

Notes to the company financial statements

For the year ended 31 December

		SA Rands	
Figures in million		2007	2006
1	Revenue		
	Revenue consists of the following principal categories:		
	Gold income	9,971	9,151
	By-products (note 2)	160	265
	Dividends received from subsidiaries (note 26)	376	52
	Dividend received from other investments (note 26)	16	–
	Interest received (note 26)		
	– loans and receivables	17	2
	– cash and cash equivalents	129	50
		10,669	9,520
2	Cost of sales		
	Cash operating costs ⁽¹⁾	5,733	5,137
	By-products (note 1)	(160)	(265)
		5,573	4,872
	Other cash costs	29	40
	Total cash costs	5,602	4,912
	Retrenchment costs (note 7)	34	49
	Rehabilitation and other non-cash costs	56	22
	Production costs	5,692	4,983
	Amortisation of tangible assets (notes 6, 9 and 26)	1,806	1,634
	Total production costs	7,498	6,617
	Inventory change	30	(71)
		7,528	6,546
	⁽¹⁾ Cash operating costs comprises:		
	– salaries and wages	2,960	2,698
	– stores and other consumables	1,364	1,304
	– fuel, power and water	666	625
	– contractors	117	89
	– services and other charges	626	421
		5,733	5,137
3	Other operating expenses		
	Pension and medical defined benefit provisions	19	50

Figures in million	2007	2006
4 Operating special items		
Profit on disposal, derecognition and abandonment of land and tangible assets	(72)	(30)
Recovery of exploration costs	(7)	–
Recovery of exploration loan	–	(2)
Performance related option expense	–	129
Cost of E-ordinary shares issued to Izingwe (Pty) Ltd, a Black Economic Empowerment company (group note 11)	–	131
Impairment of tangible assets (note 9)	–	10
Loan waived	–	1
	(79)	239
5 Finance costs and unwinding of obligations		
Finance costs on corporate bond ⁽¹⁾	214	214
Finance lease charges	16	–
Finance costs on bank loans and overdrafts ⁽¹⁾	–	14
Other	12	14
	242	242
Amounts capitalised (note 9)	(51)	(39)
	191	203
Unwinding of decommissioning obligation (note 21)	52	38
Unwinding of restoration obligation (note 21)	14	14
(note 26)	257	255
⁽¹⁾ Finance costs have been determined using the effective interest rate method.		
6 Profit before taxation		
Profit before taxation is arrived at after taking account of:		
Auditors' remuneration		
– audit fees	24	39
– under provision prior year	18	1
– other assurance services	10	6
	52	46
Amortisation of tangible assets		
– owned assets	1,795	1,634
– leased assets	11	–
(notes 2, 9 and 26)	1,806	1,634
Grants for educational and community development	22	21
Operating lease charges	271	180

Notes to the company financial statements continued

For the year ended 31 December

		SA Rands	
Figures in million		2007	2006
7	Employee benefits		
	Employee benefits including executive directors' salaries and other benefits	3,625	3,262
	Health care and medical scheme costs		
	– current medical expenses	313	308
	– defined benefit post-retirement medical expenses	92	95
	Pension and provident plan costs		
	– defined contribution	228	201
	– defined benefit pension plan	(20)	12
	Retrenchment costs (note 2)	34	49
	Share-based payment expense ⁽¹⁾	216	200
	Included in cost of sales, other operating expenses, operating special items and corporate administration and other expenses	4,488	4,127
	Actuarial defined benefit plan expense analysis		
	Defined benefit post-retirement medical		
	– current service cost	6	7
	– interest cost	86	88
		92	95
	Defined benefit pension plan		
	– current service cost	47	50
	– interest cost	124	108
	– expected return on plan assets	(191)	(146)
		(20)	12
	Actual return on plan assets		
	– South Africa defined benefit pension plan	185	417
	Refer to the Remuneration report for details of directors' emoluments		
	⁽¹⁾ Details of the equity-settled share-based payment arrangements of the group have been disclosed in group note 11. These arrangements consist of awards by the company to employees of various group companies. The income statement expense of R216m (2006: R200m) for the company is only in respect of awards made to employees of the company.		
8	Taxation		
	Current taxation		
	Mining tax ⁽¹⁾	371	193
	Non-mining tax	175	176
	Under provision prior year	47	57
	(note 25)	593	426
	Deferred taxation		
	Temporary differences ⁽¹⁾	281	569
	Unrealised non-hedge derivatives and other commodity contracts	(634)	(771)
	Change in estimated deferred tax rate ⁽³⁾	57	412
	(note 23)	(296)	210
		297	636

8 Taxation (continued)

Tax reconciliation

A reconciliation of the effective tax rate charged in the income statement to the prevailing mining and non-mining tax rate is set out in the following table:

	Non-mining %	Mining %	Non-mining %	Mining %
	2007		2006	
Effective tax rate	47	45	43	70
Disallowable items	(2)	(4)	6	(5)
Dividends received	(17)	–	(2)	–
Taxable items not forming part of the income statement	2	–	(20)	–
Impact of prior year under provisions	5	–	6	–
Change in estimated deferred tax rate ⁽³⁾	–	(4)	–	(28)
Other	2	–	4	–
Estimated corporate tax rate ⁽²⁾	37	37	37	37

⁽¹⁾ Included in mining tax is taxation on the disposal of tangible assets of R21m and included in temporary differences is taxation of R6m.

