

ANGLOGOLD ASHANTI LTD

Form 6-K

April 10, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

Report on Form 6-K dated April 03, 2014

Commission File Number 1-14846

AngloGold Ashanti Limited

(Name of registrant)

76 Jeppe Street

Newtown, 2001

(P.O. Box 62117, Marshalltown, 2107)

South Africa

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

**Form 20-F**  **X**      Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

**No**  **X**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

**No**  **X**

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

**No**  **X**

Enclosure: **ANGLOGOLD ASHANTI ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013**

ANNUAL FINANCIAL STATEMENTS

2013

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## **GUIDE TO REPORTING**

AngloGold Ashanti Limited (AngloGold Ashanti) publishes a suite of reports to record its overall performance annually. The Annual Financial Statements 2013 addresses our statutory reporting requirements.

The full suite of 2013 reports for AngloGold Ashanti Limited comprises:

- Annual Integrated Report 2013, the primary report;

- Annual Financial Statements 2013;

- Annual Sustainability Report 2013; and

- Mineral Resource and Ore Reserve Report 2013.

Other reports available for the financial year are the operational and project profiles and country fact sheets. The full suite of 2013 reports have been furnished to the United States Securities and Exchange Commission (SEC) on Form 6-K. These reports are all available on our annual report portal at [www.aga-reports.com](http://www.aga-reports.com).

### **FOR NOTING:**

The following key parameters should be noted in respect of our reports:

- Production is expressed on an attributable basis unless otherwise indicated;

- Unless otherwise stated, \$ or dollar refers to US dollars throughout this suite of reports;

- Group and company are used interchangeably, except for in the group and company annual financial statements;

- Statement of financial position and balance sheet are used interchangeably; and

- The company implemented an Enterprise Resource Planning System (ERP), i.e. SAP at all its operations, except for the Continental Africa region. ERP and SAP are used interchangeably.

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**VISION, MISSION AND VALUES**

To create value for our shareholders, our employees and our business and social partners through safely and responsibly exploring, mining and marketing our products. Our primary focus is gold, but we will pursue value creating opportunities in other minerals where we can leverage our existing assets, skills and experience to enhance the delivery of value.

Safety is our first value.

We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work. We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resources and systems to deliver on our most important commitment...to care.

We treat each other with dignity and respect.

We believe that individuals who are treated with respect and who are entrusted to take responsibility respond by giving their best. We seek to preserve people's dignity, their sense of self-worth in all our interactions, respecting them for who they are and valuing the unique contribution that they can make to our business success. We are honest with ourselves and others, and we deal ethically with all of our business and social partners.

We value diversity

We aim to be a global leader with the right people for the right jobs. We promote inclusion and team work, deriving benefit from the rich diversity of the cultures, ideas, experiences and skills that each employee brings to the business.

We are accountable for our actions and undertake to deliver on our commitments

We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.

The communities and societies in which we operate will be better off for AngloGold Ashanti having been there.

We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

We respect the environment.

We are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

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### **Forward-looking statements**

Certain statements contained in this document, other than statements of historical fact, including, without limitation, those

concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs, all-in

sustaining costs, cost savings and other operating results, return on equity, productivity improvements, growth prospects and

outlook of AngloGold Ashanti's operations, individually or in the aggregate, including the achievement of project milestones,

commencement and completion of commercial operations of certain of AngloGold Ashanti's exploration and production projects

and the completion of acquisitions and dispositions, AngloGold Ashanti's liquidity and capital resources and capital expenditures and the outcome and consequence of any potential or pending litigation or regulatory proceedings or environmental, health and safety issues are forward-looking statements regarding AngloGold Ashanti's operations,

economic performance and financial condition. These forward-looking statements or forecasts involve known and unknown risks, uncertainties and other factors that may cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these forward-looking statements. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements and forecasts are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic, social and political and market conditions, the success of business and operating initiatives, changes in the regulatory environment and other government actions, including environmental approvals and requirements, fluctuations in gold prices and exchange rates, the outcome of pending or future litigation proceedings, and business and operational risk management.

For a discussion of such risk factors, refer to the prospectus supplement to AngloGold Ashanti's prospectus, dated 17 July 2012, that was filed with the United States SEC on 26 July 2013 and to our annual reports on Form 20F and any prospectus supplement filed with the United States SEC subsequent to the date of this report. These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Consequently, readers are cautioned not to place undue reliance on forward-looking statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of these Annual Financial Statements or to reflect the occurrence of unanticipated events, except to the extent required by applicable law. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein. This communication may contain certain "Non-GAAP" financial measures. AngloGold Ashanti utilises certain Non-GAAP performance measures and ratios in managing its business. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any other measures of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies may use. AngloGold Ashanti posts information that is important to investors on the main page of its website at [www.anglogoldashanti.com](http://www.anglogoldashanti.com) and under the "Investors & media" tab on the main page. This information is updated regularly. Investors should visit this website to obtain important information about AngloGold Ashanti.

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## **AUDIT AND CORPORATE GOVERNANCE COMMITTEE – CHAIRMAN'S LETTER**

The Audit and Corporate Governance Committee (the Audit Committee), an independent statutory committee, appointed by the shareholders at the May 2013 Annual General Meeting, takes pleasure in presenting its report for the financial year ended 31 December 2013. The Audit Committee has decision-making authority with regards to its statutory duties and is accountable in these regards to both the board and the shareholders. On all other board delegated responsibilities the Audit Committee makes recommendations for board approval.

It is the Audit Committee's principal regulatory duty to oversee the integrity of the group's internal control environment and to ensure that financial statements are appropriate and comply with International Financial Reporting Standards (IFRS) and fairly present the financial position of the group and company and the results of their operations. The Audit Committee provides regular reports to the board, which assumes ultimate responsibility for the functions performed by the Audit Committee, relating to the safeguarding of assets, accounting systems and practices and internal control processes.

This report is presented in accordance with the company's Memorandum of Incorporation (MOI), the requirements of the Companies Act, No. 71 of 2008, as amended, (the Companies Act), the recommendations contained in the third King Report on Governance for South Africa (King III), as well as its formally approved charter that is in line with the JSE Listings Requirements.

Management has established and maintains internal controls and procedures, which are reviewed by the board on a regular basis. These are designed to manage, rather than eliminate, the risk of business failures and to provide reasonable assurance against such failures.

### **COMPOSITION**

The appointed Audit Committee comprises four independent Non-Executive Directors. Collectively, the members possess the skills and knowledge to oversee and assess the strategies and processes developed and implemented by management to manage the business in the continually evolving mining environment in which AngloGold Ashanti operates, to align operations with corporate governance best practice and to comply with legislation, regulations and requirements in the jurisdictions in which AngloGold Ashanti operates.

The statutory duties and general activities of the Audit Committee are set out in its board-approved terms of reference which is reviewed and updated annually. The Audit Committee's mandate includes:

- monitoring the integrity of the group's integrated reporting and annual financial statements and all factors and risks that may impact on reporting;
- annually nominating the external auditors for appointment by the shareholders;
- determining the external auditors' remuneration;
- pre-approving all non-audit services in line with a formal policy on non-audit services;
- assessing the internal and external auditors' independence;



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- monitoring and reviewing the effectiveness of the group’s internal and external audit function;
- annually reviewing the expertise, appropriateness and experience of the finance function and Chief Financial Officer;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- reviewing developments in governance and best practice;
- ensuring that there is an ethics policy in place which is aligned to the strategy of the company; and
- evaluating the effectiveness of the committee.

The Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Group General Counsel and Company Secretary, Senior Vice President: Group Internal Audit, the external auditors, regional heads of finance, as well as other assurance providers attend relevant committee meetings in an ex officio capacity and provide responses to questions raised by committee members during meetings. The Audit Committee meets separately with management, internal audit and external audit at every scheduled quarterly meeting.

During 2013, the Audit Committee formally met ten times and attendance at these meetings is set out in the table below:

**14 February**

**4 March**

(1)

**19 March**

(1)

**23 April**

(1)

**8 May**

**25 June**

(1)

**1 August**

**11 September**

(1)

**31 October**

**4 December**

(1)

Prof LW Nkuhlu		Y		Y		Y		Y		Y
Y	Y		Y		Y		Y		Y	

(2)(3)

FB Arisman

(3)(4)

8

R Gasant

(3)

8

NP January-Bardill

8

MJ Kirkwood

§

§

*In attendance*

§ *Attended as an invitee*

§ *Apologies*

(1)

*Special meeting*

(2)

*Chairman of the Audit Committee*

(3)

*Members of the Risk and Information Integrity Committee*

(4)

*Retired from the Board of Directors on 13 May 2013*

The Audit Committee assessed its effectiveness through the completion of a self-assessment process, results were discussed, actions taken and processes put in place to address areas identified for improvement.

#### **OVERSIGHT OF RISK MANAGEMENT**

Notwithstanding the fact that the board has a fully constituted Risk and Information Integrity Committee (Risk Committee) to assist with the discharge of its duties regarding the integrated risk management process, the Audit Committee has a vested interest in risk management as a result of its responsibilities in terms of integrated reporting and combined assurance. To achieve greater integration between the Audit Committee and the Risk Committee, the majority of the Audit Committee members, including the Chairman, are also members of the Risk Committee.

#### **INTERNAL AUDIT**

Group Internal Audit is a key independent assurance and consulting business partner within AngloGold Ashanti under the leadership of the Senior Vice President: Group Internal Audit who has direct access to the chairmen of both the Audit Committee and the board. The Audit Committee has

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assessed the performance of the Senior Vice President: Group Internal Audit in terms of the annually reviewed and approved internal audit charter and is satisfied that the internal audit function is independent and appropriately resourced, and that the Senior Vice President: Group Internal Audit has fulfilled the obligations of the position by performing the following functions:

- evaluating ethical leadership and corporate citizenship within AngloGold Ashanti;
- assessing the governance of risk within AngloGold Ashanti;
- reviewing the governance of Information Technology;
- assessing compliance with laws, rules, codes and standards;
- evaluating the effectiveness of internal controls over financial reporting and internal controls in general;
- reporting findings to management and the Audit Committee and monitoring the remediation of all significant deficiencies reported; and
- implementing a Combined Assurance Framework for the Group.

