

1 Accounting policies

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 early adoption of IFRIC Interpretation 5: Rights to interests arising from decommissioning, restoration and Environmental Rehabilitation Funds (refer Note 34). These financial statements comply with International Financial Reporting Standards (IFRS).

AngloGold Ashanti presents its consolidated financial statements in US dollars. The group's presentation currency is US dollars since the majority of its sales are in dollars. The measurement currency of the various entities within the group depends on where the entity operates and reflects the economic substance of the underlying events and circumstances of that entity.

The following method of translation has been used:

- equity items other than profit attributable to equity shareholders at the closing rate on each balance sheet date;
- assets and liabilities at the closing rate on each balance sheet date;
- income, expenses and cash flows at the weighted average exchange rate applicable to the month during which the transactions take place; and
- resulting exchange differences are included in equity.

To assist investors in South Africa, amounts have also been disclosed in SA rands. This is supplementary to the information required by IFRS. AngloGold Ashanti, the company, measures and presents its results in SA rands.

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 AngloGold Environmental Rehabilitation Trust Fund and joint ventures, are prepared for the same reporting period as the holding company, using the same accounting policies.

Where an investment in a subsidiary or a joint venture is acquired or disposed of during the financial year, its results are included from or to, the date control became, or ceased to be, effective.

All intra-group transactions and balances are eliminated on consolidation. Unearned profits that arise between group entities are eliminated.

Foreign entities

Assets and liabilities (both monetary and non-monetary) of foreign entities are translated at the closing rate. Income statement items are translated at a weighted average rate of exchange for the period. Exchange differences are taken directly to a foreign currency translation reserve.

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 interest in a jointly controlled entity is accounted for by proportionate consolidation.

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.

Results of associates are equity accounted from their most recent audited annual financial statements or unaudited interim financial statements. Any losses of associates are brought to account in the consolidated financial statements until the investment in such associates is written down to a nominal amount. 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 unamortised goodwill, 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 written off in the period in which these circumstances are identified.

Foreign currency transactions

Foreign currency transactions are recorded at the spot rate of exchange on transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Foreign exchange gains or losses arising from foreign exchange transactions are included in the determination of profit for the year. Foreign exchange differences in foreign currency borrowings that provide a hedge against a net investment in a foreign entity are taken directly to equity until the disposal of the net investment, at which time, they are recognised in the income statement.

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.

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.

Mine development costs include acquired proved and probable mineral resources at cost at acquisition date. Mine development costs are amortised using the units-of-production method based on estimated proved and probable mineral reserves. Amortisation is first charged on new mining ventures from the date it is capable of commercial production.

Proved and probable mineral reserves reflect estimated economically recoverable quantities which can be recovered in 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 is recalculated annually in the light of additional knowledge and changes in estimates. Thus, 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

Plant, equipment and buildings are amortised using the lesser of their useful life or units-of-production method based on estimated proved and probable mineral reserves.

Land

Land is not depreciated.

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.

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 is amortised on a systematic basis over the lesser of the life of the mine or 20 years. The unamortised balance is reviewed on a regular

basis and, if impairment in the value has occurred, it is written off in the period in which the circumstances are identified.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Royalty rate concession

The 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 where there is an indicator of impairment.

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. Other borrowing costs are expensed as incurred.

Leased assets

Assets subject to finance leases are capitalised at cost 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 effective interest rate method, between the lease finance cost, 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.

Research and exploration expenditure

Research and exploration expenditure is expensed in the year in which it is incurred. When it has been determined that a mineral property can be economically developed, all further pre-production expenditure incurred to develop such property is capitalised. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

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;
- by-products, which include uranium oxide and sulphuric acid are valued on an average total production cost method;
- 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.

AngloGold Ashanti does not recognise a contingent liability. A contingent liability is disclosed when the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is also disclosed where an inflow of economic benefits is probable.

Employee benefits

The group operates post-retirement medical aid benefit plans, a number of defined contribution pension plans and a defined benefit pension plan.

Defined contribution plans

Contributions to defined contribution pension and provident funds in respect of services during that year are recognised as an expense in that year.

Defined benefit plan

The cost of providing benefits to the defined benefit pension plan is determined using the projected unit credit actuarial valuation method. The current service cost in respect of the defined benefit plan is recognised as an expense in the current year. Actuarial gains and losses are recognised as an expense or income systematically over the expected remaining service period of employees participating in the plan where the cumulative amount of such gains and losses exceeds 10% of the greater of the fair value of the plan assets and the present value of the defined benefit obligation.

Post-retirement medical aid obligation

The cost of post-retirement benefits are made up of those obligations which the group has towards current and retired employees.

The entitlement to these benefits for current employees is dependant upon the employee remaining in service until retirement age. The cost of providing benefits to the post-retirement medical benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses arising in the plan are recognised as income or expense over the expected average remaining service lives of

employees participating in the plan where the cumulative amount of such gains and losses exceeds 10% of the greater of the fair value of the plan assets and the present value of the defined benefit obligation.

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.

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.

Annual contributions are made to the AngloGold Environmental Rehabilitation Trust, created in accordance with South African statutory requirements, to fund the estimated cost of rehabilitation during and at the end of the life of a mine. The fund is recognised on the balance sheet at fair value.

The growth in the trust is included in income. AngloGold Ashanti is the sole contributor to the fund and exercises full control through the board of trustees, hence the fund is consolidated.

Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced.

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. When this provision gives access to future economic benefits, an asset is recognised and included within mining infrastructure. 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. 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.

Restoration costs are accrued and expensed over the operating life of each mine using the units-of-production method based on estimated proved and probable mineral reserves. Expenditure on ongoing restoration costs is brought to account when incurred.

Revenue recognition

Revenue is recognised 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; and
- 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.

Taxation

Deferred taxation is provided on all 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 not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at future anticipated tax rates, which have been 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.

Financial instruments

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

Financial instruments are initially measured at cost, including transaction costs, when the group becomes a party to their contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

A financial instrument or a portion of a financial instrument will be derecognised and a gain or loss recognised when the company loses the contractual rights or extinguishes the obligation associated with such an instrument.

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.

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.

IAS39 (AC133) 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. 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.

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.

Investments

Listed investments, other than investments in subsidiaries, joint ventures, and associates, are subsequently measured at fair value, which is calculated by reference to the quoted selling price at the close of business on the balance sheet date. Unlisted investments are shown at fair value, and are calculated by reference to the directors' valuation, or at cost where fair value cannot be reliably measured. Investments in

subsidiaries, joint ventures and associates are carried at cost in the investor's separate financial statements.

Investments classified as available-for-sale financial assets are subsequently measured at fair value, with changes in fair value 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.

Other non-current assets

Other non-current assets are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables

Trade and other receivables originated by the group are subsequently measured at amortised cost less allowance for doubtful debts.

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.

Impairment of financial assets

At each balance sheet date an assessment is made of whether there is any objective evidence of impairment of financial assets. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised in income for the difference between the recoverable amount and the carrying amount.

At each balance sheet date, an assessment is made of whether there is any objective evidence of impairment of financial assets re-measured to fair value. If such evidence exists, the cumulative net loss that had been recognised directly in equity is removed from equity and recognised in earnings for the period.

Geographical analysis by origin is as follows:

	Gold income (m)		Adjusted operating profit (loss) (m)		Cash operating profit (loss) (m)	
	2004	2003	2004	2003	2004	2003
US Dollars						
South Africa	1,205	1,179	221	317	335	370
Argentina	97	80	32	25	58	51
Australia	172	157	61	33	87	56
Brazil	158	147	85	75	107	97
Ghana	198	–	(22)	–	19	–
Guinea	41	–	(16)	–	(13)	–
Mali	188	205	49	72	80	113
Namibia	27	26	1	7	4	8
Tanzania	201	107	23	34	58	46
USA	105	128	7	3	47	50
Zimbabwe	4	–	(1)	–	–	–
Other	–	–	(6)	(7)	5	–
	2,396	2,029	434	559	787	791

The amount of the loss is calculated as the difference between its acquisition cost, net of any principal repayment and amortisation, and current fair value or recoverable amounts less any impairment loss on that asset previously recognised in earnings.

Financial liabilities

Financial liabilities, other than trading financial liabilities and derivatives, are subsequently measured at amortised cost being the original obligation less principal payments and amortisations. Trading financial liabilities and derivatives are subsequently measured at fair value.

Convertible bonds

Convertible bonds issued are accounted for as compound financial instruments and initially recognised as part-liability, part-equity. The allocation is determined by assigning the residual amount to the equity component after determining the value of the liability component. The equity component is not remeasured. The liability component is carried at amortised cost.

Investment property

Investment properties comprise land and are measured at cost. Land is not depreciated.

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.

2 Segmental information (continued)

	Gold income (m)		Adjusted operating profit (loss) (m)		Cash operating profit (loss) (m)	
	2004	2003	2004	2003	2004	2003
SA Rands						
South Africa	7,749	8,846	1,420	2,398	2,151	2,799
Argentina	620	606	202	192	370	389
Australia	1,099	1,187	390	248	555	422
Brazil	1,014	1,109	547	565	685	734
Ghana	1,257	–	(130)	–	128	–
Guinea	259	–	(93)	–	(81)	–
Mali	1,192	1,550	306	557	503	857
Namibia	176	198	11	55	28	61
Tanzania	1,285	787	150	242	372	334
USA	671	981	43	24	300	379
Zimbabwe	26	–	(9)	–	–	–
Other	–	–	(35)	(52)	40	(7)
	15,348	15,264	2,802	4,229	5,051	5,968

	Gold production (oz 000)		Gold production (kg)		Average number of employees	
	2004	2003	2004	2003	2004	2003
South Africa	3,079	3,281	95,772	102,053	45,200	48,078
Argentina	211	209	6,575	6,501	791	690
Australia	410	432	12,762	13,425	455	540
Brazil	334	323	10,382	10,039	2,686	2,666
Ghana	485	–	15,041	–	8,855	–
Guinea	83	–	2,565	–	2,335	–
Mali	475	577	14,789	17,930	1,413	1,297
Namibia	67	73	2,070	2,299	251	387
Tanzania	570	331	17,740	10,280	2,258	1,040
USA	329	390	10,234	12,141	411	741
Zimbabwe	9	–	293	–	745	–
	6,052	5,616	188,223	174,668	65,400	55,439

2 Segmental information (continued)

	Net operating assets		Total assets		Capital expenditure ⁽¹⁾	
	2004	2003	2004	2003	2004	2003
US Dollars (m)						
South Africa	1,867	1,311	2,666	1,930	335	327
Argentina	207	212	316	305	13	10
Australia	383	341	720	668	28	21
Brazil	218	192	348	285	40	36
Ghana	1,698	–	1,774	–	42	–
Guinea	197	–	242	–	57	–
Mali	248	244	322	326	11	14
Namibia	30	11	38	30	21	2
Tanzania	836	170	1,107	388	13	10
USA	380	388	409	418	16	27
Zimbabwe	–	–	–	–	1	–
Other	107	100	248	507	8	2
	6,171	2,969	8,190	4,857	585	449
SA Rands (m)						
South Africa	10,541	8,741	15,052	12,850	2,159	2,471
Argentina	1,166	1,410	1,784	2,035	83	78
Australia	2,164	2,273	4,062	4,457	182	159
Brazil	1,232	1,282	1,962	1,898	261	273
Ghana	9,585	–	10,016	–	269	–
Guinea	1,115	–	1,366	–	366	–
Mali	1,402	1,627	1,820	2,172	67	108
Namibia	172	73	216	200	134	17
Tanzania	4,719	1,135	6,248	2,587	81	75
USA	2,144	2,590	2,311	2,796	103	199
Zimbabwe	–	–	–	–	9	–
Other	595	666	1,391	3,391	50	16
	34,835	19,797	46,228	32,386	3,764	3,396

⁽¹⁾ 2003 restated to reflect the change in accounting treatment of ore reserve development expenditure.