⁽²⁾ Mining tax on mining income is determined according to a formula based on profit and revenue from mining operations. The company has elected to be exempt from STC and is taxed at a higher rate of tax for mining and non-mining income tax purposes.

All mining capital expenditure is deducted to the extent that it does not result in an assessed loss and depreciation is ignored when calculating mining income. Capital expenditure not deducted from mining income is carried forward as unredeemed capital to be deducted from future mining income. The company operates under two tax paying entities, Vaal River Operations and West Wits Operations. Under ring fencing legislation each entity is treated separately and deductions can only be utilised against income generated by the relevant tax entity.

The formula for determining the South African mining tax is:

$$Y = 45 - 225/X$$

where Y is the percentage rate of tax payable and X is the ratio of mining profit net of any redeemable capital expenditure to mining revenue expressed as a percentage.

The maximum statutory mining tax rate is 45%, non-mining statutory tax rate 37% and statutory company tax rate 29%, all unchanged from prior year.

⁽³⁾ The mining operations are taxed on a variable rate that increases as profitability increases. The tax rate used to calculate deferred tax is based on the company's current estimate of future profitability when temporary differences will reverse. Depending on the profitability of the operations, the tax rate can consequently be significantly different from year to year. The change in the estimated deferred tax rate at which the temporary differences will reverse amounts to R57m (2006: R412m).

Notes to the company financial statements continued

For the year ended 31 December

9 Tangible assets

Figures in million	Mine development costs	Mine infrastructure	Mineral rights and dumps	Land and buildings	Total
SA Rands					
Cost					
Balance at 1 January 2006	15,014	4,134	545	20	19,713
Additions					
– project expenditure	357	52	–	–	409
– stay-in-business expenditure	1,471	225	–	–	1,696
Disposals	(1)	(60)	–	(4)	(65)
Transfers and other movements ⁽¹⁾	(15)	110	–	–	95
Finance costs capitalised (note 5)	39	–	–	–	39
Balance at 31 December 2006	16,865	4,461	545	16	21,887
Accumulated amortisation					
Balance at 1 January 2006	5,314	2,334	133	–	7,781
Amortisation for the year (notes 2, 6 and 26)	1,425	176	33	–	1,634
Impairments (note 4) ⁽²⁾	6	4	–	–	10
Transfers and other movements ⁽¹⁾	(14)	(9)	–	1	(22)
Balance at 31 December 2006	6,731	2,505	166	1	9,403
Net book value at 31 December 2006	10,134	1,956	379	15	12,484
Cost					
Balance at 1 January 2007	16,865	4,461	545	16	21,887
Additions					
– project expenditure	466	40	–	–	506
– stay-in-business expenditure	1,732	314	–	250	2,296
Disposals	(4)	(16)	–	(1)	(21)
Transfers and other movements ⁽¹⁾	(136)	(103)	–	–	(239)
Finance costs capitalised (note 5)	51	–	–	–	51
Balance at 31 December 2007	18,974	4,696	545	265	24,480
Accumulated amortisation					
Balance at 1 January 2007	6,731	2,505	166	1	9,403
Amortisation for the year (notes 2, 6 and 26)	1,600	167	28	11	1,806
Disposals	(2)	(3)	–	–	(5)
Transfers and other movements ⁽¹⁾	(96)	75	–	–	(21)
Balance at 31 December 2007	8,233	2,744	194	12	11,183
Net book value at 31 December 2007	10,741	1,952	351	253	13,297

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 10.65% (2006: 10.65%).

Included in land and buildings are assets held under finance leases with a net book value of R235m (2006: nil).

A register containing details of properties is available for inspection by shareholders or their duly authorised agents during business hours at the registered office of the company.

⁽¹⁾ Transfers and other movements comprise amounts from changes in estimates of decommissioning assets and asset reclassifications.

⁽²⁾ Impairments include the following:

Figures in million	SA Rands	
	2007	2006
Write off of various minor tangible assets and equipment.	–	10
	–	10

The impairment calculation methodology is included in group note 16.

Figures in million

2007 2006

10 Investment in associates

The company has a 25% (2006: 25%) interest in Oro Group (Pty) Ltd which is involved in the manufacture and wholesale of jewellery. The year-end of Oro Group (Pty) Ltd is 31 March.

The carrying value of the associate consists of:

Unlisted shares at cost less impairments

15 15

Investment acquired in Margaret Water Company Limited

3 –

Impairment ⁽¹⁾

(3) –

Loans advanced ⁽²⁾

15 15

30 30

Directors' valuation of the unlisted associate

30 30

⁽¹⁾ In 2007, the Margaret Water Company Limited's investment was impaired. The impairment test considered the investment's fair value and anticipated future cash flows. An impairment of R3m was recorded.

⁽²⁾ The Oro loan bears interest at a rate determined by the Oro Group (Pty) Ltd's board of directors and is repayable at their discretion.

The company's effective share of certain balance sheet items of its associate at 30 September 2007, is as follows:

Non-current assets

14 14

Current assets

69 63

Total assets

83 77

Non-current liabilities

23 24

Current liabilities

34 29

Total liabilities

57 53

Net assets

26 24

11 Other investments**Unlisted investments****Available-for-sale**

Balance at beginning of year ⁽¹⁾

2 2

Balance at end of year

2 2

Available-for-sale unlisted investments consist primarily of the Chamber of Mines Building Company Limited.

Held to maturity

Balance at beginning of year

14 14

Balance at end of year

14 14

Total other investments (note 29)

16 16

Directors' valuation of unlisted investments

16 16

Investments held to maturity are primarily the Gold of Africa Museum.