Group Internal Audit is subject to an independent quality assessment review as required by the Institute of Internal Auditors' Standards for the Professional Practice of Internal Audit every 5 years, the last of which was concluded during 2012. The independent assessment conducted by PwC yielded a favourable result, which included a benchmark conducted against international peers. The Audit Committee is of the opinion, having considered the written assurance statement provided by Group Internal Audit, that the group's system of internal financial controls is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

### **2013 IN OVERVIEW**

During the financial year ended 31 December 2013, the Audit Committee carried out its duties as required by section 94(2) of the Companies Act, King III, and the committee's terms of reference in accordance with its annual plan adopted to manage the discharge of its responsibilities.

Set out below are some highlights from 2013:

#### **Focus area**

##### **Actions**

##### **Financial statements**

Accounting policies and reporting standards

Received updates on new accounting standards impacting AngloGold Ashanti - thereby enabling committee members to probe deeper into the implications of certain complex financial reporting standards on AngloGold Ashanti's financial statements.

Reviewed accounting policies for appropriateness.

The Audit Committee also monitored the project changing the accounting standard utilised in preparing the annual Form 20F in the United States from US GAAP to IFRS.

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**Focus area**

**Actions**

Integrated reporting

Reviewed the integrated report including the group's annual financial statements and resource and reserve report. The Audit Committee reviewed the disclosure of sustainability issues in the integrated report and is satisfied that these do not conflict with the financial results.

Quarterly and annual

IFRS reports

Reviewed and recommended the quarterly and annual IFRS financial statements to the board for approval and subsequent submission to the JSE, SEC and other stock exchanges as applicable, after:

- ensuring that complex accounting areas comply with IFRS;
- carefully evaluating significant accounting judgements, including but not limited to environmental rehabilitation provisions, taxation provisions and the valuation of the portfolio of assets (assessment for impairments) and estimates;
- discussing the accounting treatment of significant and unusual transactions with management and the external auditors;
- reviewing, assessing and approving adjusted and unadjusted audit differences reported by the external auditors; and
- considering the documented assessment of the company's going concern status prepared by management which included the key assumptions for reasonability.

**Internal controls**

Risk-based internal audit

Considered the internal control heat-map for AngloGold Ashanti as presented by Group Internal Audit.

Reviewed and approved the risk-aligned internal audit plan tabled on a quarterly basis and the detailed combined assurance plan.

Monitored the implementation of significant audit recommendations through a formal tracking process administered by Group Internal Audit.

External auditors

Recommended the appointment of Ernst and Young Inc. as the external auditors for 2013, approved the external audit plan and fees for 2013, and assessed the independence of the external auditors as required in terms of section 94(8) of the Companies Act, which included consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board of Auditors.

Approved the appointment of the external auditors to provide independent limited assurance on certain sustainability indicators as included in the Sustainability Report.

Pre-approved all non-audit services provided by the external auditors of the group in terms of the policy on non-audit services.

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**Focus area**

**Actions**

Combined assurance                      Monitored the implementation of the AngloGold Ashanti combined assurance plan. The scope of the technical bottom-up combined assurance plan were reduced during 2013, but the Audit Committee is comfortable with other assurance provided by management on technical aspects.

Implementation of  
Systems, Applications  
and Products in Data  
Processing (SAP)

Monitored the impact of the implementation of SAP on the internal control environment.

The Audit Committee considered all the reports provided by the internal and external auditors on internal control deficiencies identified related to SAP and based on its evaluation concluded that none of these deficiencies in isolation or in aggregate, are material to the integrity and reliability of the annual financial statements. The Audit Committee, together with the Risk Committee, will continue to review progress on the remediation of control deficiencies not yet fully remediated and will also receive feedback on the benefits realised through this implementation.

Group wide  
restructuring

Monitored the impact of the group wide restructuring on the internal control environment of AngloGold Ashanti.

Internal control  
assessment

Considered the results presented by internal and external assurance providers through the evolving combined assurance framework in order to conclude on the internal control, risk management and internal financial control environments within AngloGold Ashanti.

**Corporate governance**

King III

Monitored the progress and ensured implementation of the requirements of King III. A register detailing compliance with the principles of King III in 2013 can be found on our website [www.anglogoldashanti.com](http://www.anglogoldashanti.com).

Risk  
governance

Fulfilled an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as these relate to financial reporting.

Compliance

Monitored the development and refinement of a global compliance management framework. The framework allows for a systematic approach for regions to identify and monitor compliance to major laws, regulations, standards and codes.

Subsidiary audit  
committees

Monitored the proceedings of relevant statutory subsidiary audit committees during each of its meetings.

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#### **FINANCE FUNCTION AND CHIEF FINANCIAL OFFICER**

The Audit Committee received feedback on an internal assessment conducted on the skills, expertise and resourcing of the finance function and was satisfied with the overall adequacy and appropriateness of the function. The Audit Committee further reviewed the expertise and experience of the previous and current Chief Financial Officers, Srinivasan Venkatakrishnan and Richard Duffy and was satisfied with the appropriateness thereof.

#### **WHISTLE-BLOWING**

The Audit Committee received quarterly updates on AngloGold Ashanti's whistle-blowing process. Reports received and investigated did not reveal any malpractice relating to the accounting practices, internal financial controls, internal audit function and the content of the company's financial statements.

#### **LOOKING FORWARD**

AngloGold Ashanti has seen the successful and timely implementation of a single SAP instance in all its operations, excluding the Continental Africa Region during 2013. The implementation of SAP had a definitive impact on the internal control and internal financial control environment of the group.

Control deficiencies were identified, none of which, in isolation or in aggregate, are material to the integrity and reliability of the annual financial statements. The Audit Committee, together with the Risk Committee, will continue to review progress on the remediation of control deficiencies reported and will also receive feedback on the benefits realised through this implementation.

The Audit Committee will continue to closely monitor the impact of the staff reductions on the internal control environment during 2014.

#### **STATEMENT ON INTERNAL CONTROL**

Based on the results of the formal documented review of the company's system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by Group Internal Audit and other identified assurance providers in terms of the evolving combined assurance model and considering information and explanations given by management and discussions with both the internal and external auditors on the results of their audits, assessed by the Audit Committee, nothing has come to the attention of the board that caused it to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

The opinion of the board is supported by the Audit Committee.

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**ANNUAL FINANCIAL STATEMENTS**

The Audit Committee has evaluated the consolidated and separate annual financial statements for the year ended 31 December 2013 and concluded that they comply, in all material aspects, with the requirements of the Companies Act, International Financial Reporting Standards, and JSE Listing Requirements. The Audit Committee therefore recommended the approval of the annual financial statements to the board.

**CONCLUSION**

The Audit Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

**Prof Wiseman Nkuhlu**

Chairman: Audit and Corporate Governance Committee

18 March 2014

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## **SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE - CHAIRMAN'S LETTER**

The Social, Ethics and Transformation Committee (SE&T) is constituted as a statutory committee of AngloGold Ashanti in compliance with Sections 72(4) and Regulation 43 of the Companies Act. It was established on 30 April 2012 and comprised five members as at 31 December 2013, the majority of whom are independent Non-Executive Directors.

The SE&T has terms of reference that set out its roles and responsibilities which comply with the Companies Act and the guidelines of King III and are approved by the board of directors. The terms of reference are available on the company's website.

The SE&T has an executive sponsor nominated by the Chief Executive Officer in the person of the executive vice president responsible for the group's sustainability function. The executive sponsor assists in the general running of the committee.

### **PURPOSE AND MANDATE OF THE COMMITTEE**

The purpose of the SE&T is to assist the board in discharging its responsibilities relating to (i) the functions of a Social and Ethics Committee as contemplated by the Companies Act; (ii) Safety, Health and the Environment; (iii) Transformation and Localisation; (iv) Ethical Conduct of the Company and its officers; and (v) recommending to the board support for the promotion of democracy in the jurisdictions in which the company operates.

Key areas of the committee's responsibilities which are monitoring in nature, include the following:

- Sustainable development;
- Social and economic development;
- Corporate citizenship;
- Human rights;
- Safety, health and environment;
- Transformation, empowerment and localisation;
- Labour relations and employment;
- Compliance with the Code of Ethics and Business Principles;
- Stakeholder relations; and
- Regulatory, statutory and legislative compliance.

### **ACTIVITIES IN 2013**

In 2013, the committee became fully operational, and pursuant to its duties and responsibilities as outlined above, the SE&T monitored the following activities of the company:

- The company's programmes on safety, health and the environment through regular reports from the Safety, Health and Environment committee;
- The group's progress in complying with transformation targets set by the Mining Charter and the Department of Mineral Resources in South Africa;
- Transformation activities at the group's other operations, especially in relation to developing local



talent and skills;

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- x  
Activities relating to stakeholder management;
- x  
Community improvement programmes and spend in that regard, as well as ensuring that such spend is guided by criteria that seek to promote achievement of the company's business objectives;
- x  
Systems and programmes in place to enable the group to comply with relevant laws and regulations; and
- x  
Labour relations environment and advised on developing strategies to improve the landscape of labour relations.
- In addition, the committee performed the following activities:
- x  
Reviewed and approved, jointly with the SHE committee, the Sustainability Report 2012;
- x  
In order to strengthen the company's compliance with anti-corruption and anti-bribery legislation, a revised risk-based compliance framework was presented to the committee and implemented; and
- x  
The Committee's mandate was revised to include that of the Party Political Donations Committee. The committee's mandate was revised in November 2013 to include oversight on activities to support democracy in the company's operational jurisdictions.

#### **PERFORMANCE EVALUATION**

The committee carried out a performance self-evaluation for 2013, the results of which showed that the committee had made significant progress in fulfilling its mandate. A few areas which were highlighted for improvement will be focused on during 2014.

