

172 Condensed consolidated financial statements prepared in accordance with US GAAP

It is to be noted that the condensed consolidated financial statements prepared in accordance with US GAAP, and included in the 2004 annual report on pages 172 to 177, which were published on 30 March 2005, have been revised and replaced to take cognisance of a change in accounting for joint venture operations. No attempt has been made to modify or update other disclosures presented in the report, except as described in the preceding sentence. The condensed consolidated financial statements were not included within the audit opinion on the annual financial statements of AngloGold Ashanti prepared in accordance with IFRS.

AngloGold Ashanti provides as part of this Annual Report 2004, to all shareholders, condensed consolidated financial statements derived from and presented in the manner detailed below.

Basis of presentation

The condensed consolidated financial statements have been derived from the group's consolidated financial statements as prepared in accordance with accounting principles generally accepted in the United States (US GAAP). US GAAP differs in certain material respects from International Financial Reporting Standards (IFRS). The condensed consolidated financial statements do not include notes in support of the financial information presented therein. The group's audited consolidated financial statements prepared in accordance with US GAAP from which the condensed consolidated financial statements have been derived, contain detailed notes prepared in accordance with US GAAP. The audited consolidated financial statements prepared in accordance with US GAAP, together with related notes, are included under Item 18 in AngloGold Ashanti's annual report on Form 20-F filed with the United States Securities and Exchange Commission on 14 July 2005. The AngloGold Ashanti annual report on Form 20-F for the year ended 31 December 2004 as filed with the United States Securities and Exchange Commission on 14 July 2005 is available free of charge on EDGAR at www.sec.gov.

The company has restated previously issued financial statements for the two fiscal years ended 31 December 2002 and 31 December 2003 to correct the company's historical accounting practices for certain joint venture arrangements. Historically, interests in certain incorporated mining joint ventures in which the company has joint control were reported using the proportionate consolidation method. This accounting treatment represents a departure from US GAAP which requires the equity method of accounting for such joint venture arrangements. These joint venture arrangements consist of operating entities situated in Mali (the Sadiola, Yatela and Morila Joint Ventures) and Tanzania (the Geita Joint Venture), of which the significant financial operating policies are, by contractual arrangement, jointly controlled.

As a result, the company has restated the consolidated balance sheet as of 31 December 2003, and the consolidated statements of income and consolidated statements of cash flows for the years ended 31 December 2003 and 2002 presented herein. The restatement corrects the company's historical accounting for interests in mining joint ventures and has no impact on net income or total stockholders' equity as reported under US GAAP.

The condensed consolidated financial statements set forth below for each of the three years in the period ended 31 December 2004, and as at 31 December 2004 and 2003, have been derived from, and should be read in conjunction with the US GAAP financial statements included under Item 18 in AngloGold Ashanti's annual report on Form 20-F as filed with the United States Securities and Exchange Commission on 14 July 2005.

Stock split

Throughout the condensed consolidated financial statements presented herein, the number of AngloGold Ashanti ordinary shares and the calculation of basic and diluted earnings (loss) per share information for AngloGold Ashanti have been adjusted retroactively to reflect AngloGold's two-for-one stock split and the issuance of a total of 278,196 AngloGold ordinary shares under AngloGold's odd lot offer as approved at the general meeting of AngloGold's shareholders held on 5 December 2002.

Condensed consolidated income statement

Derived from financial statements prepared in accordance with US GAAP

Year ended 31 December	2004	2003	2002
Figures in dollar millions, except for share data		(As restated)	(As restated)
Sales and other income	2,238	1,743	1,493
Product sales	2,183	1,714	1,458
Interest, dividends and other income	55	29	35
Cost and expenses	2,274	1,403	1,137
Production costs	1,436	1,068	792
Exploration costs	44	40	28
Related party transactions	45	37	42
General and administrative	58	43	29
Royalties	27	11	9
Market development costs	15	19	17
Research and development	–	–	1
Depreciation, depletion and amortisation	445	247	257
Impairment of assets	3	78	–
Interest expense	67	28	22
Accretion expense	8	2	–
Employment severance costs	9	4	3
(Profit) loss on sale of assets	(14)	(55)	11
Non-hedge derivative loss (gains)	131	(119)	(74)
(Loss) income before equity income and income tax	(36)	340	356
Equity income in affiliates	23	74	80
(Loss) income before income tax provision	(13)	414	436
Deferred income and mining tax benefit (expensed)	132	(147)	(64)
Income before minority interest	119	267	372
Minority interest	(22)	(17)	(16)
Income before cumulative effect of accounting change	97	250	356
Cumulative effect of accounting change	–	(3)	–
Net income – applicable to common stockholders	97	247	356
Basic earnings per common share: (cents)			
Before cumulative effect of accounting change	39	112	160
Cumulative effect of accounting change	–	(1)	–
Net income – applicable to common stockholders	39	111	160
Diluted earnings per common share: (cents)			
Before cumulative effect of accounting change	38	112	160
Cumulative effect of accounting change	–	(1)	–
Net income – applicable to common stockholders	38	111	160
Weighted average number of common shares used in computation	251,352,552	222,836,574	221,883,567
Dividend per common share (cents)	76	133	113

These condensed financial statements should be read in conjunction with the company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on 14 July 2005.