⁽¹⁾ There is no active market for the unlisted equity investment and fair value cannot be reliably measured. The unlisted equity investment is carried at cost. The company does not intend to sell the investment in the foreseeable future.

Notes to the company financial statements continued

For the year ended 31 December

		SA Rands	
Figures in million		2007	2006
12 Inventories			
Work in progress			
– gold in process		240	219
Finished goods			
– gold doré / bullion		15	45
– by-products		68	27
Total metal inventories		323	291
Mine operating supplies		153	114
		476	405
<p>The amount of the write-down of by-products, gold in process and gold on hand to net realisable value, and recognised as an expense is R139m (2006: R13m). This expense is included in cost of sales which is disclosed in note 2.</p>			
13 Investment in Environmental Rehabilitation Trust Fund			
Balance at beginning of year		309	284
Contributions		5	25
Rehabilitation expenditure reclaimed		(20)	–
Balance at end of year		294	309
<p>The fund is managed by Rand Merchant Bank and mainly invested in government long bonds and other fixed-term deposits.</p>			
14 Other non-current assets			
Unsecured			
AngloGold Ashanti Pension Fund (note 22)		244	267
Loans and receivables			
Loan repayable between 31 December 2009 and 31 December 2011 bearing interest at 3% per annum		4	4
Other non-interest bearing loans and receivables – repayable on various dates		2	3
		250	274

Figures in million	2007	2006
15 Trade and other receivables		
Non-current		
Other debtors	–	21
	–	21
Current		
Trade debtors	20	47
Prepayments and accrued income	85	98
Interest receivable	7	8
Recoverable tax, rebates, levies and duties	115	49
Amounts due from related parties	43	10
Other debtors	26	24
	296	236
Total trade and other receivables	296	257
Current trade debtors are non-interest bearing and are generally on terms less than 90 days.		
16 Cash and cash equivalents		
Cash and deposits on call	783	810
Money market instruments	500	450
(note 29)	1,283	1,260
17 Non-current assets held-for-sale		
Effective 30 June 2005, the investment in the Weltevreden mining rights of R100m (2006: R100m) was classified as held for sale. This investment was previously recognised as a tangible asset. Weltevreden's rights were sold to Alease Gold and Uranium Resource Limited on 15 June 2005. On 19 December 2005, Alease was acquired by srx Uranium One (formerly Southern Cross Inc.) and the sale agreement was amended to recognise this change. The conditions precedent to the agreement were not fulfilled before the expiry date of 31 December 2007. Consequently the agreement lapsed and a new agreement is being negotiated with Alease Gold Limited. In terms of the draft agreement, the purchase price will be paid in the form of Alease shares to be issued to AngloGold Ashanti.		
The draft agreement currently contains conditions precedent including that the Minister must approve of the cession of the Weltevreden mining right from AngloGold Ashanti to Alease, unconditional approval of the transaction by the Competition Commission and approval by the JSE of issue and allotment of the Alease shares.		
	100	100

Notes to the company financial statements continued

For the year ended 31 December

	SA Rands	
Figures in million	2007	2006
18 Share capital and premium		
Share capital		
Authorised		
400,000,000 ordinary shares of 25 SA cents each	100	100
4,280,000 E ordinary shares of 25 SA cents each	1	1
2,000,000 A redeemable preference shares of 50 SA cents each	1	1
5,000,000 B redeemable preference shares of 1 SA cent each	–	–
	102	102
Issued and fully paid		
277,457,471 (2006: 276,236,153) ordinary shares of 25 SA cents each	69	69
4,140,230 (2006: 4,185,770) E ordinary shares of 25 SA cents each	1	1
2,000,000 (2006: 2,000,000) A redeemable preference shares of 50 SA cents each	1	1
778,896 (2006: 778,896) B redeemable preference shares of 1 SA cent each	–	–
	71	71
Share premium		
Balance at beginning of year	22,976	19,293
Ordinary shares issued	283	3,330
E ordinary shares (cancelled) issued	(6)	353
Balance at end of year	23,253	22,976
Share capital and premium	23,324	23,047
The rights and restrictions applicable to the A and B redeemable preference shares.		
A redeemable preference shares are entitled to:		
<ul style="list-style-type: none"> ■ an annual dividend, after payment in full of the annual dividend on the B preference shares, equivalent to the balance of after tax profits from mining the Moab Lease Area; and ■ on redemption, the nominal value of the shares and a premium per share equal to the balance of the net proceeds from disposal of assets relating to the Moab Lease Area, after redemption in full of the B preference shares payments of the nominal value of the A preference shares. 		
B redeemable preference shares are entitled to:		
<ul style="list-style-type: none"> ■ an annual dividend limited to a maximum of 5% of their issue price from the period that profits are generated from the Moab Lease Area; and ■ on redemption, the nominal value of the shares and a premium of up to R249.99 per share provided by the net proceeds from disposal of the assets relating to the Moab Lease Area. 		
The Moab Lease Area consists of the Moab Khotsong mine operations.		