#### **MEETING ATTENDANCE BY MEMBERS OF THE COMMITTEE DURING 2013**

##### **Name of director**

**15 February**

**19 March**

**9 May**

**2 August**

**1 November**

NP January-Bardill

(1)

M Cutifani

(2)

8

WA Nairn

(3)

Prof LW Nkuhlu

MJ Kirkwood

SM Pityana

8

RJ Ruston

*In attendance*

8 Apologies

(1)

*Chairman of the Social, Ethics and Transformation Committee*

(2)

*Resigned with effect from 1 April 2013*

*(3)*

*Retired on 13 May 2013*

The Social, Ethics and Transformation Committee is satisfied that, in 2013, it fulfilled its mandate in accordance with its terms of reference.

**Ms Nozipho Patricia January-Bardill**

Chairman: Social, Ethics and Transformation Committee

18 March 2014

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**CORPORATE GOVERNANCE**

In exercising its governance oversight, the board of AngloGold Ashanti is cognisant that sound governance practices are key to earning and sustaining the trust and confidence of the company’s stakeholders, which are critical to the achievement of the company’s business objectives as well as creating and sustaining shareholder value. Thus, best practices in corporate governance continued to be the guiding principle of how the company operates.

AngloGold Ashanti subscribes to the principles of the King Code on Corporate Governance (King III) given the company’s primary listing on the JSE and as reported at the end of 2012, the company had applied all the principles of King III. However, on 17 February 2014, the board elected

Mr

SM

Pityana, a non-independent Non-Executive Director to replace Mr TT Mboweni, an independent Non-Executive Director, who stood down as the Chairman of the board. The board appointed Prof LW Nkuhlu as lead independent director in line with the recommendation of King III that such an appointment be considered where the board chairman is not independent. The board and management recognise that application of King III requires continuous updating and monitoring of governance structures, procedures and processes. Therefore, during 2013, the company continued to refine its governance processes and procedures as required by King III, through maintaining a compliance register. The register is available on the company’s website, [www.anglogoldashanti.com](http://www.anglogoldashanti.com), and is regularly updated. The company’s application of the principles contained in chapter 2, which link up to other chapters of the King III, is set out below. In addition some of the activities undertaken during 2013 to further strengthen our governance processes are included in the highlights of the activities of the board and committees from page 24.

**CORPORATE GOVERNANCE – KING III COMPLIANCE**

Analysis of the application as at March 2014 by AngloGold Ashanti of Chapter 2 of the King Code of Governance for South Africa, 2009 (King III).

**Area**

**Requirement**

**Status**

**Comments**

**2. Boards and directors**

Role and function of the board

2.1

The board should act as the focal point for and custodian of corporate governance

**Applied**

The board has a documented charter in place that deals with the roles, responsibilities and accountabilities of the board. Meetings are conducted on a regular basis, at least quarterly, following a formal agenda. The board is supported by nine committees that have been delegated responsibility to deal with specific matters in more detail and provide feedback to the full board. These committees include the Audit and Corporate Governance (Audit Committee); Social, Ethics and Transformation;

Remuneration and Human Resources; Risk and Information Integrity (R&II) and the Executive Committee. To ensure that the board executes all its responsibilities, a full annual plan has been developed that is assessed at the end of each meeting to ensure full coverage of standard agenda items.

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**Area**

**Requirement**

**Status**

**Comments**

2.2

The board should appreciate that strategy, risk, performance and sustainability are inseparable

Applied

The board is cognisant that its business strategies are not achievable without effectively managing its risk environment in a sustainable manner. It is for this reason that the board has established the risk management and sustainability frameworks.

2.3

The board should provide effective leadership based on an ethical foundation

Applied

The board has approved a strategy for AngloGold Ashanti designed to ensure that the vision and mission of the company is achieved over the long term to ensure a sustainable business. The execution of the strategy takes place within the confines of a set of clearly articulated values and business principles. These values and principles are further refined and explained in more detail in the company's Code of Ethics and Business Principles (Our Code). Our Code was fully endorsed by the Board of Directors and the Executive Committee.

2.4

The board should ensure that the company is and is seen to be a responsible corporate citizen

Applied

The vision and mission of the group is clearly articulated and supported by six values that aim to ensure that the company is a responsible corporate citizen. AngloGold Ashanti is committed to ensuring it contributes to improving the lives of the communities in which it operates and formally reports on. The company provides essential information on its global community improvement initiatives in the Annual Sustainability Report that is available on the company's website.

2.5

The board should ensure that the company's ethics are managed effectively

Applied

To provide direction and clarity on "grey" areas, various policies have been developed for, among other matters, conflicts of interest, gifts and hospitality, anti-bribery and anti-corruption. These policies were reviewed and approved by the Executive Committee and are communicated to all employees. Our Code and other training, in various forms, including e-learning, has been and is being rolled out corporation wide. Training completion statistics are published to the Executive Committee and the relevant board committee. AngloGold Ashanti has implemented a combined assurance process to provide the board with the necessary assurance that there is alignment between the strategy of the group risk management and the implementation and execution of controls to manage the identified risks effectively. Ethical and compliance risk is being factored into the risk and combined assurance processes.

2.6

The board should ensure that the company has an effective and independent audit committee

Applied

The Audit Committee consists only of independent Non-Executive Directors who meet quarterly and hold special meetings when required. It is considered one of the most effective committees as evidenced by the annual performance evaluations. Three of the four Audit Committee members are financially literate. The Chairman, Prof Nkuhlu, who is the board designated financial expert, is well respected within the financial community, both locally and internationally, and serves on various accounting standard setting panels.

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**Area**

**Requirement**

**Status**

**Comments**

2.7

The board should be responsible for the governance of risk

Applied

The board is assisted by the R&II in discharging its responsibilities with respect to risk management. On a quarterly basis, the board, through the R&II, discusses the top risks (both imminent and longer term), facing the company as well as control strategies to manage them. The company has a comprehensive risk register which is continuously updated. Refer to Principle 4 on the website register for a detailed explanation on the governance of risk.

2.8

The board should be responsible for information technology

(IT) governance

Applied

The R&II also assists the board in discharging its responsibilities relating to the effective and efficient management of IT resources and the integrity of information. In order to achieve the strategic objectives of AngloGold Ashanti, governance of IT is discussed and reviewed at each R&II meeting with formal feedback provided by its chairman to the board. An IT charter has been established and the board has approved the Control Objectives for IT (COBIT) Governance Framework to be applied by AngloGold Ashanti.

2.9

The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards

Applied

AngloGold Ashanti's Compliance Statement states that AngloGold Ashanti will comply not only to the letter, but with the spirit of all legislation in all the countries in which we operate. To give effect to this statement, the Vice President: Group Compliance is working with management, and group legal counsel



under the direction of the Audit Committee, on a global regulatory framework to facilitate the monitoring of compliance to applicable laws and adherence to non-binding rules, codes and standards. This framework is being completed and AngloGold Ashanti will continue to monitor compliance in 2014 and beyond through, among other things, country-specific heat maps evidencing regulatory compliance and certifications of compliance from operations.

2.10

The board should ensure that there is an effective risk-based internal audit

Applied

AngloGold Ashanti has an independent and objective Group Internal Audit department (GIA), the stature of which meets the standards set by the Institute of Internal Auditors for the Professional Practice of Internal Auditing and Code of Ethics. GIA activities are set out in the Internal Audit Charter and are reviewed and approved by the Audit Committee on an annual basis. The charter deals with the reporting lines of the Head of GIA, access to unrestricted information and resources of the company, as well as roles and responsibilities of the GIA. The Audit Committee exercises oversight responsibilities over the GIA and the head of GIA has unrestricted access to the chairman of the committee and other committee members when necessary. The Audit Committee ensures that GIA has the required resources at all times to execute its mandate.

17

**Area**

**Requirement**

**Status**

**Comments**

2.11

The board should appreciate that stakeholders' perceptions affect the company's reputation  
Applied

The board is cognisant that AngloGold Ashanti's vision to become the leading mining company cannot be realised without the contribution of all stakeholders, including shareholders, employees, communities and governments. The board, CEO and other members of the Executive Committee continuously engage with stakeholders to explain the company's activities.

2.12

The board should ensure the integrity of the company's integrated report  
Applied

The Annual Integrated Report is reviewed by the Audit Committee and recommended for approval by the board.

2.13

The board should report on the effectiveness of the company's system of internal controls  
Applied

The board (through the Audit Committee) assesses annually the adequacy of the company's internal control system. A rigorous assessment of controls covering key governance areas including ethics, risk management, information technology, legal and regulatory compliance is conducted, led by GIA through combined assurance. Management provides an assessment of the effectiveness of internal controls including internal controls over financial reporting for review by the Audit Committee and a recommendation is made to the board for consideration and inclusion in the Annual Financial Statements.

2.14

The board and its directors should act in

the best interests of the  
company

Applied

The board is aware of its fiduciary duties requiring it to act collectively, and individually, in the best interests of the company. The board comprises an appropriate mix of skills, enabling it to interrogate all aspects of the company's operations and provide the required leadership.

2.15

The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the

Companies Act

Not

applicable

The solvency and liquidity of the company are frequently monitored as well as bank balances, the debt maturity profile and other appropriate financial and cost metrics. The Audit Committee is presented with a half yearly going-concern analysis.

2.16

The board should elect a chairman of the board who is an independent Non-Executive Director.

The CEO of the company should not also fulfil the role of chairman of the board.

Explained

The roles of the CEO and chairman are separate. During February 2014 the board elected a non-executive chairman who is not independent in terms of the guidance provided to assess independence. The board has however, in accordance with the recommendations of King III, appointed a Lead Independent Director to support the newly elected chairman and to provide the required independence. The chairman's role and responsibilities are clearly set out in a role description which was approved by the board.