Geographical analysis by destination is as follows:

	Gold income			
	2004	2003	2004	2003
	US Dollars (m)		SA Rands (m)	
South Africa	534	565	3,418	4,250
North America	777	271	4,972	2,038
Australia	72	115	464	867
Asia	161	121	1,031	907
Europe	455	569	2,916	4,280
United Kingdom	312	388	2,001	2,922
Africa	63	–	405	–
South America	22	–	141	–
	2,396	2,029	15,348	15,264

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		3 Revenue		
		Revenue consists of the following principal categories:		
15,264	15,348	Gold income (Note 2)	2,396	2,029
373	517	Sale of uranium, silver and sulphuric acid	81	49
285	285	Interest receivable	44	38
15,922	16,150		2,521	2,116
		4 Cost of sales		
9,473	10,127	Cash operating costs	1,581	1,260
255	345	Other cash costs	54	34
9,728	10,472	Total cash costs	1,635	1,294
27	60	Retrenchment costs (Note 14)	9	4
97	196	Rehabilitation and other non-cash costs	32	13
9,852	10,728	Production costs	1,676	1,311
1,739	2,423	Amortisation of tangible assets (Notes 13, 18 and 34)	380	232
–	8	Amortisation of intangible assets (Note 19)	1	–
11,591	13,159	Total production costs ⁽¹⁾	2,057	1,543
(133)	(226)	Increase in inventories	(35)	(17)
11,458	12,933		2,022	1,526
		⁽¹⁾ A reassessment has been made of the useful life of on-reef ore reserve development expenditure with effect from 1 January 2004. The impact of the reassessment is that costs are expensed over a longer period than was previously estimated. The effect of the change on the current year's results is a decrease in cash operating costs of \$94m, R606m, an increase in amortisation of tangible assets of \$40m, R261m, resulting in a net decrease of total production costs of \$54m, R345m.		
		The effect on future periods is not determinable.		
		5 Exploration costs		
477	519	Expenditure incurred during the year	81	63
(194)	(236)	Expenditure transferred to tangible assets	(37)	(25)
283	283		44	38
		6 Other operating expenses		
		Other operating expenses is arrived at after taking account of:		
101	27	Post-retirement medical expenses for disposed mines and medical aid scheme losses	4	12
–	10	Write-off of loan	2	–
17	10	Shortfall in retirement provisions	2	2
		7 Other operating income		
–	9	Net income from investment properties	1	–

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		8 Abnormal items		
		Abnormal items consist of the following items:		
214	–	Provision for post-retirement medical liability	–	33
(46)	–	Reversal of over-provisions in decommissioning (Note 30)	–	(7)
(46)	–	Reversal of over-provision in restoration (Note 30)	–	(7)
122	–	Abnormal items before taxation (Note 34)	–	19
	–	Taxation	–	–
59	–	– Current taxation on foreign exchange losses on borrowings (Note 15)	–	8
120	–	– Deferred taxation (Note 15)	–	19
98	–	– provision for post-retirement medical liability	–	15
(42)	–	– over-provision in decommissioning and restoration liabilities	–	(6)
64	–	– deferred tax asset raised	–	10
(57)	–	Abnormal items after taxation	–	(8)
5	–	Minorities interest	–	1
(52)	–	Abnormal items after taxation and after minorities	–	(7)
		9 Other net income		
		Other net income consists of the following principal categories:		
32	33	Growth in AngloGold Environmental Rehabilitation Trust (Note 24)	5	4
12	1	Profit from associates after taxation (Note 20)	–	2
(23)	25	Exchange gain (loss) on transactions other than sales	4	(3)
21	59		9	3
		10 Profit on disposal of assets and subsidiaries		
–	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	–
–	33	Profit on disposal of mineral rights and exploration properties	5	–
82	–	Disposal of Jerritt Canyon Joint Venture (Note 35)	–	10
(7)	–	Other	–	–
75	88	(Note 34)	13	10
		11 Profit on disposal of investments		
18	–	Sale of Queenstake Resources USA Inc shares	–	3
189	–	Sale of East African Gold Mines shares	–	25
125	–	Sale of Randgold Resources shares	–	17
(1)	–	Other	–	–
331	–	(Note 34)	–	45

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
12 Finance costs and unwinding of decommissioning obligation				
231	73	Finance costs on bank loans and overdrafts	11	30
73	215	Finance costs on corporate bond	33	11
–	127	Finance costs on convertible bonds (Note 38) ⁽¹⁾	20	–
37	68	Net finance costs on interest rate swap ⁽²⁾	11	5
21	96	Other finance costs ⁽³⁾	15	3
362	579		90	49
–	(67)	Less: amounts capitalised (Note 18)	(11)	–
362	512		79	49
22	51	Unwinding of decommissioning obligation (Note 30)	8	4
384	563	(Note 34)	87	53
<p>⁽¹⁾ The interest rate swap entered into against the convertible bonds has been designated as a fair value hedge and is considered an integral part of the bond. Accordingly, the finance cost on the convertible bonds is disclosed after adjusting for the finance costs and income under the swap.</p> <p>⁽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 \$13m, R83m (2003: \$5m, R35m).</p> <p>⁽³⁾ The 2003 comparative has been adjusted to separately disclose the finance costs on the interest rate swap.</p>				
13 Profit before taxation				
Profit before taxation is arrived at after taking account of:				
Auditors' remuneration				
10	18	– Statutory audit fees	3	2
–	1	– Under provision prior year	–	–
3	2	– Other assurance services	–	–
2	13	Other professional services ⁽¹⁾	2	–
15	34		5	2
<p>⁽¹⁾ Other professional services include valuations, internal audit, consulting services, tax advisory services and remuneration and technical reviews</p>				
Amortisation of tangible assets (Notes 4, 18 and 34)				
1,694	2,364	Owned assets	371	226
45	59	Leased assets	9	6
1,739	2,423		380	232
50	47	Grants for educational and community development	7	7
48	102	Operating lease charges	16	6
At 31 December 2004, the group was committed to making the following payments in respect of operating leases for amongst others, hire of plant and machinery and land and buildings:				
Expiry within				
6	47	– One year	7	1
11	41	– Between 1-2 years	7	2
3	21	– Between 2-5 years	3	–
–	2	– After 5 years	–	–
20	111		17	3

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
14 Employee benefits				
4,160	4,781	Employee benefits including executive directors' salaries, and other benefits ⁽¹⁾	742	551
297	296	Health care and medical scheme costs		
227	114	– current medical expenses	46	39
		– defined benefit post-retirement medical expenses ⁽¹⁾ (Note 30)	18	30
186	261	Contributions to pension and provident plans		
62	34	– defined contribution	41	25
20	11	– defined benefit (Note 30)	5	8
27	60	– defined benefit pension plan expense	2	3
		Retrenchment costs (Note 4)	9	4
4,979	5,557	Included in cost of sales and other operating expenses	863	660
		Defined benefit pension plan expense		
32	40	– current service cost	6	4
106	92	– interest cost	14	14
(92)	(95)	– expected return on plan assets	(15)	(12)
16	–	– recognised past service cost	–	2
–	(3)	– actuarial (gain) loss	–	–
62	34	(Note 30)	5	8
		Defined benefit post-retirement medical expense		
3	4	– current service cost	1	–
90	107	– interest cost	16	12
–	(2)	– expected return on plan assets	–	–
134	9	– recognised past service cost	1	18
–	(4)	– actuarial gain	–	–
227	114	(Note 30)	18	30
120	219	Actual return on plan assets		
		South African defined benefit pension plan (Note 30)	34	16
		Refer to Directors' report for details of directors' emoluments		
		⁽¹⁾ The comparative figures are restated to reflect the defined benefit medical expense portion previously included under salaries and wages of \$21m, R161m.		
15 Taxation				
		Current taxation		
27	–	Mining taxation	–	3
450	152	Non-mining taxation	24	57
30	229	Under provision prior year	40	4
40	–	Secondary tax on companies	–	5
(59)	–	Taxation on abnormal items (Note 8)	–	(8)
38	–	Capital gains tax	–	6
–	16	Disposal of assets – recoupment	2	–
526	397		66	67

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
15 Taxation (continued)				
		Deferred taxation		
576	217	Temporary differences	32	79
230	(222)	Unrealised non-hedge derivatives	(39)	33
(120)	–	Taxation on abnormal items (Note 8)	–	(19)
(132)	–	Impairment	–	(18)
–	(566)	Change in estimated deferred taxation ⁽¹⁾	(99)	–
554	(571)	(Note 31)	(106)	75
1,080	(174)		(40)	142
Tax reconciliation				
A reconciliation of the future anticipated tax rate compared to that charged in the income statement is set out in the following table:				
			%	%
		Future anticipated tax rate ⁽¹⁾	38	46
		Disallowable expenditure	66	5
		Intangible assets amortised	16	2
		Taxable non-mining income	–	(3)
		Mining tax formula adjustment	(38)	2
		Dividends received	–	(4)
		Foreign income tax allowances and rate differentials	(23)	(14)
		Previously unrecognised tax assets	(8)	(1)
		Other	(15)	(3)
		Change in estimated deferred tax rate	(169)	–
		Under provision for prior year	67	–
		Effective tax rate	(66)	30
		Add back:		
		Change in estimated deferred tax rate	169	–
		Under provision for prior year	(67)	–
		Adjusted effective tax rate	36	30

⁽¹⁾ During 2004, the estimates were revised in South Africa to reflect the future anticipated taxation rate at the time the temporary differences reverse.