19 Retained earnings and other reserves

Figures in million	Retained earnings	Non-distributable reserves ⁽¹⁾	Actuarial gains (losses)	Other comprehensive income ⁽²⁾	Total
SA Rands					
Balance at December 2005	(2,732)	141	(232)	(569)	(3,392)
Actuarial gain recognised			283		283
Deferred taxation thereon (note 23)			(102)		(102)
Loss for the year	(88)				(88)
Dividends (group note 15)	(742)				(742)
Preference dividends	(48)				(48)
Net loss on cash flow hedges removed from equity and reported in gold sales				553	553
Net loss on cash flow hedges				(969)	(969)
Deferred taxation on cash flow hedges (note 23)				165	165
Share-based payment for share awards and BEE transaction				319	319
Deferred issuance costs from ESOP Share Trust establishment				(630)	(630)
Deferred taxation on cost from ESOP Share Trust (note 23)				117	117
Balance at December 2006	(3,610)	141	(51)	(1,014)	(4,534)
Actuarial loss recognised			(95)		(95)
Deferred taxation thereon (note 23)			35		35
Profit for the year	413				413
Dividends (group note 15)	(919)				(919)
Preference dividends	(31)				(31)
Net loss on cash flow hedges removed from equity and reported in gold sales				649	649
Net loss on cash flow hedges				(695)	(695)
Hedge ineffectiveness				31	31
Deferred taxation on cash flow hedges and hedge ineffectiveness (note 23)				5	5
Share-based payment for share awards				222	222
Deferred issuance cost from ESOP Share Trust establishment				(22)	(22)
Deferred taxation on cost from ESOP Share Trust (note 23)				(6)	(6)
Balance at December 2007	(4,147)	141	(111)	(830)	(4,947)

⁽¹⁾ Non-distributable reserves comprise a surplus on disposal of company shares of R141m (2006: R141m).

⁽²⁾ Other comprehensive income represents the effective portion of fair value gains or losses in respect of cash flow hedges until the underlying transaction occurs, upon which the gains or losses are recognised in earnings and the equity item for share-based payments.

Notes to the company financial statements continued

For the year ended 31 December

		SA Rands	
Figures in million		2007	2006
20 Borrowings			
Unsecured			
Corporate Bond ⁽¹⁾		2,070	2,066
Semi-annual coupons are paid at 10.5% per annum. The bond is repayable on 28 August 2008 and is rand-based.			
Secured			
Finance leases			
Turbine Square Two (Proprietary) Limited		249	–
The leases are capitalised at an implied interest rate of 9.8% per annum. Lease payments are due in monthly instalments terminating in March 2022 and are rand-based. The buildings financed are used as security for these loans.			
Vehicle leases		1	–
Interest charged at a rate of 15.5% per annum. Loans are repayable in monthly instalments terminating in February 2011 and are rand-based. The vehicles financed are used as security for these loans.			
Total borrowings (note 29)		2,320	2,066
Current portion of borrowings included in current liabilities		(2,072)	(73)
Total long-term borrowings		248	1,993
Amounts falling due			
Within one year		2,072	73
Between two and five years		83	1,993
After five years		165	–
(note 29)		2,320	2,066
Undrawn facilities			
There were no undrawn borrowing facilities as at 31 December 2007 (2006: nil).			
⁽¹⁾ Corporate bond			
Senior unsecured fixed-rate bond		2,000	2,000
Unamortised discount and bond issue costs		(3)	(7)
Accrued interest		1,997	1,993
		73	73
		2,070	2,066

Figures in million	2007	2006
21 Environmental rehabilitation provisions		
Provision for decommissioning		
Balance at beginning of year	642	498
Change in estimates ⁽¹⁾	(198)	107
Unwinding of decommissioning obligation (note 5)	52	38
Utilised during the year	(3)	(1)
Balance at end of year	493	642
Provision for restoration		
Balance at beginning of year	445	424
Charge to income statement	25	(12)
Change in estimates ⁽¹⁾	(17)	53
Unwinding of restoration obligation (note 5)	14	14
Utilised during the year	(78)	(34)
Balance at end of year	389	445
Total environmental rehabilitation provisions	882	1,087
⁽¹⁾ The change in estimates relates to changes in laws and regulations governing the protection of the environment and factors relative to rehabilitation estimates and a change in the quantities of material in reserves and a corresponding change in the life of mine plan. These provisions are anticipated to unwind beyond the end of the life of mine.		
22 Provision for pension and post-retirement benefits		
Defined benefit plans		
The company has made provision for pension, provident and medical schemes covering substantially all employees. The retirement schemes consist of the following:		
AngloGold Ashanti Limited Pension Fund (asset) (group note 32)	(244)	(267)
Post-retirement medical scheme for AngloGold Ashanti Limited's South African employees (group note 32)	1,121	1,094
	877	827
Transferred to other non-current assets (note 14)		
AngloGold Ashanti Limited Pension Fund	244	267
	1,121	1,094

Notes to the company financial statements continued

For the year ended 31 December

		SA Rands	
Figures in million		2007	2006
23	Deferred taxation		
	Deferred taxation relating to temporary differences is made up as follows:		
	Liabilities		
	Tangible assets	4,940	4,625
	Inventories	92	87
	Derivatives	–	93
	Other	10	3
		5,042	4,808
	Assets		
	Provisions	671	620
	Derivatives	2,359	1,813
	Tax losses	13	37
	Other	111	141
		3,154	2,611
	Net deferred taxation liability	1,888	2,197
	The movement on the net deferred tax balance is as follows:		
	Balance at beginning of year	2,197	2,185
	Income statement charge (note 8)	(296)	210
	Discontinued operations (group note 13)	21	(18)
	Taxation on cash flow hedges and hedge ineffectiveness (note 19)	(5)	(165)
	Taxation on actuarial (gain) loss (note 19)	(35)	102
	Taxation on cost from ESOP Share Trust establishment (note 19)	6	(117)
	Balance at end of year	1,888	2,197
24	Trade and other payables		
	Trade creditors	588	405
	Accruals	647	651
	Amounts due to related parties	–	9
	Unearned premiums on normal sale exempted contracts	225	289
		1,460	1,354
	Trade and other payables are non-interest bearing and are normally settled within 60 days.		
25	Taxation		
	Balance at beginning of year	561	553
	Payments during the year	(565)	(435)
	Provisions during the year (note 8)	593	426
	Discontinued operations (group note 13)	2	17
	Balance at end of year	591	561