2.17

The board should appoint the CEO and establish a framework

for the delegation of  
authority

Applied

Appointment of the CEO is one of the duties that the board has reserved for its sole authority. The board has in place a Delegation of Authority Policy detailing the authority levels of the CEO and senior management are regularly reviewed to ensure it

18

**Area**

**Requirement**

**Status**

**Comments**

remains appropriate to the needs of the company and effectively fulfils its purpose of facilitating decision-making. Without abdicating accountability, the CEO has formally further delegated some of his authority to the executive and senior management team.

Composition  
of the board

2.18

The board should comprise a balance of power, with a majority of Non-Executive Directors. The majority of Non-Executive Directors should be independent

Applied

As at the end of February 2014, the 9-member unitary board comprised six independent Non-Executive Directors, one Non-Executive Director who is not independent, and two executive directors.

Board  
appointments  
process

2.19

Directors should be appointed through a formal process

Applied

The board is authorised by the company's Memorandum of Incorporation to appoint new directors based on the recommendations of the Nominations Committee. The Nominations Committee assists in identifying and assessing suitable candidates for appointment to the board. Newly appointed directors are required to retire at the next annual general meeting following their appointment and stand for election by shareholders. Eligibility for appointment as a director is guided by the Director's Fit and Proper Standards Policy, requirements of the Companies Act, recommendations of King III and best practice. One third of the directors retire annually and if eligible and recommended by the board, make themselves available for re-election by shareholders at the

Annual General Meeting.

Director  
appointment  
2.20

The induction of and  
ongoing training and  
development of  
directors should be  
conducted through  
formal processes

Applied Newly appointed directors undergo a  
comprehensive induction training guided by the  
Director's Induction Policy. Training includes one-  
on-one briefings on the company and its operations  
by the Chairman, Executive Committee members  
(including the CEO and CFO), the Company  
Secretary and the chairman of the Audit Committee.  
Newly appointed directors are also provided with  
written background information about the company  
and the duties of directors. Directors receive ad hoc  
training on their duties and other relevant matters.

Company  
Secretary  
2.21

The board should be  
assisted by a  
competent, suitably  
qualified and  
experienced Company  
Secretary

Applied

The board has appointed a suitably qualified  
Company Secretary, and formally assesses the  
competence, qualifications and experience of the  
Company Secretary annually as required by the JSE  
Listings Requirements. The independence of the  
Company Secretary in relation to the company and  
members of the board is also assessed. The  
outcome of these assessments is included in this  
report on page 23

.  
Performance  
assessment  
2.22

The evaluation of the  
board, its committees  
and the individual  
directors should be  
performed every year

Applied

A performance self-evaluation by the board and its

committees is performed annually and the evaluation is facilitated either internally or externally by an independent evaluator; the latter within a three-yearly cycle. The following evaluations are

19

**Area**

**Requirement**

**Status**

**Comments**

conducted: performance of the board and committees; performance of individual Non-Executive Directors; independence of the Non-Executive Directors classified as “independent”; and performance of the Chairman.

Board

committees

2.23

The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities

Applied

The board has established the committees noted on page 20. The board charter and the terms of reference of all committees clearly state that the board does not abdicate its responsibilities through this delegation. The board appoints the members of all committees except the members of the Audit Committee who are appointed by the shareholders at the Annual General Meeting. The terms of reference of the committees are approved by the board annually or as necessary after they have been reviewed by the committees.

Group boards

2.24

A governance framework should be agreed between the group and its subsidiary boards

Applied

The activities of the main subsidiary boards are reported to the board. The captive insurance company in the group, AGR Insurance Company Limited, which is regulated by the Financial Services Board (FSB), has its own audit committee.

Remuneration

of directors

and senior

executives

2.25 Companies should

remunerate directors

and executives fairly



and responsibly

Applied

The board recognises the need to remunerate directors and executives fairly and equitably and in this regard, on an annual basis, the board, through the Remuneration and Human Resources Committee, contracts the services of an independent consultant, to advise it on remuneration trends, both locally and globally. The board considers this advice in setting executive remuneration and in making recommendations to shareholders on Non-Executive Directors' fees.

2.26 Companies should

disclose the remuneration of each individual director and each prescribed officer

Applied

The remuneration of executive and Non-Executive Directors, as well as the remuneration of prescribed officers is disclosed in note 35 to the group annual financial statements.

2.27 Shareholders should

approve the company's remuneration policy

Applied

The company seeks annually, in accordance with market practice, a non-binding vote on its remuneration policy from shareholders at the Annual General Meeting.

The company has also implemented the last major outstanding requirement of the Companies Act, being the adoption of a new Memorandum of Incorporation (MOI) which was approved by shareholders on 27 March 2013. A copy of the MOI is available on the company's website.

#### **CORPORATE GOVERNANCE STRUCTURE**

The company is governed by a unitary board of directors, supported by board committees and the Executive Committee. The governance of the company is guided by internal policies and external laws, rules, regulations and best practice guidelines as detailed in the corporate governance structure below, details of which are available on the company's website at [www.anglogoldashanti.com/sustainability](http://www.anglogoldashanti.com/sustainability), under corporate governance and policies.

*\* Committee Chairman*

**BOARD OF DIRECTORS**

**BOARD COMMITTEES**

**NON-EXECUTIVE DIRECTORS**

SM Pityana (Chairman)

R Gasant

NP January-Bardill

MJ Kirkwood

TT Mboweni

LW Nkuhlu (Lead Independent Director)

RJ Ruston

**EXECUTIVE DIRECTORS**

S Venkatakrishnan

**Chief Executive Officer**

RN Duffy

**Chief Financial Officer**

**AUDIT AND  
CORPORATE  
GOVERNANCE  
COMMITTEE**

LW Nkuhlu \*

MJ Kirkwood

NP January-Bardill

R Gasant

**SOCIAL, ETHICS  
AND**

**TRANSFORMATION  
COMMITTEE**

NP January-Bardill \*

MJ Kirkwood

LW Nkuhlu

SM Pityana

RJ Ruston

**SAFETY, HEALTH  
& ENVIRONMENT  
COMMITTEE**

SM Pityana \*

NP January-Bardill

LW Nkuhlu

RJ Ruston

**INVESTMENT  
COMMITTEE**

R Gasant \*

MJ Kirkwood

TT Mboweni

SM Pityana

RJ Ruston

S Venkatakrishnan

**REMUNERATION  
AND HUMAN  
RESOURCES  
COMMITTEE**

MJ Kirkwood \*

TT Mboweni

LW Nkuhlu

SM Pityana

RJ Ruston

**NOMINATIONS  
COMMITTEE**

SM Pityana \*

NP January-Bardill

MJ Kirkwood

R Gasant

TT Mboweni

LW Nkuhlu

RJ Ruston

**RISK AND  
INFORMATION  
INTEGRITY  
COMMITTEE**

RJ Ruston \*

R Gasant

LW Nkuhlu

SM Pityana

S Venkatakrisnan

**EXECUTIVE  
COMMITTEE**

S Venkatakrisnan \*

I Boninelli

CE Carter

RN Duffy

GJ Ehm

RW Largent

D Noko

MP O'Hare

ME Sanz

YZ Simelane

**ASSURANCE**

Internal Audit

Combined Assurance

External Audit

Independent Assurance

– Sustainability Report

Reserves and

Resources

SOX Compliance

**RISK**

**MANAGEMENT**

**GLOBAL IT**

**STEERING**

**COMMITTEE**

JSE Listing Requirements

New York Stock Exchange rules

Companies Act No. 71 of 2008, as amended

Sarbanes Oxley Act, 2002

King Report on Corporate Governance (King III)

Employment Equity Act of South Africa

Anti-Corruption Legislation – UK, SA and USA

Safety and Environmental Laws of Operational Jurisdictions

Labour Laws of Operational Jurisdictions

**MAJOR EXTERNAL LEGISLATION**

Memorandum of Incorporation

Board Charter

Director's Induction Policy

Terms of Reference of board committees

Code of Business Principles and Ethics

Delegation of Authority

Insider Trading

Human Rights

Whistle-blowing

Safety

Compliance Policy Statement

Anti-Bribery and Anti-Corruption

Gifts, Hospitality and Sponsorship

Conflicts of Interest

Code of Ethics for senior financial officers

Risk Management Policy Statement

HIV AIDS Policy

Procurement Policy

Social Media Policy

**MAJOR GROUP POLICES/CHARTERS**

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### **Role and composition of the board**

The strategic leadership of AngloGold Ashanti is the responsibility of a unitary board, comprising nine directors: six of whom are independent Non-Executive Directors, one Non-Executive Director who is not independent, and two executive directors as at 31 December 2013.

Following the retirement of three members of the board in 2013, the board reviewed its skills set and has determined additional skills required to augment its technical capabilities in 2014.

The duties, responsibilities and powers of the board, delegation of authority and the matters reserved for the board are all set out in the Board's Charter, which is available on the company's website.

The composition of the board is such that diversity of views are contributed to discussions and there is a balance of power, so no individual director or group of directors dominate board processes or decision-making.

### **Role of the Chairman**

In 2013 the board was led by an Independent Chairman, Mr TT Mboweni. On 17 February 2014, Mr Mboweni stepped down as Independent Chairman and Mr SM Pityana was unanimously appointed Non-Executive Chairman by the board. The board appointed Prof LW Nkuhlu as Lead Independent Director to provide the required independence recommended by King III. The roles and responsibilities of the Chairman of the board are documented and approved by the board and are separate from those of the Chief Executive Officer. The Chairman leads the board and is responsible for ensuring its effectiveness in discharging its duties. The Chairman is re-appointed annually in accordance with King III and the results of the annual performance evaluation guide this process.

### **Lead Independent Director**

In line with the recommendations of King III, the board appointed the Chairman of the Audit and Corporate Governance Committee as Lead Independent Director (LID). The principal role of the LID is to act when the board chairman is not present or is unable to perform his duties for other reasons, including a conflict of interests. The LID also serves as liaison between the Non-Executive Directors and the board chairman.