2003	2004		2004	2003
SA Cents			US Cents	
16 Earnings per ordinary share (continued)				
957	654	Adjusted headline earnings	105	127
		This calculation is based on adjusted headline earnings of \$263m, R1,644m (2003: \$282m, R2,133m) and 251,352,552 (2003: 222,836,574) shares being the weighted average number of ordinary shares in issue during the financial year.		
1,042	225	Diluted	32	139
		The calculation of diluted earnings per ordinary share is based on earnings attributable to equity shareholders of \$81m, R567m (2003: \$312m, R2,331m) and 252,048,301 (2003: 223,717,575) shares being the diluted number of ordinary shares.		
		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	251,352,552	222,836,574
		Dilutive potential of share options	695,749	881,001
		Diluted number of ordinary shares	252,048,301	223,717,575
		The calculation of diluted earnings per share for 2004 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.		
SA Rands			US Dollars	
17 Dividends				
1,500	–	Ordinary shares No. 93 of 675 SA cents per ordinary share was declared on 30 January 2003 and paid on 28 February 2003 (82 US cents per share).	–	183
836	–	No. 94 of 375 SA cents per ordinary share declared on 30 July 2003 and paid on 29 August 2003 (51 US cents per share).	–	113
–	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	–
2,336	1,197		179	296
		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).		

18 Tangible assets

Figures in million	Mine		Mineral	Land	Total
	development	Mine	rights, dumps and exploration		
	costs ⁽¹⁾	infrastructure ⁽¹⁾	properties ⁽¹⁾		
US Dollars					
Cost					
Balance at beginning of year	2,391	1,622	546	15	4,574
Additions					
– expand operations	185	34	26	–	245
– maintain operations	246	74	9	–	329
Disposals	(11)	(6)	(14)	–	(31)
Acquisition of subsidiaries (Note 35)	1,616	58	918	–	2,592
Disposal of subsidiaries (Note 35)	(5)	–	–	–	(5)
Transfers and other movements	243	(166)	5	–	82
Finance costs capitalised (Note 12)	11	–	–	–	11
Translation	363	113	23	1	500
Balance at end of year	5,039	1,729	1,513	16	8,297
Accumulated amortisation					
Balance at beginning of year	825	870	115	–	1,810
Amortisation for the year (Notes 4, 13 and 34)	248	88	44	–	380
Impairments (Note 34)	–	–	1	–	1
Disposals	(14)	(5)	(1)	–	(20)
Transfers and other movements	138	(95)	7	–	50
Translation	123	68	5	–	196
Balance at end of year	1,320	926	171	–	2,417
Net book value at 31 December 2004	3,719	803	1,342	16	5,880
Net book value at 31 December 2003	1,566	752	431	15	2,764
SA Rands					
Cost					
Balance at beginning of year	15,944	10,819	3,637	104	30,504
Additions					
– expand operations	1,197	217	164	–	1,578
– maintain operations	1,584	478	56	1	2,119
Disposals	(73)	(39)	(90)	(3)	(205)
Acquisition of subsidiaries (Note 35)	10,998	396	6,245	–	17,639
Disposal of subsidiaries (Note 35)	(36)	–	–	–	(36)
Transfers and other movements	1,581	(1,068)	28	3	544
Finance costs capitalised (Note 12)	67	–	–	–	67
Translation	(2,818)	(1,041)	(1,500)	(11)	(5,370)
Balance at end of year	28,444	9,762	8,540	94	46,840
Accumulated amortisation					
Balance at beginning of year	5,504	5,796	776	1	12,077
Amortisation for the year (Notes 4, 13 and 34)	1,586	559	278	–	2,423
Impairments (Note 34)	1	–	7	–	8
Disposals	(87)	(35)	(9)	–	(131)
Transfers and other movements	889	(609)	40	–	320
Translation	(435)	(491)	(126)	–	(1,052)
Balance at end of year	7,458	5,220	966	1	13,645
Net book value at 31 December 2004	20,986	4,542	7,574	93	33,195
Net book value at 31 December 2003	10,440	5,023	2,861	103	18,427

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of \$78m, R439m (2003: \$21m, R143m).

Tangible assets with a carrying value of \$204m, R1,153m (2003:\$161m, R1,076m) are encumbered by project finance (Note 29).

⁽¹⁾ Where applicable, the presentation or classification of an item has been amended to ensure comparability with the current period. The amendments have been made to reclassify exploration properties as part of mineral rights, dumps and exploration properties and not part of mine development costs or mine infrastructure as it is a more appropriate classification.

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		18 Tangible assets (continued)		
		Impairments include the following:		
		Australia		
72	8	The impairment of various mining assets and mineral rights based on the net realisable value.	1	9
8	–	Brazil	–	1
		Impairment of equipment based on value in use		
		South Africa		
247	–	Savuka based on the value in use and the relevant discount rate.		
		The impairment loss arose from the declining values of the remaining ore reserves.	–	34
327	8		1	44
		The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 10.65%.		
		19 Intangible assets		
		Goodwill		
		Cost		
4,241	3,811	Balance at beginning of year	571	494
(430)	(527)	Translation	11	77
3,811	3,284	Balance at end of year	582	571
		Accumulated amortisation		
1,031	1,062	Balance at beginning of year	159	120
216	196	Amortisation (Note 34)	30	28
(185)	(162)	Translation	5	11
1,062	1,096	Balance at end of year	194	159
2,749	2,188	Net book value	388	412
		Royalty rate concession		
		Cost		
–	201	Acquisition of subsidiaries (Note 35)	29	–
–	(35)	Translation	–	–
–	166	Balance at end of year	29	–
		Accumulated amortisation		
–	8	Amortisation (Notes 4 and 34)	1	–
–	(1)	Translation	–	–
–	7	Balance at end of year	1	–
–	159	Net book value	28	–
2,749	2,347	Total intangible assets	416	412
		The government of Ghana agreed to a concession on the royalty payments by maintaining a rate of 3% for 15 years.		

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
20 Investment in associate				
The group has a 26.6% (2003: 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 the results for the twelve months ended 30 September 2004.				
The carrying value of the associate consists of:				
84	41	Unlisted shares at cost less accumulated amortisation brought forward	6	10
81	5	Share of retained earnings brought forward	1	8
12	1	Profit after taxation (Note 9)	–	2
(9)	–	Dividends	–	(1)
(116)	–	Rand Refinery Limited became a subsidiary with effect from 31 December 2003	–	(17)
(5)	(4)	Amortisation of intangible assets (Note 34)	(1)	(1)
–	–	Translation	2	6
47	43	Carrying value	8	7
47	43	Directors' valuation of unlisted associate	8	7
The group's effective share of certain balance sheet items of its associate is as follows:				
13	14	Non-current assets	2	2
47	49	Current assets	9	7
60	63	Total assets	11	9
24	27	Non-current liabilities	5	4
22	22	Current liabilities	4	3
46	49	Total equity and liabilities	9	7
14	14	Net assets	2	2
Reconciliation of the carrying value of investment in associate with net assets:				
14	14	Net assets	2	2
33	29	Intangible assets	6	5
47	43	Carrying value	8	7

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
21 Other investments				
Listed investments				
129	20	Balance at beginning of year ⁽¹⁾	3	16
2	161	Additions	25	–
(246)	–	Disposals	–	(33)
34	–	Acquisitions and disposals (Note 35)	–	5
114	1	Fair value adjustments	–	15
(13)	(20)	Translation	1	–
20	162	Balance at end of year	29	3
20	162	Market value of listed investments	29	3
Unlisted investments				
37	22	Balance at beginning of year	3	4
6	–	Additions	–	1
(6)	–	Disposals	–	(1)
(13)	(2)	Write-off of investments	–	(2)
(2)	(3)	Translation	–	1
22	17	Balance at end of year	3	3
22	17	Directors' valuation of unlisted investments	3	3
Investment properties				
50	39	Balance at beginning of year	6	6
–	14	Additions	2	–
–	(3)	Disposals	–	–
(11)	(6)	Translation	–	–
39	44	Balance at end of year	8	6
39	44	Directors' valuation of investment properties	8	6
81	223	Total other investments	40	12
81	223	Total valuation (Note 38)	40	12

⁽¹⁾ The 2003 comparative has been amended on adoption of IFRIC 5 with an amount of \$3m, R19m (refer to change in accounting policy, Note 24).

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
22 Interest in joint ventures				
The group's effective share of income, expenses, assets, liabilities and cash flows of joint ventures, which are included in the consolidated financial statements, are as follows:				
Income statement				
2,356	1,478	Gold income	230	312
(1,620)	(1,048)	Cost of sales	(163)	(215)
736	430		67	97
12	11	Non-hedge derivative gain	2	2
748	441	Operating profit	69	99
1	2	Other income	-	-
(60)	(27)	Finance costs	(4)	(8)
689	416	Profit before taxation	65	91
(48)	(72)	Taxation	(12)	(6)
641	344	Profit after taxation	53	85
Balance sheet				
Non-current assets				
2,413	773	Tangible assets	137	362
807	68	Intangible assets	12	121
1	-	Derivatives	-	-
100	-	Other non-current assets	-	15
Current assets				
614	339	Inventories	60	92
500	361	Trade and other receivables	64	75
33	-	Derivatives	-	5
173	73	Cash and cash equivalents	13	26
4,641	1,614	Total assets	286	696
Equity				
2,561	1,163	Non-current liabilities	206	384
380	141	Interest-bearing borrowings	25	57
80	62	Provisions	11	12
360	-	Derivatives	-	54
Current liabilities				
787	141	Trade and other payables	25	118
400	107	Interest-bearing borrowings	19	60
73	-	Derivatives	-	11
4,641	1,614	Total equity and liabilities	286	696
Geita Gold Mining Limited was treated as a joint venture until 26 April 2004. As from this date, Geita has been treated as a 100% subsidiary. Refer to page 178 for a list of joint ventures.				