Figures in million	2007	2006
26 Cash generated from operations		
Profit before taxation	703	560
Adjusted for:		
Movement on non-hedge derivatives and other commodity contracts	1,616	2,126
Amortisation of tangible assets (notes 2, 6 and 9)	1,806	1,634
Finance costs and unwinding of obligations (note 5)	257	255
Interest receivable (note 1)	(146)	(52)
Dividends receivable from other investments and subsidiaries (note 1)	(392)	(52)
Operating special items	(72)	241
Environmental rehabilitation and other expenditure	(29)	(39)
Other non-cash movements	191	172
Movements in working capital	54	199
	3,988	5,044
Movements in working capital:		
Increase in inventories	(68)	(64)
(Increase) decrease in trade and other receivables	(65)	110
Increase in trade and other payables	187	153
	54	199
27 Related parties		
Material related party transactions were as follows:		
Sales and services rendered to related parties		
Joint ventures	104	89
Associates	5	–
Subsidiaries	264	–
Purchases from related parties		
Third parties	–	54
Subsidiaries	277	284
Outstanding balances arising from sale of goods and services and other loans due by related parties		
Joint ventures	37	14
Associates	21	15
Subsidiaries	491	654
Outstanding balances arising from purchases of goods and services and other loans owed to related parties		
Joint ventures	–	2
Subsidiaries	1,490	1,585
Amounts owed to related parties are unsecured non-interest bearing and under terms that are no less favourable than those with third parties.		
Management fees, royalties, interest and net dividends from subsidiaries amounts to R342m (2006: R4m). This consists mainly of dividends received from AngloGold Ashanti Holdings plc of R326m (2006: Nil).		
Doubtful debts expensed during the year amounted to R4m (2006: nil).		
Details of guarantees to associates are included in note 28.		

Notes to the company financial statements continued

For the year ended 31 December

		SA Rands	
Figures in million		2007	2006
27 Related parties (continued)			
Directors and other key management personnel			
Details relating to directors' emoluments and shareholdings in the company are disclosed in the Remuneration and Directors' reports. (Detailed on pages 150 to 169).			
Compensation to key management personnel included the following:			
– short-term employee benefits		133	90
– post-employment benefits		8	–
– share-based payments		54	31
		195	121
28 Contractual commitments and contingencies			
Operating leases			
At 31 December 2007, the company was committed to making the following payments in respect of operating leases for among others, the hire of plant and equipment and land and buildings. Certain contracts contain renewal options and escalation clauses for various periods of time.			
Expiry within			
– One year		44	24
Finance leases			
The company has finance leases for buildings and motor vehicles. The building leases have terms of renewal but no purchase options. The motor vehicle leases have no purchase option. Renewals are at the option of the lessee. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments are as follows:			
		Minimum payments	Present value of payments
		2007	
Within one year		20	2
Within one year but not more than five years		101	4
More than five years		411	244
Total minimum lease payments		532	250
Amounts representing finance charges		(282)	–
Present value of minimum lease payments		250	250
		2006	
Within one year		–	–
Within one year but not more than five years		–	–
More than five years		–	–
Total minimum lease payments		–	–
Amounts representing finance charges		–	–
Present value of minimum lease payments		–	–

Figures in million	2007	2006
28 Contractual commitments and contingencies (continued)		
Capital commitments		
<i>Acquisition of tangible assets</i>		
Contracted for	428	473
Not contracted for	4,916	3,127
Authorised by the directors	5,344	3,600
Allocated to:		
Project expenditure		
– within one year	667	398
– thereafter	2,120	674
	2,787	1,072
Stay-in-business expenditure		
– within one year	2,279	2,285
– thereafter	278	243
	2,557	2,528
Purchase obligations		
Contracted for		
– within one year	367	360
– thereafter	523	–
	890	360
Purchase obligations represent contractual obligations for the purchase of mining contract services, supplies, consumables, inventories, explosives and activated carbon.		
To service the above capital commitments, purchase obligations and other operational requirements, the company is dependent on existing cash resources, cash generated from operations and borrowing facilities.		
Cash generated from operations is subject to operational, market and other risks. Distributions from operations may be subject to foreign investment, exchange control laws and regulations and the quantity of foreign exchange available in offshore countries. In addition, distributions from joint ventures are subject to the relevant board approval.		
The credit facilities and other finance arrangements contain financial covenants and other similar undertakings. To the extent that external borrowings are required, the company's covenant performance indicates that existing financing facilities will be available to meet the commitments detailed above. To the extent that any of the financing facilities mature in the near future, the company believes that these facilities can be refinanced on terms similar to those currently in place.		