### **Appointment and rotation of directors**

Several factors including the requirements of relevant legislation, best practice recommendations, qualifications and skills of a prospective board member and the requirements of the Director's Fit and Proper Standards of the company, as well as regional demographics are considered in appointing board members. New directors are appointed pursuant to the recommendations of the Nominations Committee, which conducts a rigorous assessment of the credentials of each candidate. Newly appointed directors are required to retire at the next annual general meeting following their appointment and to stand for election by shareholders. Mr RN Duffy, having been appointed with effect from 1 June 2013 will stand for election at the Annual General Meeting to be held on 14 May 2014.

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In terms of the company's MOI, one third of the directors are required to retire at each Annual General Meeting. The board has determined that the directors to stand for re-election at the Annual General Meeting to be held on 14 May 2014 are Messrs TT Mboweni, SM Pityana and R Gasant. Mr Mboweni has decided not to make himself available for re-election.

The summary of the background and qualifications of each director are set out under Board and Executive Management from page 32 of this report.

#### **Induction and on-going education**

Newly appointed directors undergo an induction programme and are provided with relevant information about the company, governance structures and processes to facilitate their understanding of the company and to undertake their responsibilities and duties effectively. Briefing sessions are also arranged with members of the Executive Committee.

#### **Compensation of directors**

Non-Executive Directors receive fees for their services as directors including fees for their membership of committees and an allowance for travelling internationally to attend meetings. These fees and allowances are fixed by shareholders at the Annual General Meeting. Further details of executive and Non-Executive Directors' remuneration and fees are included in group note 35 to the financial statements. At the Annual General Meeting to be held on 14 May 2014, shareholders will be requested to approve amended directors' fees, including a travel allowance.

#### **Independence of directors**

Determination of independence of directors is guided by King III, the Companies Act, the requirements of the JSE and the New York Stock Exchange independence test, the company's internal policy on independence, as well as best practice. The independence of all Non-Executive Directors categorised as independent is assessed annually against the set criteria. The board evaluated the independence of the directors described as such for the 2013 financial year taking into consideration information available to the board at the time. All the assessed directors were found to be independent in terms of character and judgement.

King III provides that assessment of the independence and performance of directors who have been serving on the board for more than nine consecutive years should be more rigorous than for those who have been appointed more recently. As at 31 December 2013, none of the company's independent directors had served for that length of time. From a commercial perspective, Mr Pityana is not considered independent following a commercial transaction during 2013 concluded between AngloGold Ashanti and Izingwe Property Managers (Pty) Limited, a related party of Mr Pityana.

#### **Performance evaluations**

Evaluation of the performance of the board, committees, individual directors, independence of independent directors, performance and independence of the board chairman and Non-Executive Directors' self-evaluation, are conducted annually facilitated either internally (self-evaluation) or externally by an independent party.

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During 2013, the board implemented a number of remedial measures to address certain issues identified in the previous year's evaluations. Improvements resulting from implementation of these action plans included the following:

- Quality of the contents of board and committee meeting documents were enhanced, leading to more productive meetings;

- More timely submission of meeting papers resulting in better preparation for meetings and more productive discussions and decision-making;

- Introduction of electronic systems of delivering board and committee meeting papers assisted in the timely distribution of meeting documents; and

- Improvement of communication flow between management and the Non-Executive Directors between quarterly meetings.

Questionnaires for the 2013 evaluations were completed in December. The results were discussed in February 2014 and action plans were developed to address the following areas:

- Composition of the board and committees to enhance their efficiency and effectiveness;

- Strategy setting and risk management – increase involvement of Non-Executive Directors in strategy development and in determining the group's risk appetite; and

- Greater levels of engagement between management and Non-Executive Directors.

#### **Company Secretary**

The Company Secretary, Ria Sanz Perez, is responsible for developing, implementing and maintaining effective processes and procedures to support the board and its committees in the effective discharge of their duties and responsibilities. She advises the board and individual directors on their fiduciary duties and on corporate governance requirements and best practices.

In line with the JSE Listings Requirements, the board evaluated the qualifications, competence and experience of the Company Secretary in December 2013 and was satisfied that Ria is qualified to serve as Company Secretary. The board also confirmed her independence and her arms-length relations with the board noting that she is not a director of the company and has no personal connections with any of the directors. Ria's qualifications and experience can be viewed in the section under Board and Executive Management and on the website.

#### **Role of the Chief Executive Officer**

The company's Chief Executive Officer, supported by nine executive officers, is responsible for the execution of the company's strategy and the day-to-day running of the business.

#### **Executive committee**

The day-to-day management of the group's affairs is vested in the Executive Committee, chaired by the Chief Executive Officer and comprising 10 members. The committee's work is supported by country and regional management teams as well as group corporate functions.

On 21 May 2013, a major restructuring of the Executive Committee was undertaken to position the team to address the strategy and current imperatives of the company.



**Chief Financial Officer**

Richard Duffy was appointed as Chief Financial Officer on 1 June 2013 to replace Srinivasan Venkatakrishnan. As required by the JSE Listings Requirements, the Audit and Corporate Governance Committee, at its meeting held on 13 February 2014, considered and expressed its satisfaction at the level of expertise and experience of Messrs Duffy and Venkatakrishnan as current and previous Chief Financial Officers of AngloGold Ashanti during 2013.

The committee concluded that, they, together with other members of the financial management team, had effectively and efficiently managed the group's financial affairs during the period under review as detailed in the Chief Financial Officer's report included in the Annual Integrated Report 2013.

**Prescribed Officers**

In terms of Section 66(10), and regulation 38 of the Companies Act, AngloGold Ashanti has determined that all members of the Executive Committee are prescribed officers.

The resumés of the prescribed officers are disclosed under Board and Executive Management from page 32 of this report. The remuneration of Prescribed Officers (which includes the three highest paid employees, other than Executive Directors), is reported on an individual basis in group note 35.

**BOARD COMMITTEES AND THEIR FUNCTIONS**

**Key activities of the board and committees during 2013**

The activities of the board and committees during 2013 were aimed at building a sustainable business by ensuring its financial viability. Its operations are conducted with due regard to the expectations and or needs of its stakeholders; safety and health of its employees and communities; development of systems to ensure proper access to and dissemination of credible information; and the goal of achieving best practice in corporate governance.

Enhancement activities of committees during 2013 include:

- Each committee had an executive sponsor nominated by the Chief Executive Officer to assist in the general running of the committee. Among other duties executive sponsors ensure that meeting papers are in line with the standard approved format for board and committee submissions and that the contents of the papers are relevant to the strategic mandate of the committees. They also determine management attendees to committee meetings to facilitate fruitful discussions and deliberations. The responsibilities of the executive sponsors are included in the terms of reference of committees;

- The terms of reference of all committees were revised to align them with the contents of the company's new MOI, the Companies Act, the guidelines of King III and best practices in corporate governance; and

- The format and content of committee papers were reviewed to improve alignment with the strategic mandates of the committees.

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Below is a summary of the major activities of the board and its committees during 2013:

Board of Directors

The board is charged with the overall governance of AngloGold Ashanti and discharges these responsibilities in accordance with good governance principles and the expectations of the company's stakeholders.

**Highlights of the board's activities during 2013:**

- Following the resignation of the former Chief Executive Officer with effect from 1 April 2013, ensured stability of executive management by putting in place interim leadership with the appointment of Messrs AM O'Neill and S Venkatakrishnan as joint group Chief Executive Officers.

- Appointment of a new Chief Executive Officer in May 2013.

- Appointment of a new Chief Financial Officer in June 2013.

- Reviewed board committee structures and mandates to improve their effectiveness and efficiency.

- Established a Technical Advisory Group, which will become operational in 2014, to advise the board and management on technical operational matters.

- Reviewed the skills set of the board resulting in a decision to recruit an additional director with the requisite technical skills in 2014.

- Monitored implementation of strategy by the Executive Committee and assessed progress against set objectives.

- Evaluated and approved strategy and ensured business plans were aligned with needs of the business and stakeholders' expectations.

- Discussed and approved management's budget proposals.

- Evaluated performance of the board, individual Non-Executive Directors and committees.

- Adopted a new constitutional document (Memorandum of Incorporation) and recommended it to shareholders for approval as required by the Companies Act.

- Kept abreast with material legal and regulatory developments in operational jurisdictions.

- Reviewed and approved a revised group's Delegation of Authority Policy to improve and facilitate decision-making.

- Post year-end, appointed new board Chairman after the former Chairman stood down.

Audit and Corporate  
Governance Committee

**(Audcom)**

The overall role of the Audit and Corporate Governance Committee is to ensure the integrity of financial reporting and the establishment and maintenance of appropriate governance structures and processes.

**Highlights of key activities of the committee during 2013:**

- Reviewed and assessed the integrity of published financial statements to ensure their preparation was in accordance with relevant accounting standards and other requirements.
- Considered and confirmed the independence of the external audit firm and recommended its re-appointment by shareholders.
- Considered and approved the audit fees.

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- Considered and approved the internal and external audit plans and monitored performance against these plans.

- Ensured that the internal audit department had the required resources to deliver on its mandate.

- Considered internal audit reports and monitored implementation of remedial actions to address any adverse findings.

- Reviewed and pre-approved non-audit services and related fees in accordance with policy on the approval of non-audit services.

- Evaluated and confirmed the competence and professionalism of the Chief Financial Officer in accordance with the JSE Listing Requirements.

- Evaluated the accounting issues that impacted the group and company's financial statements.

- Reviewed major legal cases and disputes that impacted or could impact the company financially.

- Reviewed and recommended the Annual Integrated Report 2012 and Annual Financial Statements 2012 to the board for approval.

- Held closed sessions with external and internal auditors, Group General Counsel and financial management to discuss any issues they may be facing in executing their responsibilities and advised accordingly.

More details of the activities of this committee are available in the Audit and Corporate Governance Committee Chairman's letter on page 5 of this report.

Remuneration and  
Human Resources  
Committee (**Rem&HR**)

The role of the Remuneration and Human Resources Committee is to assist the board in discharging its responsibilities relating to executive compensation and Non-Executive Directors' fees and the development of the company's human resources.

**Highlights of key activities of the committee during 2013:**

- Considered and recommended implementation of a retention scheme for executive management following the resignation of the then Chief Executive Officer.