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		23 Inventories⁽¹⁾		
		Current portion of inventories		
253	299	Gold in process	53	38
77	62	Gold on hand	11	11
236	474	Ore stockpiles	84	35
671	609	Heap-leach inventory	108	101
326	130	By-products	23	49
1,563	1,574	Total metal inventories	279	234
440	789	Consumable stores	140	66
2,003	2,363		419	300
47	124	Non-current portion of inventories		
		Heap-leach inventory	22	7
2,050	2,487	Total inventories	441	307
		⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. Amendments have been made to separately disclose heap-leach inventory and to reclassify a portion of the heap-leach inventory as non-current assets as they are not convertible into cash and cash equivalents within the next twelve months.		
		24 Change in accounting policy		
		AngloGold Environmental Rehabilitation Trust Fund		
		AngloGold Ashanti changed its accounting policy with respect to the treatment of the AngloGold Environmental Rehabilitation Trust Fund in accordance with IFRIC 5. The 2003 comparative has been amended to reflect the underlying interests in the fund.		
275	352	Balance at beginning of year	53	32
45	35	Contributions	6	6
32	33	Growth in AngloGold Environmental Rehabilitation Trust (Note 9)	5	4
-	28	Fair value adjustments	4	-
-	-	Translation	10	11
352	448		78	53
(19)	(42)	Reallocated in terms of IFRIC interpretation 5:		
(333)	(406)	Listed investments	(7)	(3)
		Other non-current assets (Note 25)	(71)	(50)
-	-	Balance at end of year	-	-

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		25 Other non-current assets		
		Unsecured		
		Value Added Taxation relating to the acquisition of tangible assets in South America – has no fixed repayment date	3	–
–	18	Defined benefit post-retirement medical net asset (Note 30)	2	–
–	14	Defined benefit pension net asset (Note 30)	8	–
–	44			
		Loans and receivables originated		
179	59	Loans to joint venture partners – have no fixed repayment dates	10	27
21	31	Other	7	4
		Deferred purchase consideration in respect of the sale of the Free State assets	–	54
360	–	Deferred purchase consideration in respect of the sale of Jerritt Canyon Joint Venture	–	4
29	–			
589	166		30	89
1	5	Less: Current portion of other non-current assets included in current assets	1	–
588	161		29	89
		Available-for-sale		
333	406	Fixed-term deposit required by legislation ⁽¹⁾ – AngloGold Environmental Rehabilitation Trust Fund (Note 24)	71	50
–	31	Environmental Protection Bond – fixed-term deposit required by legislation	6	–
333	437		77	50
		Secured		
		Loans and receivables originated		
102	–	Deferred purchase consideration in respect of the sale of the Amapari project	–	15
35	3	Other	–	6
137	3		–	21
58	–	Less: Current portion of other non-current assets included in current assets	–	9
79	3		–	12
1,000	601	(Note 38)	106	151
		⁽¹⁾ Includes a fair value adjustment in the current year of \$2m, R11m (2003: nil). The 2003 comparative has been restated on adoption of IFRIC 5 to reflect the underlying interests in the fund.		
		26 Trade and other receivables		
336	273	Trade debtors	48	51
320	431	Prepayments and accrued income	76	48
181	262	Value added taxation	46	27
624	781	Other debtors	139	93
1,461	1,747	(Note 38)	309	219
		27 Cash and cash equivalents		
1,456	962	Cash and deposits on call	171	218
1,911	796	Money market instruments	141	287
3,367	1,758	(Note 38)	312	505

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
28 Share capital and premium				
Share capital				
Authorised				
100	100	400,000,000 ordinary shares of 25 SA cents each	18	15
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		18	15
Issued and fully paid				
56	66	264,462,894 ordinary shares of 25 SA cents each (2003: 223,136,342 ordinary shares of 25 SA cents each)	12	8
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	–	–
57	67		12	8
(1)	(1)	Less: Redeemable preference shares held within the group	–	–
56	66		12	8
Share premium				
9,924	19,233	Total share premium	3,405	1,495
(312)	(312)	Less: Held within the group	(53)	(53)
9,612	18,921		3,352	1,442
9,668	18,987	Share capital and premium	3,364	1,450
29 Borrowings				
Unsecured				
–	5,191	Convertible Bonds ⁽¹⁾ Semi-annual coupons are paid at 2.375% per annum. The bonds are convertible into ADSs up to February 2009 and is dollar-based.	920	–
2,052	2,057	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.	364	308
3,124	1,498	Syndicated loan facility (\$600m) ⁽³⁾ Interest charged at LIBOR plus 0.7% per annum. Loan is repayable in February 2005 and is dollar-based.	265	469
265	87	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.	16	40
–	56	Iduapriem – Syndicated Project Finance Interest charged at LIBOR plus 2% per annum. Loan is repayable semi annually and is dollar-based	10	–
–	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.	5	–
14	12	Government of Mali Interest charged at LIBOR plus 2% per annum. Loans are repayable by March 2006 and are dollar-based.	2	2

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		29 Borrowings (continued)		
–	8	Precious Fields Estates Company Ltd Annuity based repayments expiring October 2006. Loan is dollar-based.	1	–
1,555	–	Syndicated loan facility (\$400m)	–	233
68	–	Banco Europeu para a América Latina-Brussels	–	10
50	–	Australia and New Zealand Banking Group Limited	–	7
7,128	8,937	Total unsecured borrowings	1,583	1,069
		Secured		
99	72	Senstar Capital Corporation Interest charged at an average rate of 6.91% per annum. Loans are repayable in monthly instalments terminating in November 2009 and are dollar-based.	13	15
45	33	Rolls Royce Interest is index linked to the United Kingdom Consumer Price Index. Loan is repayable in monthly instalments terminating in December 2010 and is dollar-based.	6	7
16	8	Investec ⁽⁴⁾ Interest charged at 6.5% per annum. Loan is repayable in half-yearly instalments terminating in June 2006 and is dollar-based.	1	2
221	6	Geita Syndicated Project Finance ⁽⁵⁾ Interest charged at LIBOR plus 1.95% per annum. Loan is repayable by June 2005 and is dollar-based.	1	33
8	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.	1	1
158	–	Cerro Vanguardia Syndicated Project Finance	–	24
48	–	Morila Syndicated Project Finance	–	7
7,723	9,062	Total borrowings (Note 38)	1,605	1,158
2,340	1,800	Less: Current portion of borrowings included in current liabilities	319	351
5,383	7,262	Total long-term borrowings	1,286	807
		Amounts falling due		
2,340	1,800	Within one year ⁽⁶⁾	319	351
3,214	35	Between one and two years	6	482
2,138	7,220	Between two and five years	1,279	320
31	7	After five years	1	5
7,723	9,062	(Note 38)	1,605	1,158
		Currency		
		The currencies in which the borrowings are denominated are as follows:		
5,621	7,005	US dollars	1,241	843
2,052	2,057	SA rands	364	308
50	–	Australian dollars	–	7
7,723	9,062		1,605	1,158

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
29 Borrowings (continued)				
Undrawn facilities				
Undrawn borrowing facilities as at 31 December 2004 are as follows:				
900	1,891	Syndicated loan (\$600m) – dollar	335	135
201	221	Australia and New Zealand Banking Group Limited – Australian dollar	39	30
1,120	–	Syndicated loan (\$400m) – dollar	–	168
2,221	2,112		374	333
(1) Convertible Bonds				
–	5,645	Senior unsecured fixed rate bonds	1,000	–
–	444	Less: Unamortised discount and bond issue costs	78	–
–	56	Less: Fair value hedge accounting adjustment as a result of the interest rate swap	10	–
–	5,145		912	–
–	46	Add: Accrued interest	8	–
–	5,191		920	–
<p>Convertible bonds were issued in February 2004 by AngloGold Holdings Plc, a wholly owned subsidiary of AngloGold Ashanti. The bonds are convertible into ADSs at a price of \$65.00 per ADS up to 27 February 2009. The proceeds of the issue, after payment of expenses, were utilised by AngloGold Ashanti to refinance amounts outstanding under credit facilities, to meet transaction costs in connection with the acquisition of Ashanti and for general corporate purposes, including planned capital expenditure.</p> <p>The net effect of the issue of the convertible bonds on earnings per share amounts to 43 SA cents or 7 US cents per ordinary share for the year.</p>				
(2) Corporate Bond				
2,000	2,000	Senior unsecured fixed rate bond	354	300
20	16	Less: Unamortised discount and bond issue costs	3	3
1,980	1,984		351	297
72	73	Add: Accrued interest	13	11
2,052	2,057		364	308
<p>On 21 August 2003, AngloGold Ashanti launched and priced an issue of senior unsecured fixed-rate bond in an aggregate principal amount of \$300m, R2,000m, with semi-annual coupons payable at a rate of 10.5% per annum. This bond is repayable on 28 August 2008.</p>				
(3) Syndicated loan facility (\$600m)				
This facility was repaid on 4 February 2005 and a new three-year \$700m syndicated facility was signed in January 2005 with an interest charge of LIBOR plus 0.4% per annum.				
(4) Investec				
Loan is guaranteed by AngloGold Ashanti Limited.				
(5) Geita Syndicated Project Finance				
Secured by pledge over the shares in the project company.				
The equipment financed by the other secured loans is used as security for those loans.				

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
30 Provisions				
Defined benefit post-retirement medical provision				
700	866	Balance at beginning of year	130	82
227	114	Charge to income statement (Note 14)	18	30
(56)	(118)	Utilised during the year	(18)	(8)
–	(11)	Transfers and other movements ⁽¹⁾	(2)	–
(5)	(2)	Translation	22	26
866	849		150	130
The balance at the end of the year consists of:				
850	849	South African post-retirement medical liability	150	128
16	14	North American post-retirement medical liability	2	2
–	(14)	Rand Refinery post-retirement medical net asset	(2)	–
866	849		150	130
–	14	Transferred to other non-current assets (Note 25)	2	–
866	863	Balance at end of year	152	130
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.				
The assumptions used in calculating the South African defined benefit post-retirement medical obligation are as follows:				
			%	%
		Discount rate	9.0	10.0
		Expected increase in health care costs	5.0	5.0
The normal retirement age is 60 years, and fully eligible age is 55 years.				
The last statutory valuation was performed as at 31 December 2002. Calculations are performed in the years when a statutory valuation is not performed and events and movements that could impact the valuation between the date of the interim valuation performed at 30 September 2004 and the date of the balance sheet have been considered. The South African post-retirement medical plan is an unfunded plan.				
The date of the next statutory actuarial valuation is 31 December 2005.				
The assumptions used in calculating the North American defined benefit post-retirement medical obligations are as follows:				
			6.0	6.2
		Discount rate	6.0	6.2
		Expected increase in health care costs	–	–
The Retiree Medical Plan is a non-contributory defined benefit plan. This plan was last evaluated by independent actuaries in December 2002 who took into account reasonable long-term estimates of increases in health care costs and mortality rates in determining the obligations of AngloGold Ashanti North America under the Retiree Medical Plan of \$2m, R14m (2003: \$2m, R16m) which are included in post-retirement medical provisions. The Retiree Medical Plan is an unfunded plan and is evaluated on an annual basis using the projected benefit method.				
The cost of providing benefits under the Retirement Plan and the Retiree Medical Plan was insignificant in 2004 and 2003.				