Notes to the company financial statements continued

For the year ended 31 December

28 Contractual commitments and contingencies (continued)

	Liabilities		Liabilities	
	Contingency or guarantee	included on balance sheet	Contingency or guarantee	included on balance sheet
Figures in million	2007		2006	
SA Rands				
Contingent liabilities				
Groundwater pollution – South Africa ⁽¹⁾	-	-	-	-
Guarantees				
<i>Financial guarantees</i>				
Convertible bond ⁽²⁾	6,810	-	7,001	-
Syndicated loan facility ⁽³⁾	3,556	92	1,271	-
Oro Africa ⁽⁴⁾	100	-	100	-
<i>Hedging guarantees ⁽⁵⁾</i>				
Geita Management Company ⁽⁶⁾	3,539	-	2,032	-
Ashanti Treasury Services ⁽⁷⁾	10,176	-	7,334	-
AngloGold South America ⁽⁸⁾	1,501	-	959	-
AngloGold (USA) Trading Company ⁽⁸⁾	2,610	-	1,576	-
Cerro Vanguardia S.A. ⁽⁸⁾	542	-	584	-
	28,834	92	20,857	-

⁽¹⁾ AngloGold Ashanti Limited has identified a number of groundwater pollution sites at its current operations in South Africa. The company has investigated a number of different technologies and methodologies that could possibly be used to remediate the groundwater pollution. The geology of the area is typified by a dolomite rock formation that is prone to solution cavities. Polluted process water from the operations has percolated from pollution sources to this rock formation and has been transported three dimensionally, creating pollution plumes in the dolomite aquifer. Numerous scientific, technical and legal reports have been produced and the remedying of the polluted soil and groundwater is the subject of a continued research programme between the University of the Witwatersrand and AngloGold Ashanti. Subject to the technology being developed as a proven remediation technique, no reliable estimate can be made for the obligation.

⁽²⁾ The company has guaranteed all payments and other obligations of AngloGold Ashanti Holdings plc regarding the convertible bonds issued during 2004, with a maturity date of 27 February 2009, and a fixed coupon of 2.375% payable semi-annually. The bonds issued amounted to \$1,000m, R6,810m. The company obligations regarding the guarantee will be direct, unconditional and unsubordinated.

⁽³⁾ The company has guaranteed all payments and other obligations of the wholly owned subsidiaries AngloGold Ashanti Holdings plc, AngloGold Ashanti Australia Limited and AngloGold Ashanti USA Inc. regarding the \$1,150m syndicated loan facility. The prior year figure relates to the \$700m, R4,901m syndicated loan facility that was repaid during 2007.

⁽⁴⁾ The company has provided surety in favour of the lender in respect of gold loan facilities with two wholly owned subsidiaries of Oro Group (Proprietary) Limited, an associate of the company. The company has a total maximum liability, in terms of the suretyships, of R100m. The suretyship agreements have a termination notice period of 90 days.

⁽⁵⁾ Included in the amounts stated are NPSE accounted contracts fair valued at R7,857m (2006: R6,695m).

⁽⁶⁾ The company, together with AngloGold Ashanti Holdings plc, has issued hedging guarantees to several counterparty banks in which they have guaranteed the due performance of the Geita Management Company Limited of its obligations under or pursuant to hedging arrangements entered into. Refer group note 38.

⁽⁷⁾ The company, together with AngloGold Ashanti Holdings plc, has provided guarantees to several counterparty banks for the hedging commitment of Ashanti Treasury Services Limited. Refer group note 38.

⁽⁸⁾ The group has issued gold delivery guarantees to several counterparty banks in which it guarantees the due performance of its subsidiaries AngloGold USA Trading Company, AngloGold South America Limited and Cerro Vanguardia S.A. under their respective gold hedging agreements.

29 Financial risk management activities

In the normal course of its operations, the company is exposed to gold price, other commodity price, foreign exchange, interest rate, liquidity, equity price and credit risks. In order to manage these risks, the company may enter into transactions which make use of both on- and off-balance sheet derivatives. The company does not acquire, hold or issue derivatives for trading purposes. The company 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 and controlling and reporting structures.

Controlling risk in the company

The Executive Committee and the Treasury Committee are responsible for risk management activities within the company. 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 treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing gold price, other commodity price, foreign exchange, interest rate, liquidity and credit risks. Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy and counterpart limits and provides regular and detailed management reports.

The financial risk management objectives of the company are defined as follows:

- safeguarding the company's core earnings stream from its major assets through the effective control and management of gold price risk, other commodity risk, foreign exchange risk and interest rate risk;
- effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures;
- ensuring that investment and hedging transactions are undertaken with creditworthy counterparts; and
- ensuring that all contracts and agreements related to risk management activities are coordinated, consistent throughout the company and comply where necessary with all relevant regulatory and statutory requirements.

Gold price, foreign exchange 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 company to the risk that fluctuations in the SA rand/US dollar exchange rate may also have an adverse effect on current or future earnings. The company is also exposed to certain by-product commodity price risk.

A number of products, including derivatives, are used to manage the gold price and foreign exchange risks that arise out of the company's core business activities. Forward sales contracts and call and put options are used by the company to manage these risks. At year-end, the volume of outstanding forward sales contracts was 4,520kg (2006: 7,362kg).

As the company does not enter into financial instruments for trading purposes, the risks inherent to financial instruments are always offset by the underlying risk being hedged. The company further manages such risks by ensuring that the level of hedge cover does not exceed the company life of mine and that no basis risk exists.