- Assisted the board in determining the remuneration of the new Chief Executive Officer appointed in May 2013.

- Reviewed and approved corporate goals and objectives relevant to the

compensation of the executive management.

.

Approved both short- and long-term executive compensation after evaluating executives' performance against set targets and consideration of local and international executive remuneration trends.

.

Pro-actively explained the company's remuneration policy to major shareholders. At the Annual General Meeting, 82% of shareholders voted to endorse the policy.

.

Reviewed market trends on Non-Executive Directors and made recommendations to the board regarding the board fee proposal to be presented to shareholders for approval.

27

- Appointed an external remuneration advisor to assist the committee in better understanding trends in executive and non-executive remuneration, both locally and internationally, enabling the committee to make informed decisions on the subject.

- Devised adjusted metrics for the 2014 Bonus Share and Long-Term Incentive Plan to reflect the company's revised priorities and to improve alignment with shareholder interests.

Risk and Information  
Integrity Committee

**(R&II)**

The role of the Risk and Information Integrity Committee is to assist the board in discharging its responsibilities relating to the (i) governance of risk; (ii) effective and efficient management of IT resources; and (iii) the integrity of information.

**Highlights of key activities of the committee during 2013:**

- Guided management in determining the company's top risks, both short- and long-term, and reviewed implementation of remedial measures.

- Adopted a new risk management policy which categorises risks in terms of imminent and longer-term risks. One key risk facing the company was discussed in detail at each quarterly meeting. Remedial measures to address such risks were also deliberated.

- Provided oversight of the roll-out of the Enterprise Resource Planning (ERP) programme to operations in South Africa, Australia and Americas regions. Implementation of the ERP has improved the company's information management systems which are now largely automated.

- Reviewed the 2013/2014 insurance policies to ensure adequate insurance cover for the company's assets and employees at competitive rates.

Safety, Health and  
Environment  
Committee **(SHE)**

The primary mandate of the Safety, Health and Environment Committee is to assist the board in ensuring that AngloGold Ashanti's operations are conducted with the utmost care to prevent negative impact on the safety and health of its employees, the communities in its operational areas, as well as to safeguard the environment.

**Highlights of key activities of the committee during 2013:**

- Given that "safety is our first value" the focus was on providing direction and support to management in implementing programmes to improve work place safety. Positive results were achieved and improvements in key safety indicators are detailed in the Annual Sustainability Report

2013.

•

Reviewed and provided direction and support to management on the implementation of programmes to improve the health and well-being of employees and their families.

•

Considered mining activities that had the potential to negatively impact the environment.

•

Reviewed the Sustainability Report 2012 with the Social, Ethics and Transformation Committee.

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Social, Ethics and Transformation

Committee (**SE&T**)

The role of this Social, Ethics and Transformation Committee, which is monitoring in nature, is to assist the board in discharging its statutory responsibilities relating to (i) the functions of a Social and Ethics Committee as contemplated by the Companies Act; (ii) Safety, Health and the Environment; and (iii) ethical conduct of the company and its officers. All of these are aimed at strengthening the company's position as a good corporate citizen.

**Highlights of key activities of the committee during 2013. The Committee monitored the activities of the company in the following areas:**

- Programmes on safety, health and the environment through regular reports from the SHE Committee.

- The group's progress in complying with transformation targets set by the Mining Charter and the Department of Mineral Resources (DMR) in South Africa.

- Transformation activities at the group's other operations, especially in relation to developing local talent and skills.

- The group's activities relating to stakeholder management.

- The group's community improvement programmes and spend in that regard, as well as ensuring that such spend is guided by criteria that seek to promote achievement of the company's business objectives.

- The systems and programmes in place to enable the group to comply with relevant laws and regulations.

- The group's labour relations environment and advised on developing strategies to improve the landscape of labour relations.

- Reviewed and approved, jointly with the SHE committee, the Sustainability Report 2012.

- In order to strengthen the company's compliance with anti-corruption and anti-bribery legislation, a revised risk based compliance framework was presented to the committee and implemented.

- The committee's mandate was revised to include that of the Party Political Donations Committee.

Investment Committee

(**Invcom**)

The main mandate of this Investment Committee is to assess capital projects to ensure that investments, divestments and financing proposals are aligned with AngloGold Ashanti's business objectives.



**Highlights of key activities of the committee during 2013:**

•

Reviewed progress reports on the execution of capital projects to assess progress against board approved plans and project specifications.

•

Received information on the company's financial position at the start of each meeting to assist the committee in its investment decisions.

•

Deliberated on the group's asset portfolio with a view to guiding management on its rationalising in accordance with future growth plans.

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Nominations

Committee (**Nomcom**)

The main mandate of the Nominations Committee is to assist the board, in consultation with the Chairman of the board and Chief Executive Officer, in identifying suitable candidates for appointment to the board and other duties relating to the board's governance structures and processes.

**Highlights of key activities of the committee during 2013:**

.

Reviewed, on behalf of the board, the results of the 2013 performance evaluation of the board, the independence of independent directors, the qualifications and competence of the company secretary and the independence and performance of the Chairman of the board.

.

Monitored implementation of an action plan to address concerns and suggestions arising from the evaluations.

.

Discussed results of the evaluation of the independence and performance of the Chairman of the board and co-ordinated his re-appointment for 2013.

.

Co-ordinated processes and procedures culminating in the appointment of a new Chief Executive Officer following the resignation of the former Chief Executive Officer in March 2013.

.

Interviewed several candidates for appointment to the board in 2014.

.

Post year-end, following the retirement of the independent Non-Executive Chairman, oversaw appointment of the new Non-Executive Chairman and Lead Independent Director .

During 2013, of the two ad hoc committees, the Financial Analysis Committee did not meet and the Party Political Donation's Committee was dissolved and its mandate transferred and included with that of the Social, Ethics and Transformation Committee.

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**Board and committee meeting attendance**

The composition of the board and committees at the date of this report and attendance at meetings during 2013 are disclosed in the table below:

**Name of director**

**Board**

**Audcom**

**Rem&HR**

**R&II**

**SHE**

**SE&T Invcom Nomcom**

TT Mboweni

12/12

-

5/5

-

-

-

4/4

5/5

SM Pityana

11/12

-

4/5

4/4

4/5

4/5

4/4

5/5

FB Arisman

(1)

3/4

4/5

2/3

1/2

2/3

-

1/2

2/3

M Cutifani

(2)

3/3

-

-

1/1

1/2

1/2

1/1

-

RN Duffy

(3)

7/7

-

-

-

-

-

-

-

R Gasant

(4)

12/12

9/10

-

4/4

-

-

1/1

5/5

NP January-Bardill

11/12

9/10

-

-

5/5

5/5

-

5/5

MJ Kirkwood

(5)

11/12

7/7

5/5

-

-

5/5

4/4

5/5

WA Nairn

(7)

3/4

-

3/3

2/2

3/3

3/3

2/2

2/3

Prof LW Nkuhlu

(8)

12/12

10/10

5/5  
4/4      5/5  
5/5      1/1      4/5

AM O'Neill

(6)  
4/5

-  
-  
-  
-  
-  
-  
-

F Ohene-Kena

(9)  
3/4

-  
-  
-  
1/3  
-

1/3

RJ Ruston

(10)  
11/12

-  
2/2  
4/4  
5/5  
5/5  
4/4  
5/5

S Venkatakrisnan

12/12

-  
-  
4/4  
-  
-  
4/4  
-

(1)

*Mr Arisman retired from the board on 13 May.*

(2)

*Mr Cutifani resigned as CEO and executive director on 31 March 2013.*

(3)

*Mr Duffy was appointed as CFO and executive director on 1 June 2013.*

(4)

*Mr Gasant was appointed a member and chairman of the Invcom with effect from 1 September 2013.*

(5)

*Mr Kirkwood was appointed to the Audcom with effect from 1 April 2013.*

(6)

*Mr O'Neill was appointed as executive director with effect from 20 February 2013 and resigned on 19 July 2013.*

(7)

*Mr Nairn retired from the board on 13 May 2013.*

(8)

*Prof Nkuhlu resigned from the Invcom with effect from 1 April 2013.*

(9)

*Mr Ohene-Kena retired from the board on 13 May 2013.*

(10)

*Mr Ruston was appointed a member of the Rem&HR with effect from 1 July 2013.*

## **POST YEAR END EVENTS**

### **Changes to board of directors**

Subsequent to year end, the following changes were made to the board:

.

Tito Mboweni stood down as Independent Non-Executive Chairman of the board on 17 February 2014.

.

Sipho Pityana was unanimously appointed Non-Executive Chairman of the board with effect from 17 February 2014.

.

Prof LW Nkuhlu was appointed as Lead Independent Director in terms of the recommendations of King III with effect from 17 February 2014.

### **Restructuring of Board Committees**

Action plans put in place to address issues emanating from the 2013 annual performance evaluation of the board and committees included plans to improve the effectiveness of board and committee meetings and related governance processes. In this regard, the Nominations Committee reviewed the existing structures of committees on 11 March 2014 and made recommendations for their

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restructuring and these were accepted by the board. Implementation of the recommendations resulted in the number of standing committees being reduced from seven (7) to five (5) through consolidations of four committees into two, as detailed below. The restructuring also rationalised the number of committee membership of each board member. The overall effect of the restructuring is expected to improve the effectiveness of committees by, among others, (i) removing existing duplication in the mandates of certain committees; (ii) reduce meeting days; and (iii) allow for more effective preparation for meetings by board and management.

In terms of remuneration of board members, the new structure will allow for equity in terms of fees payable to each board member and also ensure that market relativity in terms of pay would remain aligned to agreed benchmarks. The new structure will be implemented from 1 May 2014.