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		30 Provisions (continued)		
		<i>⁽¹⁾Rand Refinery defined benefit medical fund</i>		
-	16	Present value of fund obligation	3	-
-	(30)	Fair value of fund assets	(5)	-
-	(14)	Net asset recognised in balance sheet	(2)	-
-	30	Market value of plan assets	5	-
		<i>Plan assets are made up as follows:</i>		
-	27	Domestic fixed interest bonds	5	-
-	3	Cash	-	-
-	30		5	-
		<i>Movement in the balance sheet</i>		
-	(11)	Transfers and other movements	(2)	-
-	(3)	Income per income statement	-	-
-	(14)	Balance at end of year	(2)	-
		<i>Actual return on plan assets</i>		
-	2	Expected return on plan assets	-	-
-	-	Actuarial gain (loss) on plan assets	-	-
-	2		-	-
		The assumptions used in calculating the Rand Refinery defined benefit post-retirement medical obligation are as follows:		
			%	%
		Discount rate	10.0	-
		Expected increase in health care costs	8.0	-
		Expected return on plan assets	10.0	-
		South African defined benefit pension plan		
-	-	Balance at beginning of year	-	-
62	34	Expense per income statement (Note 14)	5	8
(62)	(78)	Contributions paid – company	(13)	(8)
-	(44)	Transferred to other non-current assets (Note 25)	(8)	-
		Defined benefit pension fund		
1,089	1,218	Present value of fund obligation	216	163
(920)	(1,150)	Fair value of fund assets	(204)	(138)
169	68		12	25
(169)	(112)	Unrecognised actuarial loss	(20)	(25)
-	(44)	Net asset recognised in balance sheet	(8)	-
920	1,150	Market value of plan assets	204	138

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
30 Provisions (continued)				
<i>Plan assets are made up as follows:</i>				
549	633	Domestic equities	112	82
75	112	Foreign equities	20	11
191	329	Domestic fixed interest bonds	59	29
34	34	Foreign fixed interest bonds	6	5
71	42	Cash	7	11
920	1,150		204	138
<i>Actual return on plan assets</i>				
92	95	Expected return on plan assets (Note 14)	15	12
28	124	Actuarial gain on plan assets	19	4
120	219	(Note 14)	34	16
The assumptions used in calculating the South African defined benefit pension plan obligation are as follows:				
			%	
Discount rate			7.5	8.5
Pension increase			2.9	3.6
Rate of compensation increase			5.0	5.0
Expected return on plan assets			7.5	8.5
The rate of compensation increase assumption is 5% for 2005 and 4% thereafter.				
A statutory valuation of the defined benefit Pension Fund was performed as at 31 December 2002, which showed that the Fund was in deficit. The rate of the company contributions to the Fund was reviewed and increased during the year. A formal additional funding plan was submitted to and approved by the Financial Services Board. According to the plan, the company funded \$5m, R32m in 2004 and a further \$30m, R167m in real terms will be funded from 2005 to 2011. 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. Calculations for the pension fund's financial position are carried out in years when a statutory valuation is not performed and events and movements that could impact on the valuation between the date of the interim valuation performed at 30 September 2004 and the balance sheet date have been considered.				
The date of the next statutory actuarial valuation is 31 December 2005.				
All South African pension funds are governed by the Pension Funds Act of 1956 as amended.				

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
30 Provisions (continued)				
<i>South America Fundambràs defined pension plan</i>				
110	126	Present value of fund obligation	22	16
(77)	(86)	Fair value of fund assets	(15)	(11)
33	40		7	5
6	3	Unrecognised actuarial gain	1	1
39	43	Recognised in balance sheet	8	6
77	86	Market value of plan assets	15	11
Plan assets are made up as follows:				
8	–	Domestic equities	–	1
66	82	Domestic fixed interest bonds	14	10
3	3	Property	1	–
–	1	Cash and other	–	–
77	86		15	11
Movement in balance sheet				
26	39	Balance at beginning of year	6	3
20	11	Expense per the income statement	2	3
–	–	Contributions paid – company	–	–
(7)	(7)	Translation	–	–
39	43	Balance at end of year	8	6
3	8	Expected return on plan assets	1	1
10	9	Actuarial gain on plan assets	2	1
13	17	Actual return on plan assets	3	2
The assumptions used in calculating the above defined benefit pension plan obligations are as follows:				
			%	%
Discount rate			11.3	11.3
Pension increase			7.1	7.1
Rate of compensation increase			5.0	5.0
Expected return on plan assets			11.3	11.3
<p>On 30 November 1998, the defined benefit fund was converted to a defined contribution fund with an actuarial liability of \$6m, R51m. The liability is revised annually by Mercer, the plan's actuary. The transfer of funds requires approval from the government (still in progress) and is conditional on the full funding of the actuarial liability. Refer to note 33 for details of the defined contribution fund.</p>				

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
30 Provisions (continued)				
<i>UK Ashanti Retired Staff Pension Scheme</i>				
-	20	Present value of fund obligation	3	-
-	(18)	Fair value of fund assets	(3)	-
-	2		-	-
-	(2)	Unrecognised actuarial loss	-	-
-	-	Recognised in balance sheet	-	-
-	18	Market value of plan assets	3	-
Plan assets are made up as follows:				
-	6	Domestic equities	1	-
-	3	Foreign equities	1	-
-	8	Domestic fixed interest bonds	1	-
-	1	Cash	-	-
-	18		3	-
Movement in the balance sheet and actual and expected return on the plan assets ⁽¹⁾				
⁽¹⁾ No movements are disclosed for the balance sheet and the actual and expected return on plan assets as the figures round to less than one million dollars.				
The assumptions used in calculating the above defined benefit pension plan assets and obligation are as follows:				
			%	%
		Discount rate	5.8	-
		Pension increase	2.5	-
		Expected return on plan assets	5.8	-
The date of the last statutory valuation was 1 January 2003. The actuaries have performed calculations for the pension fund's financial position at 30 September 2004 and events and movements between this date and the balance sheet date have been considered.				
The date of the next statutory valuation will be 31 December 2005.				

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
30 Provisions (continued)				
Obuasi mines Staff Pension Scheme				
The scheme provides monthly payments in Ghanaian currency (indexed to the dollar) to retirees until death. The benefits for 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.				
–	62	Present value of fund obligation	11	–
–	–	Unrecognised actuarial gain	–	–
–	62	Recognised in balance sheet	11	–
Movement in balance sheet				
–	–	Balance at beginning of year	–	–
–	75	Acquisition of subsidiaries (Note 35)	11	–
–	(13)	Translation	–	–
–	62	Balance at end of year	11	–
The assumptions used in calculating the above defined benefit pension plan obligation are as follows:				
Discount rate			4.0	–
Pension increase			4.5	–
The date of the last statutory valuation was 1 January 2003. The actuaries have performed calculations of the pension fund's financial position at 30 September 2004 and events and movements between this date and the balance sheet date have been considered.				
The date of the next statutory valuation will be 31 December 2005.				
Environmental rehabilitation obligations				
Provision for decommissioning				
405	326	Balance at beginning of year	49	47
(28)	148	Acquisition of subsidiaries (Note 35)	22	(4)
(2)	84	Change in estimates ⁽¹⁾	13	–
22	51	Unwinding of decommissioning obligation (Note 12)	8	4
(46)	–	Reversal of over-provision (Note 8)	–	(7)
(25)	(43)	Translation	8	9
326	566	Balance at end of year	100	49

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
30 Provisions (continued)				
<i>Provision for restoration</i>				
800	562	Balance at beginning of year	84	93
–	202	Acquisitions of subsidiaries (Note 35)	29	–
(160)	(10)	Disposal of subsidiaries (Note 35)	(1)	(21)
(46)	–	Reversal of over-provision (Note 8)	–	(7)
89	116	Charge to income statement	18	12
5	(39)	Change in estimates ⁽¹⁾	(6)	1
(35)	(90)	Utilised during the year	(14)	(5)
(91)	(83)	Translation	7	11
562	658	Balance at end of year	117	84
Other provisions				
77	39	Balance at beginning of year	6	9
102	102	Charge to income statement	16	13
(139)	(52)	Utilised during the year	(8)	(18)
(1)	(16)	Translation	–	2
39	73	Balance at end of year ⁽²⁾	14	6
Other provisions comprise the following:				
6	6	Supplemental Employee Retirement Plan (SERP) for North America (Note 33)	1	1
33	67	Provision for labour and civil claim court settlements for South America ⁽³⁾	13	5
39	73		14	6
<p>⁽¹⁾ The change in estimate relates to adjustments required as a result of regulatory requirements. The effect of the change in estimates for the current year is an increase in the decommissioning asset of \$13m, R84m and a decrease in the restoration expense of \$6m, R39m. The effect on future periods is not determinable.</p> <p>⁽²⁾ The comparative figures have been restated for the transfer of the South American pension as part of the defined benefit plans under this note.</p> <p>⁽³⁾ Other provisions consist of claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases and closure costs of old tailings operations. The liability is anticipated to unwind over the next two to five year period.</p>				
1,832	2,265	Total provisions	402	275

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
31 Deferred taxation				
Deferred taxation relating to temporary differences is made up as follows:				
Liabilities				
4,703	8,977	Tangible assets	1,590	705
101	96	Inventories	17	15
155	445	Derivatives	79	23
114	160	Other	28	18
5,073	9,678		1,714	761
Assets				
658	514	Provisions	91	99
390	358	Derivatives	63	58
–	1,042	Tax assets	184	–
39	159	Other	29	6
1,087	2,073		367	163
3,986	7,605	Deferred taxation liability	1,347	598
The movement on the deferred tax liability is as follows:				
3,445	3,986	Balance at beginning of year	598	402
554	(571)	Income statement charge (Note 15)	(106)	75
40	291	Taxation of other comprehensive income	43	(7)
14	4,816	Acquisition of subsidiaries (Note 35)	708	2
–	(8)	Disposal of subsidiaries (Note 35)	(1)	–
(67)	(909)	Translation	105	126
3,986	7,605	Balance at end of year	1,347	598
32 Trade and other payables				
676	974	Trade creditors	173	101
557	893	Accruals	158	82
791	783	Other creditors	139	118
315	–	Accrued purchase consideration for mineral rights acquired from Gold Fields Limited	–	49
2,339	2,650	(Note 38)	470	350

33 Defined contribution retirement benefits

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 vary, with minimum contributions paid meeting compliance requirements under the Superannuation Guarantee legislation. Members also have the option of contributing to approved personal superannuation funds. The contributions paid by the operation are legally enforceable to the extent required by the Superannuation Guarantee legislation and relevant employment agreements.

33. Retirement benefits (continued)

Ghana and Guinea

AngloGold Ashanti's operations in Ghana and Guinea contribute to provident plans for their employees which are defined contribution plans. The funds are administrated by Celestine Baako and invested mainly in Ghana and Guinea government treasury instruments and other fixed-interest deposits. The costs of these contributions were \$2m, R12m during the eight-month period ended 31 December 2004.

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.

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.

North America

Defined Contribution Plan – AngloGold Ashanti North America sponsors a 401(k) savings plan whereby employees may contribute up to 60% of their salary, of which up to 5% is matched at a rate of 150% by AngloGold Ashanti North America. AngloGold Ashanti North America's contributions were \$2m, R13m (2003: \$2m, R15m) during the year.

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 2004 who took into account reasonable long-term estimates of inflation and mortality rates in determining the obligations of AngloGold Ashanti North America under the SERP. This evaluation of the SERP reflected plan liabilities of \$1m, R6m (2003: \$1m, R6m) which are included in other provisions (Note 30) in the balance sheet. The SERP is an unfunded plan. The SERP is evaluated on an annual basis using the projected benefit method. The cost of providing benefits under the SERP for the year was nominal.

South Africa

South Africa contributes to various industry-based pension and provident retirement plans which cover substantially all employees and are defined contribution plans. These plans are all funded and the assets of the schemes are held in administered funds separately from the group's assets. The cost of providing these benefits amounted to \$29m, R187m (2003: \$20m, R151m) during the year.