Cash flow hedges

The company's cash flow hedges consist of commodity and foreign exchange forward contracts that are used to protect against exposures to variability in future commodity and foreign exchange cash flows. The amounts and timing of future cash flows are projected for each portfolio of financial assets and liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate principal cash flows across all portfolios over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity and other comprehensive income, and are transferred to earnings when the forecast cash flows affect the income statement.

The cash flow hedge forecast transactions are expected to occur over the next 3 years, in line with the maturity dates of the hedging instruments and will affect profit and loss simultaneously in an equal and opposite way.

The gains and losses on ineffective portions of such derivatives are recognised immediately in the income statement. During the year to 31 December 2007, a loss of R31m (2006: Nil) was recognised due to hedge ineffectiveness.

Notes to the company financial statements continued

For the year ended 31 December

29 Financial risk management activities (continued)

Non-hedge derivatives

	SA Rands	
Figures in million	2007	2006
Loss on non-hedge derivatives and other commodity contracts is summarised as follows:		
Loss on non-hedge derivatives	(1,308)	(826)
Unrealised gain (loss) on other commodity physical borrowings	23	(9)
Provision reversed (raised) for loss on future deliveries and other commodities	80	(101)
Loss on non-hedge derivatives and other commodity contracts per the income statement	(1,205)	(936)

Loss on non-hedge derivatives and other commodity contracts was R1,205m in 2007 compared to a loss of R936m in the previous year. The loss is primarily the result of the revaluation of non-hedge derivatives resulting from changes in the prevailing spot gold price, exchange rates, interest rates and greater volatilities compared to the previous year.

Net open hedge position as at 31 December 2007

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

The marked-to-market value of all derivatives, irrespective of accounting designation, making up the hedge position was R10.57bn as at 31 December 2007 (as at 31 December 2006: R7.82bn). These values were based on a gold price of \$836.30 per ounce, an exchange rate of \$1 = R6.8104 and the prevailing market interest rates and volatilities at 31 December 2007. The values as at 31 December 2006 were based on a gold price of \$636.30 per ounce, an exchange rate of \$1 = R7.0010 and the market interest rates and volatilities prevailing at that date.

Summary: All open contracts in the company's commodity hedge position as at 31 December 2007.

Year	2008	2009	2010	2011	2012	2013- 2015	Total
US Dollar/Gold							
Forward contracts							
Amount (kg)	(6,925) ⁽¹⁾	1,414	1,571	1,882	1,882	3,764	3,588
\$/oz	\$816	(\$343) ⁽²⁾	\$142	\$490	\$500	\$515	(\$588) ⁽²⁾
Put options sold							
Amount (kg)	8,009	3,748	1,882	1,882	1,882	3,764	21,167
\$/oz	\$642	\$530	\$410	\$420	\$430	\$445	\$528
Call options sold							
Amount (kg)	18,614	20,147	18,833	20,202	4,899	12,784	95,479
\$/oz	\$408	\$404	\$409	\$437	\$536	\$552	\$439
Rand/Gold							
Forward contracts							
Amount (kg)		933					933
R/kg		R116,335					R116,335
Call options sold							
Amount (kg)		2,986	2,986	2,986			8,958
R/kg		R202,054	R216,522	R230,990			R216,522
Total net gold							
Delta (kg) ⁽³⁾	(10,737)	(24,020)	(22,007)	(23,322)	(6,366)	(15,364)	(101,816)
Delta (oz) ⁽³⁾	(345,193)	(772,250)	(707,534)	(749,805)	(204,675)	(493,963)	(3,273,420)

The open delta hedge position of the company at 31 December 2006 was 3.61Moz or 112t.

⁽¹⁾ Indicates a long position resulting from forward purchase contracts.

⁽²⁾ Indicates a net short position where the contractual value of the total short position is less than the contractual value of the total long position.

⁽³⁾ 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 2007.

29 Financial risk management activities (continued)

Summary: All open contracts in the company's currency hedge position as at 31 December 2007 (continued)

Year	2008	2009	2010	2011	2012	2013- 2015	Total
Rand/US Dollar (000)							
Forward contracts							
Amount (\$)	35,000						35,000
R per \$	R6.94						R6.94
Put options purchased							
Amount (\$)	120,000						120,000
R per \$	R6.98						R6.98
Put options sold							
Amount (\$)	120,000						120,000
R per \$	R6.65						R6.65
Call options sold							
Amount (\$)	135,000						135,000
R per \$	R7.35						R7.35

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 company's hedging policy.

Forward sales contracts require the future delivery of the underlying at a specified price.

A put option gives the put buyer the right, but not the obligation, to sell the underlying 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 the underlying from the call seller at a predetermined price on a predetermined date.

29 Financial risk management activities (continued)

Credit risk

Refer note 39 in the group financial statements.

The combined maximum credit risk exposure of the company is as follows:

SA Rands				
Figures in million			2007	2006
Commodity option contracts			–	302
Foreign exchange option contracts			26	9
Forward sale commodity contracts			1,209	1,286
Forward foreign exchange contracts			1	–
Gold interest rate swaps			3	13
All derivatives			1,239	1,610
Other investments (note 11)			16	16
Other non-current assets			6	7
Trade and other receivables			96	110
Cash restricted for use			7	6
Cash and cash equivalents (note 16)			1,283	1,260
Total financial assets			2,647	3,009
Financial guarantees			10,466	8,372
Hedging guarantees			10,511	5,499
Total			23,624	16,880

No trade and other receivables are past due but not impaired. No other financial assets are past due but not impaired.