**NAME OF 2013 COMMITTEE**

**NEW 2014 COMMITTEE**

Audit and Corporate Governance

Audit and Risk

Risk and Information Integrity

Consolidated with Audit and Risk

Safety, Health and Environment

Social, Ethics and Sustainability

Social, Ethics and Transformation

Consolidated with Social, Ethics and Sustainability

Investment

Investment – unchanged

Remuneration and Human Resources

Remuneration and Human Resources – unchanged

Nominations

Nominations – unchanged

The number of members per committee was also reviewed and reduced to improve committee efficiency and fee costs.

Pursuant to the mandates of the JSE Listing Requirements and King III, it was also determined that a Lead Independent Director, whose primary responsibility shall be to provide leadership and advice to the Board, without detracting from the authority of the Chairman, when the Chairman has a conflict of interest, should be appointed. King III further allows that the role of a Lead Independent Director may be combined with that of a Deputy Chairman, which role the Company's Memorandum of Incorporation also permits. Consequently, AngloGold Ashanti has introduced the role of Deputy Chairman / Lead Independent Director.

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## **BOARD AND EXECUTIVE MANAGEMENT**

### **Board**

#### **Executive directors**

##### **Mr S Venkatakrishnan (Venkat) (48)**

BCom; ACA (ICAI)

##### **Chief Executive Officer (CEO)**

Venkat was appointed CEO on 8 May 2013, after holding the position of joint acting CEO since April of that year. He was previously Chief Financial Officer (CFO) at Ashanti Goldfields until its merger with AngloGold in May 2004, creating what is now AngloGold Ashanti. Venkat became CFO of the combined entity shortly after the merger and joined the board on 1 August 2005. He is the Chairman of the Executive Committee and also a member of the Risk and Information Integrity and Investment Committees. In his role as CFO, he oversaw funding for all of AngloGold Ashanti's operating activities, giving him a detailed knowledge of all of our mines and operating jurisdictions. He is a member of the audit committee of the World Gold Council and is a member of the Financial Reporting Investigation Panel, an advisory panel of the JSE. He was the executive responsible for eliminating a 12Moz hedge book, generating significant value for the company, and was the key executive behind rebuilding the balance sheet through a series of successful debt financings that introduced long-term tenor and more favourable funding terms to the company's credit profile. During Venkat's first year as CEO of AngloGold Ashanti, two new mines were commissioned on time and ahead of budget, the company achieved its best ever safety performance and a significant restructuring was undertaken of operating and overhead costs in order to focus the business on delivery of sustainable free cash flow and returns. Venkat has also previously been a Director of Corporate Reorganisation Services at Deloitte & Touche in London.

##### **Mr RN Duffy (50)**

BCom; MBA

##### **Chief Financial Officer (CFO)**

Richard Duffy was appointed to the board of AngloGold Ashanti on 1 June 2013. He has 27 years of global mining industry experience, initially with Anglo American plc, from 1987 and then AngloGold Ashanti, from its inception in 1998. At AngloGold Ashanti, he has worked across a number of key areas. In November 2000, he was appointed head of business planning and in 2004 assumed responsibility for all new business opportunities globally. In April 2005, this role was expanded to include greenfields exploration. He was appointed to the Executive Committee in August 2005. He was appointed Executive Officer: Business Planning in 2004 during which time he also deputised for the role of CFO. From 2004 to 2008, Richard was Executive Vice President: Business Development, accountable for mergers and acquisition activities as well as greenfields exploration. He was appointed Executive Vice President: Africa in June 2008 and Executive Vice President: Continental Africa in February 2010. He is an invitee to the meetings of the Audit and Corporate Governance and Investment Committees.



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**Non-Executive Directors**

**Mr SM Pityana (54)**

BA (Hons) (Essex); MSc (London); Dtech (Honoris)(Vaal University of Technology)

**Chairman and Non-Executive Director**

Sipho Mila Pityana is a director having joined the board of AngloGold Ashanti in February 2007. He is the Chairman of the Safety, Health and Environment and the Nominations Committees, and a member of the following committees: Remuneration and Human Resources; Social, Ethics and Transformation; Risk and Information Integrity; Investment; and Financial Analysis Committees. He was previously the Chairman of the Board's Remuneration and Human Resources Committee.

Mr Pityana has extensive business experience having served in both an executive and non-executive capacity on several JSE listed boards of companies as well as running his own company which he chairs, Izingwe Capital. He is Chairman of the JSE listed Onelogix and of Munich Reinsurance of Africa. He also served on the boards of Bytes Technology Group, AFROX, SPESCOM and the Old Mutual Leadership Group. He previously worked as the Executive Director of Nedcor Investment Bank and Managing Director of Nedbank. He is also a director of a number of manufacturing companies including Scaw Metals and Aberdare Cables.

In addition to his private sector track record, Mr Pityana has extensive public sector experience and international exposure. He was the first Director General of Department of Labour in a democratic South Africa. As the Foreign Affairs Director General he represented South Africa in various international fora including the United Nations, African Union, Commonwealth and the International Labour Organisation. He was one of the founding members of the governing body of the Commission for Conciliation, Mediation and Arbitration (CCMA) and Convenor of the South African government delegation to the National Economic Development and Labour Council (NEDLAC).

**Prof LW Nkuhlu (69)**

BCom; CA (SA); MBA (New York University)

**Lead Independent Director**

Wiseman Nkuhlu was first appointed to the board on 4 August 2006 and resigned on 30 April 2009. He was re-appointed to the board on 1 June 2009 and appointed as Lead Independent Director on 17 February 2014. He is the Chairman of the Audit and Corporate Governance Committee and also serves as a member of the Risk and Information Integrity; Safety, Health and Environment; Nominations; Remuneration and Human Resources; Social, Ethics and Transformation; and Financial Analysis Committees. Prof Nkuhlu, a respected South African academic, educationist, professional and business leader, served as Economic Adviser to the former President of South Africa, Mr Thabo Mbeki, and as Chief Executive of the Secretariat of the New Partnership for Africa's Development (NEPAD) from 2000 to 2005. From 1989 to 2000, he served as a director on a number of major South African companies or subsidiaries, including Standard Bank, South African Breweries, Old Mutual, Tongaat Hulett, BMW and JCI. Prof Nkuhlu was President of the South African Institute of Chartered Accountants from 1998 to 2000 and Principal and Vice Chancellor of the University of Transkei from 1987 to 1991. He is currently a member of the Board of the Ethics Institute of South

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Africa, Datatec Limited, the Nepad Business Foundation and the Chartered Director Governing body of the Institute of Directors in South Africa. He was elected President of the Geneva-based International Organisation of Employees (IOE) in May 2008 and served for two years. Lastly, he is a trustee of the International Financial Reporting Standards Foundation which provides oversight of the accounting standard setting operations of the International Accounting Standards Board (IASB).

**Mr R Gasant (54)**

CA (SA)

**Independent Non-Executive Director**

Rhidwaan Gasant was appointed to the board of AngloGold Ashanti on 12 August 2010 and is Chairman of the Investment Committee and a member of the Audit and Corporate Governance; Risk and Information Integrity; Nominations; and Financial Analysis Committees. He is the former Chief Executive Officer of Energy Africa Limited and sits on the boards of international companies in the MTN Group. He is currently Chief Executive Officer of Rapid African Energy Holdings, a start-up oil and gas exploration company, focused on Africa.

**Mrs NP January-Bardill (63)**

BA English; Philosophy and Certificate in Education (UBLS, Lesotho); MA Applied Linguistics (Essex UK); Diploma Human Resources Development (Damelin, SA)

**Independent Non-Executive Director**

Nozipho January-Bardill was appointed to the board of AngloGold Ashanti on 1 October 2011. She is the Chairman of the Social, Ethics and Transformation Committee and is a member of the Audit and Corporate Governance; Safety, Health and Environment; and Nominations Committees. She was an Executive Director, Corporate Affairs and spokesperson of the MTN Group where she also served on the boards of a number of operations in the MTN footprint. She is a former South African Ambassador to Switzerland, Lichtenstein and the Holy See, and former Deputy Director General, Human Capital Management and Head of the Foreign Service Institute in the then Department of Foreign Affairs (now DIRCO). She is currently the founder and Executive Director of Bardill & Associates, a consulting company focusing on strategic communications, high-level government relations and stakeholder management. She serves on the boards of Credit Suisse Securities, Johannesburg, the Health and Welfare SETA which she chairs, and the State Information and Technology Agency. She is also a member of the United Nations Expert Committee on the Elimination of Racial Discrimination; Xenophobia and Related Intolerances for the period 2012-2016; and was recently appointed Interim Chief of Staff of UN Women in New York.

**Mr MJ Kirkwood (66)**

AB, Stanford University, Economics & Industrial Engineering

**Independent Non-Executive Director**

Michael Kirkwood joined the board of AngloGold Ashanti on 1 June 2012 and is the Chairman of the Remuneration and Human Resources Committee and is a member of the Audit and Corporate Governance; Investment; Social, Ethics and Transformation; and Nominations Committees. He is a highly experienced and respected former international banker, having worked at Citigroup during his 30 year career with the bank. He is currently Chairman of Circle Holdings PLC, sits on the boards of

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UK Financial Investments Ltd and Eros International plc, and is Senior Advisor (former Chairman) of Ondra Partners LLP.

**Mr TT Mboweni (54)**

BA; MA (Development Economics)

**Independent Non-Executive Director**

Tito Mboweni was appointed to the board and as Chairman of AngloGold Ashanti on 1 June 2010. He is a member of the Nominations; Investment; Remuneration and Human Resources; and the Financial Analysis Committees. He has a long and outstanding record of public service. As Minister of Labour from 1994 to 1998, Mr Mboweni was the architect of South Africa's post-apartheid labour legislation which today continues to provide the basis for the mutually respectful labour relationships central to AngloGold Ashanti's operational approach in South Africa. He was the eighth Governor of the South African Reserve Bank from 1999 to 2009, and Chancellor of the University of the North from 2002 to 2005. He is also the non-executive Chairman of Nampak Limited, SacOil Holdings Limited, Accelerate Property Fund Limited, a member of the board of Discovery Limited and an international adviser to Goldman Sachs. Mr Mboweni is a founder member of Mboweni Brothers Investment Holdings. He is Chairman of the fund raising committee of the Nelson Mandela Children's Hospital and a member of the Council of Advisors of the Thabo Mbeki Foundation. In December 2012, he was elected as a member of the National Executive Committee of the African National Congress.

