reclassified to be shown separately on the cash flow.
(8) Translation on amounts reallocated to cash restricted for use.
(9) Growth in AngloGold Environmental Rehabilitation Trust Fund reclassified as interest received.
(10) Impairment of tangible assets reclassified to operating special items.
(11) Profit on disposal of assets and subsidiaries reclassified to operating special items.

41 Changes to comparative information (continued)

		Change in accounting policies			Reclassifications			
SA Rand million	Balance per annual financial statements 2004	Fair value adjustment on option component of bond [1]	Equity portion of the convertible bond reallocated to derivatives [1]	Change in accounting treatment for actuarial gains and losses	Other reclassifications	Ergo treated as a discontinued operation [2]	Rounding	Revised 2004 comparative
Cash flow								
Cash flows from operating activities								
Receipts from customers [3]	15,928	–	–	–	(314)	(591)	–	15,023
Payments to suppliers and employees	(12,423)	–	–	–	319	603	–	(11,501)
Cash generated from operations	3,505	–	–	–	5	12	–	3,522
Cash utilised from discontinued operations	–	–	–	–	–	(12)	–	(12)
Interest received [5]	236	–	–	–	(236)	–	–	–
Environmental, rehabilitation and other expenditure [6]	(148)	–	–	–	35	–	–	(113)
Finance costs [5]	(465)	–	–	–	465	–	–	–
Taxation paid	(218)	–	–	–	–	–	–	(218)
Net cash inflow from operating activities	2,910	–	–	–	269	–	–	3,179
Cash flows from investing activities								
Capital expenditure								
– project expenditure	(1,645)	–	–	–	–	–	–	(1,645)
– stay-in-business expenditure	(2,119)	–	–	–	–	–	–	(2,119)
Proceeds from disposal of tangible assets	69	–	–	–	–	–	–	69
Other investments acquired [6]	(127)	–	–	–	(69)	–	–	(196)
(Acquisition) disposal of subsidiaries net of cash [7]	(1,139)	–	–	–	1,139	–	–	–
(Acquisition) disposal of subsidiaries [7]	–	–	–	–	(1,523)	–	–	(1,523)
Cash in subsidiary acquired [7]	–	–	–	–	384	–	–	384
Cash restricted for use [4] [6]	–	–	–	–	(45)	–	–	(45)
Interest received [5]	–	–	–	–	236	–	–	236
Loans advanced	(13)	–	–	–	–	–	–	(13)
Repayment of loans advanced	539	–	–	–	–	–	–	539
Utilised in hedge restructure	(703)						–	(703)
Net cash outflow from investing activities	(5,138)	–	–	–	(122)	–	–	(5,016)
Cash flows from financing activities								
Proceeds from issue of share capital	22	–	–	–	–	–	–	22
Share issue expenses	(1)	–	–	–	–	–	–	(1)
Proceeds from borrowings	7,236	–	–	–	–	–	–	7,236
Repayment of borrowings	(5,348)	–	–	–	–	–	–	(5,348)
Finance costs [5]	–	–	–	–	(465)	–	–	(465)
Dividends paid	(1,322)	–	–	–	–	–	–	(1,322)
Proceeds from hedge restructure	228	–	–	–	–	–	–	228
Net cash inflow (outflow) from financing activities	815	–	–	–	(465)	–	–	350
Net decrease in cash and cash equivalents	(1,413)	–	–	–	(74)	–	–	(1,487)
Translation [8]	(196)	–	–	–	10	–	–	(186)
Cash and cash equivalents at beginning of year	3,367	–	–	–	(64)	–	–	3,303
Net cash and cash equivalents at end of year	1,758	–	–	–	(128)	–	–	1,630

41 Changes to comparative information (continued)

SA Rand million	Balance per annual financial statements 2004	Change in accounting policies: Fair value adjustment on option component of bond [1]	Change in accounting policies: Equity portion of the convertible bond reallocated to derivatives [1]	Change in accounting policies: Change in accounting treatment for actuarial gains and losses	Reclassifications: Other reclassifications	Reclassifications: Ergo treated as a discontinued operation [2]	Rounding	Revised 2004 comparative
Cash generated from operations								
Profit before taxation	517	160	–	–	–	68	–	745
Adjusted for:								
Non-cash movements [9]	3	–	–	–	33	(30)	–	6
Movement on non-hedge derivatives	1,081	–	–	–	–	(26)	–	1,055
Amortisation of tangible assets	2,423	–	–	–	–	–	–	2,423
Deferred stripping	(144)	–	–	–	–	–	–	(144)
Interest receivable [9]	(285)	–	–	–	(33)	–	–	(318)
Operating special items [10] [11]	–	–	–	–	(80)	–	–	(80)
Finance costs and unwinding of decommissioning obligation	563	–	–	–	–	–	–	563
Amortisation of intangible assets	208	–	–	–	–	–	–	208
Impairment of tangible assets [10]	8	–	–	–	(8)	–	–	–
Profit on disposal of assets and subsidiaries [11]	(88)	–	–	–	88	–	–	–
Fair value adjustment on option component of convertible bond	–	(160)	–	–	–	–	–	(160)
Movements in working capital	(781)	–	–	–	5	–	–	(776)
	3,505	–	–	–	5	12	–	3,522
Movements in working capital:								
Increase in inventories	(1)	–	–	–	–	–	–	(1)
(Increase) decrease in trade and other receivables [4]	(4)	–	–	–	5	–	–	1
Decrease in trade and other payables	(776)	–	–	–	–	–	–	(776)
	(781)	–	–	–	5	–	–	(776)

(1) The convertible bonds were previously accounted for as compound financial instruments, part equity and part liability. The equity component was not remeasured for changes in fair value. Convertible bonds are now accounted for entirely as a liability, with the option component disclosed as a derivative liability, carried at fair value. Changes in such fair value are recorded in the income statement.
(2) Ergo reclassified as a discontinued operation from 1 February 2005 as it has reached the end of its useful life.
(3) Effect of reallocations within trade and other receivables on receipts from customers.
(4) Reallocation of Disaster Compensation Fund to restricted cash.
(5) Interest received and finance costs have been reclassified from operating activities to investing and financing activities respectively.
(6) Contributions to the Environmental Rehabilitation Trust Fund reallocated to other investments acquired R35m; R34m reallocated to cash restricted for use.
(7) Cash in subsidiaries acquired reclassified to be shown separately on the cash flow.
(8) Translation on amounts reallocated to cash restricted for use.
(9) Growth in AngloGold Environmental Rehabilitation Trust Fund reclassified as interest received.
(10) Impairment of tangible assets reclassified to operating special items.
(11) Profit on disposal of assets and subsidiaries reclassified to operating special items.

42 Exchange rates

	2005	2004
Rand/US dollar average for the year	**6.37**	6.44
Rand/US dollar closing	**6.35**	5.65
Rand/Australian dollar average for the year	**4.85**	4.82
Rand/Australian dollar closing	**4.65**	4.42
Australian dollar/US dollar average for the year	**1.31**	1.36
Australian dollar/US dollar closing	**1.36**	1.28