South America

In Brazil, the company 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) and are embodied in a pension plan entity, Fundambrás Sociedade de Previdência Privada, which is responsible for administering the funds and making arrangements to pay the benefits.

In December 2001, contributions started to be made to a new PGBL fund, a defined contribution plan similar to the American 401(k) type plan, administered by Bradesco Previdência e Seguros. The transfer of funds from Fundambrás to the PGBL requires approval from governmental SPC agency (still in process) and is conditional on the full funding of the actuarial liability.

Tanzania (Geita)

Geita does not have a retirement scheme for employees. Tanzanian nationals contribute towards the government social security fund, and the company also makes a contribution towards this fund. On retirement, employees are entitled to a retirement benefit from the Tanzanian government. The company makes no contribution towards any retirement schemes for contracted expatriate employees. AngloGold Ashanti seconded employees in Tanzania remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold Ashanti.

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
34 Cash generated from operations				
3,546	517	Profit before taxation	60	472
		Adjusted for:		
137	3	Non-cash movements	3	15
(449)	1,081	Movement on non-hedge derivatives	185	(65)
1,739	2,423	Amortisation of tangible assets (Notes 4, 13 and 18)	380	232
(325)	(144)	Deferred stripping	(21)	(43)
(285)	(285)	Interest receivable	(44)	(38)
122	-	Abnormal items (Note 8)	-	19
384	563	Finance costs and unwinding of decommissioning obligation (Note 12)	87	53
221	208	Amortisation of intangible assets (Notes 19 and 20)	32	29
327	8	Impairment of tangible assets (Note 18)	1	44
(331)	-	Profit on disposal of investments (Note 11)	-	(45)
(75)	(88)	Profit on disposal of assets and subsidiaries (Note 10)	(13)	(10)
(484)	(781)	Movements in working capital	(85)	(71)
4,527	3,505		585	592
		Movements in working capital:		
(165)	(1)	Increase in inventories	(56)	(87)
57	(4)	(Increase) decrease in trade and other receivables	(41)	(53)
(376)	(776)	Increase (decrease) in trade and other payables	12	69
(484)	(781)		(85)	(71)
35 Acquisitions and disposals				
Acquisitions and disposals can be summarised as follows:				
(34)	17,603	Tangible assets	2,587	(3)
-	201	Intangible assets	29	-
34	526	Inventories	77	5
-	28	Other non-current assets	5	-
9	302	Trade and other receivables	45	1
58	356	Cash and cash equivalents	51	9
(103)	(18)	Minority interests	(3)	(15)
12	(1,333)	Borrowings	(195)	2
188	(415)	Provisions	(61)	25
(14)	(4,808)	Deferred taxation	(707)	(2)
(44)	(1,612)	Trade and other payables	(233)	(7)
-	(25)	Taxation	(4)	-
106	10,805	Carrying value	1,591	15
(82)	-	Profit on disposal of assets and subsidiaries (Note 10)	-	(10)

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
35 Acquisitions and disposals (continued)				
24	10,805	Net purchase consideration	1,591	5
-	(9,297)	Non-cash settlement – shares	(1,366)	-
(116)	-	Investments in associates	-	(17)
50	15	Deferred sale consideration	2	6
(58)	(356)	Cash and cash equivalents	(51)	(9)
-	(28)	Cash and cash equivalents reallocated to other non-current assets	(5)	-
34	-	Shares received in Queenstake Resources	-	5
(66)	1,139	Net cash flow on (acquisition) disposals	171	(10)
(66)	(1,139)	Net cash flow on (acquisition) disposals can be summarised as follows:	(171)	(10)
-	(1,139)	Purchase of Ashanti Goldfields Company Limited	(171)	-
-	-	Deferred sale consideration of Freda-Rebecca	-	-
(58)	-	Consolidation of Rand Refinery Limited	-	(9)
(8)	-	Net cash flow on disposal of Jerritt Canyon Joint Venture	-	(1)
Acquisitions comprise the following:				
Rand Refinery Limited	Ashanti Goldfields Company Limited	Tangible assets (Note 18)	Ashanti Goldfields Company Limited	Rand Refinery Limited
160	17,639	Intangible assets (Note 19)	2,592	23
-	201	Other non-current assets	29	-
-	28	Inventories	5	-
49	546	Trade and other receivables	80	7
15	312	Cash and cash equivalents	46	2
58	356	Minority interests	51	9
(103)	(18)	Borrowings	(3)	(15)
-	(1,343)	Provisions (Note 30)	(197)	-
-	(425)	Deferred taxation (Note 31)	(62)	-
(14)	(4,816)	Trade and other payables	(708)	(2)
(49)	(1,635)	Taxation	(236)	(7)
-	(25)	Carrying value	(4)	-
116	10,820	Profit on disposal of assets and subsidiaries	1,593	17
-	-	Purchase consideration	-	-
116	10,820	Non cash settlement – shares	1,593	17
-	(9,297)	Investments in associates	(1,366)	-
(116)	-	Cash and cash equivalents	-	(17)
(58)	(356)	Term deposits included in other non-current assets	(51)	(9)
-	(28)	Cash flow on acquisition	(5)	-
(58)	1,139		171	(9)

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
		35 Acquisitions and disposals (continued)		
Jerritt Canyon	Freda-Rebecca	Disposals comprise the following:	Freda-Rebecca	Jerritt Canyon
JV		Tangible assets (Note 18)	5	JV
194	36	Inventories	3	26
15	20	Trade and other receivables	1	2
6	10	Borrowings	(2)	(2)
(12)	(10)	Provisions (Note 30)	(1)	(25)
(188)	(10)	Deferred taxation (Note 31)	(1)	–
–	(8)	Trade and other payables	(3)	–
(5)	(23)	Carrying value	2	2
10	15	Profit on disposal of assets and subsidiaries	–	10
82	–	Sale consideration	2	12
92	15	Deferred sale consideration	(2)	(6)
(50)	(15)	Shares received in Queenstake Resources	–	(5)
(34)	–	Cash flow on disposal	–	1
8	–			
		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.		
		The acquisition of the Ashanti Goldfields Company Limited assets was accounted for as a purchase business combination. AngloGold Ashanti has performed a preliminary purchase price allocation based on independent appraisals. The purchase price allocation is in the final stage of completion, awaiting a final assessment of contingent and other liabilities, and is not expected to vary significantly from the preliminary allocation.		
		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.		
		Rand Refinery was consolidated from 31 December 2003. Prior to this date, Rand Refinery was equity accounted. The change in status was as a result of an ownership agreement giving AngloGold Ashanti effective control.		
		AngloGold Ashanti sold its 70% interest in the Jerritt Canyon Joint Venture effective 30 June 2003.		

36 Related parties⁽¹⁾

Related party transactions are concluded on an arm's length basis. Details of material transactions with those related parties not dealt with elsewhere in the financial statements are summarised below:

Figures in million	2004		2003	
	Purchases from related parties	Amounts owed to related parties	Purchases from related parties	Amounts owed to related parties
US Dollars				
Holding company Anglo American plc	5	–	2	–
Fellow subsidiaries of the Anglo American plc group				
Anglo Coal – a division of Anglo Operations Limited	1	–	–	–
Boart Longyear Limited – mining services	9	1	11	1
Mondi Limited – timber	16	2	11	1
Scaw Metals – a division of Anglo Operations Limited – steel and engineering	14	1	12	1
Joint ventures of AngloGold Ashanti Limited				
Societe d' Exploitation des Mines d' Or de Sadiola S.A.	2	–	2	–
Societe d' Exploitation des Mines d' Or de Yatela S.A.	2	–	–	–
Societe des Mines de Morila S.A.	–	–	–	–
Associates				
Rand Refinery Limited – gold refinery ⁽²⁾			2	–
SA Rands				
Holding company Anglo American plc	34	–	14	–
Fellow subsidiaries of the Anglo American plc group				
Anglo Coal – a division of Anglo Operations Limited	6	2	–	–
Boart Longyear Limited – mining services	60	6	82	7
Mondi Limited – timber	101	10	86	7
Scaw Metals – a division of Anglo Operations Limited – steel and engineering	91	5	87	7
Joint ventures of AngloGold Ashanti Limited				
Societe d' Exploitation des Mines d' Or de Sadiola S.A.	12	2	11	–
Societe d' Exploitation des Mines d' Or de Yatela S.A.	10	1	1	–
Societe des Mines de Morila S.A.	1	1	–	–
Associates				
Rand Refinery Limited – gold refinery ⁽²⁾			18	–

Directors

Details relating to directors' emoluments and shareholdings in the company are disclosed in the remuneration and directors' reports.

Shareholders

The principal shareholders of the company are detailed on page 178.

⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. Transactions with Anglo American plc and Societe d' Exploitation des Mines d' Or de Sadiola S.A. previously omitted have now been included in the prior period. The amendments have been made to provide the users of the financial statements with additional information.

⁽²⁾ Rand Refinery was consolidated from 31 December 2003. Prior to this date, Rand Refinery was equity accounted.

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
37 Commitments and contingencies				
		Acquisition of tangible assets		
653	835	Contracted for	148	98
4,181	3,716	Not contracted for	658	627
4,834	4,551	Authorised by the directors	806	725
		Allocated for:		
		Expansion of operations		
2,594	1,741	– within one year	308	389
553	833	– thereafter	148	83
3,147	2,574		456	472
		Maintenance of operations		
1,620	818	– within one year	145	243
67	1,159	– thereafter	205	10
1,687	1,977		350	253
		This expenditure will be financed from existing cash resources and future borrowings.		
		Contingent liabilities		
		The group has also given collateral to certain bankers for satisfactory contract performance in relation to exploration and development tenements and mining operations in Australia.		
82	90		16	12
127	107	AngloGold Ashanti has provided a letter of credit for Geita Gold Mining Ltd.	19	19
		AngloGold Ashanti has a potential liability to pay the capital costs to supply water and electricity to Navachab mine, should the mine close prior to 2019.		
–	1		–	–
40	20	AngloGold Ashanti has signed surety in favour of bankers on the Yatela loan.	4	6
		Discussions were held with the Malian government as to the validity of tax claims including interest and penalties. The claims arose due to new legislation that was in conflict with AngloGold Ashanti's prior mining convention stability agreements and different interpretations of the legislation. The Malian Minister of Finance has ruled in favour of Sadiola and Yatela and the amount of claims have been reduced from \$6m to \$0.2m.		
40	–		–	6
		AngloGold Ashanti North America has a potential liability in respect of preference claims from a third party. This is in respect of gold shipments returned by the third party to AngloGold Ashanti North America, which the bankruptcy trustee is claiming 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.		
14	11		2	2
		Pursuant to the assignment of equipment leases to Queenstake Resources USA Inc. as a result of the sale of the Jerritt Canyon Joint Venture, AngloGold Ashanti North America has become secondarily liable in the event of a default by Queenstake Resources USA Inc. in performance of any of the lessees' obligations arising under the lease. These agreements have an approximate term of 3 years.		
–	3		1	–

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
37 Commitments and contingencies (continued)				
		AngloGold Ashanti North America has reclamation bonds with various federal and governmental agencies, to cover potential rehabilitation obligations. These obligations are guaranteed by AngloGold Ashanti Limited.		
160	169		30	24
20	17	Various equipment tax claim guarantees in South America.	3	3
–	8	AngloGold Ashanti has undertaken to re-export certain artifacts temporarily imported into the country and whose custom and value added tax was waived. The company will be required to pay if it fails to comply with the re-export arrangements agreed with the South African Revenue Service.	1	–
483	426		76	72
		Discussions are underway in respect of a US class action brought against the former Ashanti Goldfields Company Limited. The plaintiffs allege non-disclosure and mis-statement regarding Ashanti Goldfields Company Limited's hedging position and hedging programme. Although the company cannot make any assurances regarding the final outcome of this claim, it is anticipated that it will have no material financial effect on the company.		