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 company's financial instruments as at 31 December 2007 are as follows:

Type of instrument

	Carrying amount	Fair value	Carrying Amount	Fair Value
Figures in million	2007		2006	
<i>Financial assets</i>				
Other investments (note 11)	16	16	16	16
Other non-current assets	6	6	7	7
Trade and other receivables	96	96	110	107
Cash restricted for use	7	7	6	6
Cash and cash equivalents (note 16)	1,283	1,283	1,260	1,260
Derivatives	1,239	1,239	1,610	1,610
<i>Financial liabilities</i>				
Borrowings (note 20)	2,320	2,308	2,066	2,097
Trade and other payables	1,235	1,235	1,065	1,065
Derivatives	7,277	12,099	5,849	9,820

The amounts in the tables above do not necessarily agree with the totals in the notes as only financial assets and financial liabilities are shown.

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

Cash restricted for use, cash and cash equivalents and trade and other payables

The carrying amounts approximate fair value because of the short-term duration of these instruments.

Notes to the company financial statements continued

For the year ended 31 December

29 Financial risk management activities (continued)

Trade and other receivables

The fair value of the non-current portion of trade and other receivables has been calculated using market interest rates.

Investments and other non-current assets

Listed equity investments classified as available-for-sale are carried at fair value while fixed income investments and other non-current assets are carried at amortised cost. The fair value of fixed income investments and other non-current assets has been calculated using market interest rates.

Borrowings

The fair value of listed fixed rate debt is shown at its closing market value as at 31 December 2007. The remainder of debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

Derivatives

The fair values of derivatives are estimated based on the ruling market prices, volatilities and interest rates as at 31 December 2007. The fair value amounts for derivatives include off balance sheet normal sale exempted gold contracts, which are not carried on the balance sheet and excluded from the carrying amount. All other derivatives on balance sheet are carried at fair value.

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

Derivative assets (liabilities) comprise the following:

	Assets				Liabilities				
	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total	Normal sale exempted	Cash flow hedge accounted	Non-hedge accounted	Total	
Figures in million		2007				2007			
Commodity option contracts	-	-	-	-	(4,822)	-	(4,671)	(9,493)	
Foreign exchange option contracts	-	-	26	26	-	-	(26)	(26)	
Forward sale commodity contracts	-	21	1,188	1,209	-	(1,367)	(1,208)	(2,575)	
Forward foreign exchange contracts	-	-	1	1	-	-	(1)	(1)	
Gold interest rate swaps	-	-	3	3	-	-	(4)	(4)	
All derivatives	-	21	1,218	1,239	(4,822)	(1,367)	(5,910)	(12,099)	
		2006				2006			
Commodity option contracts	-	-	302	302	(3,971)	-	(3,168)	(7,139)	
Foreign exchange option contracts	-	-	9	9	-	-	(7)	(7)	
Forward sale commodity contracts	-	240	1,046	1,286	-	(1,567)	(1,098)	(2,665)	
Gold interest rate swaps	-	-	13	13	-	-	(9)	(9)	
All derivatives	-	240	1,370	1,610	(3,971)	(1,567)	(4,282)	(9,820)	

29 Financial risk management activities (continued)

The schedule of undiscounted forecast principal cash flows arising from all on balance sheet derivative contracts (cash flow hedges and non-hedges) as at 31 December 2007 is as follows:

	Within one year	Between one and two years	Between two and five years	After five years	Total
SA Rands million					
At 31 December 2007					
Cash inflows from assets	811	354	98	–	1,263
Cash outflows from liabilities	(1,377)	(1,712)	(2,975)	(1,860)	(7,924)
Net cash outflows	(566)	(1,358)	(2,877)	(1,860)	(6,661)
At 31 December 2006					
Cash inflows from assets	1,202	425	211	–	1,838
Cash outflows from liabilities	(1,337)	(917)	(2,581)	(1,713)	(6,548)
Net cash outflows	(135)	(492)	(2,370)	(1,713)	(4,710)

30 Capital management

Capital is managed on a group basis only and not on a company basis. Refer note 40 in the group financial statements.

31 Recent developments

Eskom power supply

Following the announcement made on 25 January 2008, in which AngloGold Ashanti advised that Eskom would be interrupting power supplies to the company's South African operations, AngloGold Ashanti halted mining and gold recovery at these operations. Subsequently, AngloGold Ashanti announced on 29 January 2008, that it had begun the process to restart production at its South African operations following a meeting with Eskom and industrial electricity consumers at which Eskom had agreed to provide AngloGold Ashanti with 90% of its electricity demand prior to the shut down so as to return the operations to normal production. At this stage the company estimates the effect of the reduction in the available power supply to negatively affect production by approximately 400,000 ounces (12,440 kilograms). The estimated financial effect of a 400,000 ounce (12,440 kilograms) decrease in production is lower revenue of R2,501 million at an assumed average spot price of R201,000/kg. Total cash costs in South Africa, which includes the effect of lower uranium production, are likely to increase from approximately R77,000/kg to R100,000/kg.

Change in South African Income Taxation Rates

The Minister of Finance announced on 20 February 2008 a reduction to the gold mining taxation formula from $Y = 45 - 225/X$ to $Y = 43 - 215/X$ and a non-mining rate reduction from 37% to 36%. The impact of this is a net reduction to the deferred taxation liability of R117m and a lower income statement taxation charge of R138m. The financial impact of the rate changes are calculated based on the results for the year ended 31 December 2007.