Condensed consolidated balance sheet

Derived from financial statements prepared in accordance with US GAAP

As at 31 December	2004	2003
Figures in dollar millions		(As restated)
Assets		
Current assets	1,415	1,283
Cash and cash equivalents	299	479
Receivables	743	551
Trade	30	39
Derivatives	491	370
Value added taxes	29	19
Other	193	123
Inventories	268	154
Materials on the leach pad	105	99
Property, plant and equipment, net	5,011	2,300
Acquired properties, net	1,654	737
Goodwill	543	226
Other intangibles, net	48	–
Derivatives	187	94
Materials on the leach pad	22	7
Other long-term assets	516	696
Total assets	9,396	5,343
Liabilities and stockholders' equity		
Current liabilities	1,465	1,116
Accounts payable and accrued liabilities	479	355
Derivatives	606	408
Short-term debt	315	331
Income and mining tax payable	65	22
Long-term debt	1,371	778
Derivatives	734	274
Deferred income and mining tax	1,525	789
Provision for environmental rehabilitation	209	124
Other accrued liabilities	14	6
Provision for pension and other post-retirement medical benefits	173	136
Minority interest	59	52
Commitments and contingencies		
Stockholders' equity	3,846	2,068
Common stock		
Stock issued 2004 – 264,462,894 (2003 – 223,136,342)	10	9
Additional paid in capital	4,961	3,415
Accumulated deficit	(702)	(616)
Accumulated other comprehensive income	(423)	(740)
Total liabilities and stockholders' equity	9,396	5,343

These condensed financial statements should be read in conjunction with the company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on 14 July 2005.

Condensed consolidated cash flow statement

Derived from financial statements prepared in accordance with US GAAP

Year ended 31 December	2004	2003	2002
Figures in dollar millions		(As restated)	(As restated)
Net cash provided by operating activities	506	411	529
Income before cumulative effect of accounting change	97	250	356
Reconciled to net cash provided by operations:			
Profit on sale of assets	(14)	(55)	–
Depreciation, depletion and amortisation	445	247	257
Deferred stripping costs	(28)	(32)	(5)
Impairment of assets	3	78	–
Deferred income and mining tax	(200)	76	(56)
Other non-cash items	222	33	(6)
Net decrease in provision for environmental rehabilitation and pension and other post-retirement medical benefits	(26)	(88)	(17)
Effect of changes in operating working capital items:			
Receivables	(18)	(50)	2
Inventories	(39)	(78)	(46)
Accounts payable and accrued liabilities	64	30	44
Net cash used in investing activities	(979)	(268)	(66)
Cash acquired in acquisitions	56	9	8
Increase in non-current investments	(20)	(1)	(34)
Additions to property, plant and equipment	(571)	(339)	(246)
Proceeds on sale of mining assets	10	6	1
Proceeds on sale of investments	–	56	158
Cash outflows from hedge restructuring	(310)	–	–
Cash effects of acquisitions or disposals	(227)	1	35
– Proceeds	(227)	1	59
– Contractual obligations	–	–	(24)
Loans receivable advanced	(2)	(4)	(5)
Loans receivable repaid	85	4	17
Net cash generated (used) in financing activities	276	(79)	(333)
Net repayments of short-term debt	(521)	(26)	(593)
Issuance of stock	3	10	18
Net proceeds of long-term debt	789	251	502
Cash inflows from hedge restructuring	203	–	–
Dividends paid	(198)	(314)	(260)
Net (decrease) increase in cash and cash equivalents	(197)	64	130
Effect of exchange rate changes on cash	17	53	75
Cash and cash equivalents – 1 January	479	362	157
Cash and cash equivalents – 31 December	299	479	362

These condensed financial statements should be read in conjunction with the company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on 14 July 2005.

176 Condensed reconciliation between IFRS and US GAAP

Results for the year ended and as at 31 December 2004

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

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

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

Supplemental information to the condensed consolidated financial statements.

Condensed reconciliation between IFRS and US GAAP

Results for the year ended and as at 31 December 2004

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

I Business combinations (including acquired properties and goodwill)

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

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

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

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

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

II IFRS exceptional loss reversed

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

III Pension and other post-retirement medical benefits

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

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

IV Normandy transaction costs

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

V Stock compensation expense

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

VI Convertible bonds

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

VII Equity accounted joint ventures

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

VIII Other

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

IX Income taxes

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

X Cumulative effect of accounting changes

Asset retirement obligations

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

Supplemental information to the condensed consolidated financial statements.