38 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, counterpart and dealer limits and provides regular and detailed management reports.

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, Argentinean 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 maintaining the ability to benefit from increases in the spot gold price for the majority of future gold production.

Some of the instruments described above are designated and accounted for as cash flow hedges. The hedge forecast transactions are expected to occur over the next 10 years, in line with the maturity dates of the hedging instruments and will affect profit and loss simultaneously in an equal and opposite way.

38 Financial risk management activities (continued)

Hedge book restructure

The group has an established practice of actively managing its hedged commitments under changing market circumstances. This is reflected in the reduction of the book from its high of 17.8Moz at 31 December 2000 to 7.01Moz at 30 June 2004. At the level of 7.01Moz, the hedge book had been reduced to cover an average of 22% of the annual production from AngloGold assets over the next five years. However, following the business combination with Ashanti, the combined hedge books amounted to 12.7Moz as at the end of September 2004, and the level of cover increased to 40% of five years' production of the group.

The group has previously indicated its intention to continue with the reduction in hedging levels. The argument for this reduction has been further supported by the group's positive view of the gold price in the current market cycle. The group believes that the market circumstances favourable for the gold price are likely to remain in place for some time, and that the gold price will continue to trade in its current range, or higher.

A substantial restructuring of the hedge was commenced in late December 2004 and completed in January 2005. This has resulted in a reduction in the net delta of the combined hedge by some 2.2Moz or 69t of gold, down to a net hedge delta of 10.49Moz at 31 December 2004. The restructured hedge now represents cover equal to 31% of five years' production spread over a ten-year period. The reduction of 2.2Moz in this one quarter is of the same order of magnitude as the substantial reduction achieved in hedge restructuring by AngloGold through the second quarter of 2002.

Notwithstanding a spot price at 31 December 2004 that was \$16/oz higher than that at 30 September 2004, the marked-to-market valuation of the hedge book at the end of the year is almost unchanged quarter-on-quarter at negative \$1,161m, compared with negative \$1,139m at the end of the third quarter. By comparison, the marked-to-market value of the now restructured book at the same spot price of \$418.80/oz at which the 30 September valuation was undertaken, would result in a negative value of \$922m, reflecting a positive variance of \$217m.

This improvement was achieved through a combination of the elimination from the hedge of lower-priced contracts and the cash injection of \$83m into the book in the final quarter of 2004, followed by a further \$76m in January 2005.

The level of cover for 2005 is at approximately 10% of projected production for that year, while in 2006 it is at approximately 17% of projected production.

In broad terms, the steps undertaken in the restructuring included:

- the effective buy-back of poorly-priced forward and call option contracts in years 2005, 2006 and 2007 in order to remove the concentration of hedging in these years following the incorporation of the Ashanti hedge book, and to increase exposure to the spot price of gold in this period; and
- the sale of new forward and call options contracts in the years beyond 2007 at higher gold prices than had been the case in the previous hedge structure, and spread more evenly than in the previous hedge structure.

Because of the nature of the prevailing accounting treatment for derivative contracts, much of the restructuring of the hedge has been effected by overlaying the existing hedge commitments with new contracts in order to achieve the effect of buying-back and replacing with new contracts at different dates and rates. The cash earnings will reflect the significantly greater exposure of the company to the spot price during 2005 and 2006 in particular. Beyond these years, the significantly higher contracted prices in the restructured forward positions will provide further benefit.

It is the intention of management to continue to actively manage the hedge book. This includes delivering into contracts, continuing to reduce the size of the book, and continuing to seek the maximum economic benefit from the book.

As much of the impact of the restructuring as possible has been taken in the fourth quarter of 2004. What remained to be concluded of the restructuring after the year-end was the apportionment of the net long position against existing short forward positions, and the roll-out of the balance of the longer-dated new forward and option positions that complete the restructuring. The shortfall in the received price in relation to the average spot price for the fourth quarter of 2004 was a consequence of both the bunching of Ashanti hedge contracts at year-end and the restructuring of the hedge book, and a gap of this magnitude is not expected to recur in anticipated market conditions.

For the year ahead, it is the company's intention to track the spot price more closely than the previous quarter and to manage the hedge book actively with the goal of moderating any negative impact on the price received of the remaining lower-priced hedge positions in the year.

Net delta open hedge position as at 31 December 2004

The group had the following net forward-pricing commitments outstanding against future production.

38 Financial risk management activities (continued)

Table A: Summary: All open contracts in the group's gold hedge position as at 31 December 2004

Year	2005	2006	2007	2008	2009	2010-2014	Total
Dollar/Gold							
Forward contracts							
Amount (kg)	34,021	30,428	35,481	29,111	25,324	48,745	203,110
\$/oz	\$315	\$338	\$343	\$363	\$377	\$395	\$357
Restructure longs*							
Amount (kg)	17,676						17,676
\$/oz	\$440						\$440
Put options purchased							
Amount (kg)	3,381	5,481	1,455				10,317
\$/oz	\$347	\$355	\$292				\$344
Put options sold							
Amount (kg)	6,221	4,354		855	1,882	9,409	22,721
\$/oz	\$397	\$339		\$390	\$400	\$430	\$400
Call options purchased							
Amount (kg)	9,880	3,030	2,003				14,913
\$/oz	\$340	\$353	\$361				\$345
Call options sold							
Amount (kg)	29,490	18,017	20,375	26,179	22,852	57,604	174,517
\$/oz	\$363	\$386	\$372	\$377	\$399	\$455	\$403
Rand/Gold							
Forward contracts							
Amount (kg)					933		933
R/kg					R116,335		R116,335
Put options purchased							
Amount (kg)		1,875					1,875
R/kg		R93,602					R93,602
Put options sold							
Amount (kg)	8,025	1,400					9,425
R/kg	R80,840	R88,414					R81,965
Call options sold							
Amount (kg)	12,657	4,517	311		2,986	5,972	26,443
R/kg	R88,509	R102,447	R108,123		R202,054	R223,756	R134,486

38 Financial risk management activities (continued)

Table A: Summary: All open contracts in the group's gold hedge position as at 31 December 2004

Year	2005	2006	2007	2008	2009	2010-2014	Total
Australian Dollar/Gold							
Forward contracts							
Amount (kg)	2,969	3,110	8,398	3,110	3,390	3,110	24,087
A\$/oz	A\$560	A\$746	A\$650	A\$673	A\$667	A\$692	A\$662
Put options purchased							
Amount (kg)	1,244						1,244
A\$/oz	A\$585						A\$585
Put options sold							
Amount (kg)	2,644						2,644
A\$/oz	A\$565						A\$565
Call options purchased							
Amount (kg)	3,110	6,221	3,732	3,110	1,244	3,110	20,527
A\$/oz	A\$724	A\$673	A\$668	A\$680	A\$694	A\$712	A\$688
Call options sold							
Amount (kg)	1,711						1,711
A\$/oz	A\$597						A\$597
Total net gold							
Delta (kg)**	32,280	44,577	57,531	52,221	47,107	92,492	326,208
Delta (oz)**	1,037,825	1,433,182	1,849,662	1,678,942	1,514,523	2,973,683	10,487,817

* At 31 December 2004, the group was in the process of restructuring the hedge book and had acquired a long spot position in gold. This long gold position will be applied to the restructure during the first quarter of 2005.

** 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 2004.

Dollar/Silver

Put options purchased							
Amount (kg)	43,545	43,545	43,545				130,635
\$/oz	\$7.11	\$7.11	\$7.40				\$7.21
Put options sold							
Amount (kg)	43,545	43,545	43,545				130,635
\$/oz	\$6.02	\$6.02	\$5.93				\$5.99
Call options sold							
Amount (kg)	43,545	43,545	43,545				130,635
\$/oz	\$8.11	\$8.11	\$8.40				\$8.21

38 Financial risk management activities (continued)

Table B: Summary: All open contracts in the group's currency hedge position at 31 December 2004

Year	2005	2006	2007	2008	2009	2010-2014	Total
Rand/Dollar (000)							
Forward contracts							
Amount (\$)	130,509						130,509
R per \$	R5.71						R5.71
Call options sold							
Amount (\$)	65,000						65,000
R per \$	R5.72						R5.72
Australian Dollar (000)							
Forward contracts							
Amount (\$)	55,237	39,222					94,459
\$ Per A\$	\$0.59	\$0.75					\$0.65
Call options sold							
Amount (\$)	20,000	20,000					40,000
\$ Per A\$	\$0.76	\$0.74					\$0.75
Brazilian Real (000)							
Put options purchased							
Amount (\$)	600						600
BRL per \$	BRL3.38						BRL3.38
Put options sold							
Amount (\$)	600						600
BRL per \$	BRL3.21						BRL3.21
Call options sold							
Amount (\$)	600						600
BRL per \$	BRL3.55						BRL3.55

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 hedge transactions making up the hedge position was a negative \$1.161bn (negative R6.58bn) as at 31 December 2004 (as at 31 December 2003: negative \$663.7m – negative R4.4bn). These values were based on a gold price of \$434.70/oz, exchange rates of \$1 = R5.67 and A\$1 = \$0.7745 and the prevailing market interest rates and volatilities at the time.

38 Financial risk management activities (continued)

Net delta open hedge position as at 25 January 2005

As at 25 January 2005, following further restructuring of the hedge book, the group had outstanding, the following forward-pricing commitments against future production. The total net delta of the hedge on this date was 10.49Moz or 326t (at 31 December 2004: 10.49Moz or 326t).

The marked-to-market value of all hedge transactions making up the hedge positions was a negative \$993m (negative R5.869bn) as at 25 January 2005 (as at 31 December 2004: \$1.161bn or R6.583bn).

This value was based on a gold price of \$426.35 per ounce, exchange rates of \$1 = R5.93 and A\$1 = \$0.7710 and the prevailing market interest rates and volatilities at 25 January 2005.

These marked-to-market valuations are in no way predictive of the future value of the hedge position, nor of the future impact on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of valuation, at market prices and rates available at the time.

Year	2005	2006	2007	2008	2009	2010-2014	Total
Dollar Gold							
Forward contracts							
Amount (kg)	8,127	19,510	32,993	30,076	26,288	53,566	170,560
\$ per oz	\$231	\$336	\$344	\$365	\$380	\$402	\$365
Put options purchased							
Amount (kg)	9,135	8,592	1,455				19,182
\$ per oz	\$334	\$345	\$292				\$336
Put options sold							
Amount (kg)	6,221	4,354		855	1,882	9,409	22,721
\$ per oz	\$386	\$339		\$390	\$400	\$430	\$397
Call options purchased							
Amount (kg)	15,001	3,435	2,003				20,439
\$ per oz	\$338	\$350	\$361				\$342
Call options sold							
Amount (kg)	29,117	20,466	23,330	27,536	26,211	76,155	202,815
\$ per oz	\$366	\$392	\$381	\$380	\$407	\$468	\$416
Rand Gold							
Forward contracts							
Amount (kg)					933		933
Rand per oz					R116,335		R116,335
Put options purchased							
Amount (kg)		1,875					1,875
Rand per oz		R93,602					R93,602
Put options sold							
Amount (kg)	8,025	1,400					9,425
Rand per oz	R81,457	R88,414					R82,491
Call options purchased							
Amount (kg)							
Rand per oz							
Call options sold							
Amount (kg)	12,657	4,517	311		2,986	5,972	26,443
Rand per oz	R89,054	R102,447	R108,123		R202,054	R223,756	R135,747

38 Financial risk management activities (continued)

Year	2005	2006	2007	2008	2009	2010-2014	Total
Australian Dollar Gold							
Forward contracts							
Amount (kg)	2,036	3,110	8,398	3,110	3,390	3,110	23,154
A\$ per oz	A\$573	A\$746	A\$650	A\$673	A\$667	A\$692	A\$667
Put options purchased							
Amount (kg)	1,244						1,244
A\$ per oz	A\$585						A\$585
Put options sold							
Amount (kg)	3,110						3,110
A\$ per oz	A\$553						A\$553
Call options purchased							
Amount (kg)	3,110	6,221	3,732	3,110	1,244	3,110	20,527
A\$ per oz	A\$724	A\$673	A\$668	A\$680	A\$694	A\$712	A\$688
Call options sold							
Amount (kg)	3,110						3,110
A\$ per oz	A\$577						A\$577
Total net gold*							
Delta (kg)	22,017	34,937	56,920	54,089	50,034	108,534	326,531
Delta (oz)	707,862	1,123,249	1,830,018	1,738,999	1,608,628	3,489,444	10,498,200

* 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 25 January 2005.

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 \$600 million facility was repaid on 4 February 2005, and a new three-year \$700 million 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.

Investment maturity profile

Maturity date	Currency	Fixed rate investment amount million	Effective rate %	Floating rate investment amount million	Effective rate %
Less than one year	USD	6	1.6	134	1.9
	ZAR	78	6.2	27	5.9
	AUD	27	3.7	1	5.7
	EUR			6	2.4
	GHC	23,631	14.0		
	BRL			197	17.8
	ARS			3	1.0

38 Financial risk management activities (continued)

Borrowing maturity profile (Note 29)

Currency	Within one year		Between one and two years		Between two and five years		After five years	
	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %
\$	306	3.5	4	6.2	926	2.4	6	3.7
ZAR	73 ⁽¹⁾	–			1,984	10.5		

Interest rate risk

Currency	Fixed for less than one year		Fixed for between one and three years		Fixed for greater than three years		Total borrowings amount million
	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	
\$	312	3.5	9	6.1	921	2.4	1,242
ZAR	73 ⁽¹⁾	–			1,984	10.5	2,057

⁽¹⁾ Represents the interest accrual on the corporate bond as at 31 December 2004

Interest rate swaps

The group entered into a convertible interest rate swap. The swap is a derivative instrument as defined by IAS39 and has been designated as a fair value hedge. The swap hedges the group's exposure to fair value changes on the \$1 billion convertible bond attributable to changes in interest rates and has the effect of swapping the 2.375% fixed coupon into a LIBOR-based floating rate. The swap, like the bond, matures in February 2009, but has the additional feature that in the event of early conversion, the swap notional reduces in the same proportion. A derivative liability and a corresponding reduction to long-term debt of \$10m, R55m were recorded for the fair market value of the swap. As the swap is considered an integral part of the bond, the interest expense on the convertible bond is disclosed after adjusting such expense for the interest income and expense under the swap.

The group has vanilla interest rate swap agreements to convert \$133m (R750m) of its \$354m (R2,000m) fixed rate bond to variable rate debt. The interest rate swap runs over the term of the bond and receives interest at a fixed rate of 10.5% and pays floating JIBAR (reset quarterly) plus a spread of 0.915%.

This transaction matures in August 2008. The swap is subsequently re-measured at fair value, but is not designated as a fair value hedge. The marked-to-market value of the transaction was a positive \$8m (R45m) as at 31 December 2004.

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.

Trade debtors comprise a small group of international companies. No provision for doubtful debts was made as the principal debtors continue to be in a sound financial position.

The group does not generally obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of counterparts. The group believes that no concentration of credit exists.

38 Financial risk management activities (continued)

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 2004 are as follows:

Type of instrument

Figures in million	2004		2003	
	Carrying amount	Fair value	Carrying Amount	Fair Value
US Dollars				
Other investments (Note 21)	40	40	12	12
Other non-current assets (Note 25)	106	106	151	151
Trade and other receivables (Note 26)	309	309	219	219
Cash and cash equivalents (Note 27)	312	312	505	505
Borrowings (Note 29)	1,605	1,679	1,158	1,168
Trade and other payables (Note 32)	470	470	350	350
Derivatives comprise the following:	(337)	(1,161)	(299)	(659)
Forward sale commodity contracts	(172)	(666)	(225)	(350)
Option contracts	(177)	(507)	(84)	(319)
Foreign exchange contracts	16	16	3	3
Foreign exchange option contracts	(2)	(2)	2	2
Interest rate swaps	(2)	(2)	5	5

Type of instrument

Figures in million	2004		2003	
	Carrying amount	Fair value	Carrying Amount	Fair Value
SA Rands				
Other investments (Note 21)	223	223	81	81
Other non-current assets (Note 25)	601	601	1,000	1,000
Trade and other receivables (Note 26)	1,747	1,747	1 461	1 461
Cash and cash equivalents (Note 27)	1,758	1,758	3 367	3 367
Borrowings (Note 29)	9,062	9,523	7 723	7 789
Trade and other payables (Note 32)	2,650	2,650	2 339	2 339
Derivatives comprise the following:	(1,901)	(6,583)	(1 991)	(4 394)
Forward sale commodity contracts	(972)	(3,787)	(1 497)	(2 331)
Option contracts	(998)	(2,865)	(560)	(2 129)
Foreign exchange contracts	90	90	21	21
Foreign exchange option contracts	(10)	(10)	13	13
Interest rate swaps	(11)	(11)	32	32

The fair value amounts include off-balance sheet designated hedges, which are not carried on the balance sheet and excluded from the carrying amount. All other derivatives are carried at fair value.

38 Financial risk management activities (continued)

Derivative maturity profile

	Total	2004 Assets	Liabilities
US Dollars			
Total	(337)	677	(1,014)
Less: Amounts to mature within 12 months of balance sheet date	43	(490)	533
Amounts to mature thereafter	(294)	187	(481)
SA Rands			
Total	(1,901)	3,822	(5,723)
Less: Amounts to mature within 12 months of balance sheet date	240	(2,767)	3,007
Amounts to mature thereafter	(1,661)	1,055	(2,716)

	Total	2003 Assets	Liabilities
US Dollars			
Total	(299)	471	(770)
Less: Amounts to mature within 12 months of balance sheet date	64	(377)	441
Amounts to mature thereafter	(235)	94	(329)
SA Rands			
Total	(1 991)	3 145	(5 136)
Less: Amounts to mature within 12 months of balance sheet date	427	(2 515)	2 942
Amounts to mature thereafter	(1 564)	630	(2 194)

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

Trade and other receivables, 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 market value while unlisted investments are carried at directors' valuation. Other non-current assets are carried at discounted value.

Borrowings

The fair values of listed fixed rate debt and the convertible bonds are shown at their 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 at 31 December 2004.

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 one of the leading market participants, an international merchant bank. The group believes that no other possible alternative would result in significantly different fair value estimations.

39 Events after balance sheet date

\$700m syndicated loan facility

AngloGold Ashanti Limited has signed a new three-year loan facility agreement for \$700m to replace the \$600m facility which matured in February 2005. This facility will be used to repay the maturing facility and for general corporate purposes. The new facility will reduce the group's cost of borrowings, as the borrowing margin over LIBOR will reduce from 70 basis points to 40 basis points.

New expansion projects

On 26 January 2005, the AngloGold Ashanti board approved the \$121m Cuiabá Deepening Project in Brazil, which is expected to increase production from that mine from 190,000 ounces per year to 250,000 ounces per year within two years of the project's completion. The Cuiabá life-of-mine should be extended by six years and production over this period should increase by 1.86Moz.

Discontinued operations

The Ergo reclamation surface operation is to be discontinued during 2005. The operation forms part of South Africa under the segmental reporting analysis. Ergo has reached the end of its economic useful life. After a detailed investigation of several options and scenarios, management decided on 1 February 2005 that closure at the operation will commence on 31 March 2005. This is expected to be completed before the end of 2005. The remaining available tonnage will be treated and cleaned through the tailings facility. The tangible assets have been impaired and the liabilities are fully provided at \$37m, R212m as detailed in the analysis below.

2003	2004	Figures in million	2004	2003
SA Rands			US Dollars	
The discontinued operations include the following:				
547	560	Revenue	87	73
(570)	(627)	Operating and closure expenses	(98)	(76)
2	25	Realised non-hedge derivatives	4	-
(21)	(42)	Loss before taxation	(7)	(3)
-	-	Taxation	-	-
(21)	(42)	Loss after taxation	(7)	(3)
9	16	Basic loss – cents per share	3	1
9	16	Diluted loss – cents per share	3	1
21	42	Net cash outflow from operating activities	7	3
-	-	Net cash outflow from investing activities	-	-
-	-	Net cash outflow from financing activities	-	-
Assets				
5	5	Tangible assets – land	1	1
119	131	Environmental Rehabilitation Trust Fund	23	18
7	5	Gold inventory in process	1	1
131	141		25	20
Liabilities				
104	138	Environmental rehabilitation	24	16
22	22	Post-retirement medical liability	4	3
14	17	Leave pay and bonus provisions	3	2
37	35	Current liabilities	6	5
177	212		37	26
During 2005 and until the final date of closure, it is estimated that the operation will earn \$15m, R108m in revenue, incur operational and closure costs of \$38m, R266m and consequently report a loss from the operating and closure activities of \$23m, R158m. This is equivalent to a basic loss of 9 US cents or 60 SA cents per share.				