**Mr RJ Ruston (63)**

MBA; Business BE (Mining)

**Independent Non-Executive Director**

Rodney Ruston was appointed to the board of AngloGold Ashanti on 1 January 2012 and is Chairman of the Risk and Information Integrity Committee. He is a member of the Investment; Safety, Health and Environment; Nominations; Social, Ethics and Transformation; and the Remuneration and Human Resources Committees. Rodney, a mining engineer, has over 35 years of experience in the resources industry. He is currently the Chief Executive Officer of County Coal Limited, an Australian listed company which he joined in July 2012. He was appointed as a Non-Executive Director of Cockatoo Coal Limited which was listed on the Australian Stock Exchange on 6 January 2014. He was previously Chief Executive Officer and President of North American Energy Partners Inc., a large Canadian mining and construction contracting company listed on the NYSE and the TSX.

**Executive management**

**Ms I Boninelli (57)**

MA (Psychology); Post Graduate Diploma in Labour Relations

**Executive Vice President: People and Organisational Development**

Italia Boninelli joined AngloGold Ashanti on 15 October 2010 as Senior Vice President: Human Resources, Strategy and Change Management and was appointed to the Executive Committee on 1 December 2011 where she is responsible for the company's people strategy, transformation and change management initiatives. She is now Executive Vice President: People & Organisational Development, with accountability for the company's System for People, Human Resources, corporate services and organisational redesign. Italia has more than 25 years' experience in human resources,

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marketing communications, customer relationship management and business transformation, in a variety of industries including mining, manufacturing, healthcare and banking. She is a registered industrial psychologist with the Health Professions Council of South Africa, holds a master's degree in psychology and a postgraduate diploma in labour relations.

**Dr CE Carter (51)**

BA (Hons); DPhil; EDP

**Executive Vice President: Strategy and Business Development**

Charles Carter has worked in the mining industry in South Africa and the Americas since 1991, in a range of corporate roles with Anglo American plc, RFC Corporate Finance and AngloGold Ashanti. He is currently accountable for group strategy, corporate finance and business development, investor relations and corporate communications. Prior to this he was responsible for the company's business in Colombia and has also previously had executive accountability for business planning, risk management Project ONE implementation and corporate HR. He retains accountability for AngloGold Ashanti's investor relations and financial public relations activities. Charles is a director of Rand Refinery Limited and a past Chairman of the Denver Gold Group.

**Mr GJ Ehm (57)**

BSc Hons; MAusIMM; MAICD

**Executive Vice President: Planning and Technical**

Graham Ehm has, since 1977, gained diverse experience in mine operations and project management, covering the nickel, phosphate, copper, uranium and gold sectors. He was appointed General Manager Sunrise Dam Gold Mine in 2000, Regional Head: Australia in 2006 and Executive Vice President: Australasia in December 2007. He assumed the role of Executive Vice President: Tanzania on 1 June 2009 and during August 2010, resumed the position of Executive Vice President: Australasia. In May 2013, he was appointed Executive Vice President: Planning and Technical, which includes oversight over safety, business planning, asset optimisation, capital investment optimisation and monitoring (including projects, studies, and exploration), Project ONE, risk management and other technical disciplines and related centres of excellence.

**Mr MP O'Hare (54)**

BSc Engineering (Mining)

**Chief Operating Officer: South Africa**

Mike O'Hare joined Anglo American plc in 1977, and has held a number of positions at various gold mining operations within the group. His roles have included: General Manager of Kopanang Mine (1998), Great Nologwa Mine (2003), Head of Mining and Mineral Resource Management for Underground African Mines (2006), Vice President: Technical Support for African Mines (2008), Senior Vice President: Operations and Business Planning for South Africa Region (2010), and in 2011, was appointed as Executive Vice President: South Africa Region. Mike has the leadership role as Chief Operating Officer in the South African operations with responsibility for the underground and surface operations and leading three operating regions (West Wits, Vaal River and Surface Operations). He also leads the company's technology project in South Africa.

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**Mr RW Largent (53)**

BSc (Min. Eng.); MBA

**Chief Operating Officer: International**

Ron Largent has over 30 years of experience in the mining industry in both domestic and international operations as well as project management. He has served on the Board of Directors of the Colorado Mining Association, the Nevada Mining Association and the California Mining Association. He joined the company in 1994 as Manager of Gold Operations for Cripple Creek & Victor (CC&V). He was named Vice President (VP) and General Manager of the Jerritt Canyon Joint Venture in 2000 and VP and General Manager of CC&V in 2002. In January of 2004 he was named VP for the North America Region followed by his appointment to the position of Executive Vice President: Americas in December of 2007. In June 2013, Ron was appointed Chief Operating Officer for the non-South African operations.

**Mr D Noko (56)**

MBA; Senior Executive Programme; Post Graduate Diploma in Company Direction; Higher National Diploma (Engineering)

**Executive Vice President: Sustainability**

David Noko joined the group in June 2012 and assumed responsibility for social and sustainable development. David's role includes Executive Vice President: Sustainability, which comprises the disciplines of Health, the Environment, Social and Community Affairs, Corporate Social Investment, Human Rights and Global Security and public affairs. In this role, he sets the company sustainability direction and strategy, positioning sustainability within the company as core to the business, as well as positioning the company externally as a leader within the global sustainability landscape.

As a member of the executive leadership team, David supports the CEO and two Chief Operating Officers in enabling the implementation of the company sustainability strategy, as well as on matters relating to AngloGold Ashanti's involvement in country-based industry institutions and global institutions relating to sustainable development.

Prior to joining AngloGold Ashanti, David served as the Managing Director of CelaCorp (Pty) Ltd and as the Chief Executive Officer and Managing Director of De Beers Consolidated Mines Ltd. He was previously Vice President of the Chamber of Mines South Africa, and is a member of the Institute of Directors. He has held a host of other directorships, including the position of Deputy Chairman of the Board at Harmony Gold Mining Company Ltd. David has strong experience in business leadership and in the sustainable development function in other mining organisations and has developed his skills across a broad platform of technical, environmental and sustainability issues.

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**Ms ME Sanz Perez (48)**

BCom LLB; H Dip Tax; Admitted Attorney

**Executive Vice President: Group General Counsel and Company Secretary**

Maria (Ria) Sanz Perez joined AngloGold Ashanti in June 2011 having worked in a number of industries and major corporate organisations. She has held legal roles at Investec Bank, Basil Read, Afrox and Sappi. She was also Group Head of Sustainability at Sappi. She was appointed Company Secretary in September 2012. Ria's role is Executive Vice President: Group General Counsel and Company Secretary, with accountability for legal affairs, compliance, company secretarial, corporate cost reduction, and integrated reporting. She is also accountable for the legal and commercial aspects of global procurement.

**Ms YZ Simelane (48)**

BA LLB; MAP; EMPM

**Executive Vice President: Stakeholder Relations and Marketing**

Yedwa Simelane joined AngloGold in November 2000 as Managing Secretary to the board and Executive Committee. Prior to joining AngloGold she was in financial services and has experience in the retirement funding industry. She was appointed an executive officer in May 2004 and Vice President: Government Relations in July 2008. In November 2009, she was appointed Senior Vice President: Corporate Affairs responsible for Government Relations, Corporate Communications, Marketing and the Sustainability Report. Yedwa is now Executive Vice President: Stakeholder Relations and Marketing, with accountability for stakeholder and government relations, marketing and sustainability reporting. She will also support the Chairman and CEOs offices in relation to government relations and the company's involvement in multilateral organisations and the World Gold Council.

**VALUES AND ETHICS**

King III enjoins the board to provide ethical leadership to the company. The Code of Business Principles and Ethics (Our Code) is the defining document on AngloGold Ashanti's values and ethics. The board and management recognise the enduring importance of ethical behaviour by all employees, directors and related parties at all times as the company strives to generate competitive shareholder returns and create value for the benefit of all stakeholders.

Our Code provides a framework and sets requirements for the implementation of key corporate policies and guidelines. Among other areas it addresses fraud, bribery and corruption, conflict of interests, gifts, hospitality and sponsorships, use of company assets, privacy and confidentiality, disclosures and insider trading.

Roll-out of Our Code, which began soon after its launch in November 2010, continued during 2013.

Our Code has been translated into four languages and is available on the corporate website [www.anglogoldashanti.com](http://www.anglogoldashanti.com) and the intranet.

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In 2013, the online training platform was re-launched on the oneERP learning management platform, providing access to four courses. An additional course is to be rolled out in 2014. Training is available in four languages and has enabled accelerated training in Our Code and on anti-bribery and anti-corruption.

At the end of December 2012, a DVD for training on Our Code was released and distributed in eight languages to all regions for roll out during 2013 to employees who do not have access to computers. AngloGold Ashanti holds all employees, directors and officers accountable for complying with Our Code and policies, in addition to applicable laws, regulations, standards and contractual obligations in the countries in which AngloGold Ashanti does business. Failure to live up to Our Code may result in disciplinary action being taken, up to and including dismissal.

Employees, directors and officers who are aware of a situation in which they believe Our Code is being transgressed are urged to communicate their concerns to their line managers, the legal department, human resources or group compliance. No employee, director or officer will be disciplined or otherwise victimised for raising a concern in good faith.

The company has promoted its whistle-blowing communication channels that include hotlines, text messaging, email, and web facilities, which are administered by a third party. Use of these facilities is promoted by means of posters at all locations. Employees, directors, officers and external parties may use the hotlines, anonymously if they wish, to report concerns. All concerns are carefully investigated and, wherever possible, feedback is provided to the person raising the concern upon request.

#### **LEGAL, ETHICAL AND REGULATORY COMPLIANCE**

The group's geographical spread makes its legal and regulatory environment diverse and complex. Given the critical importance of compliance in building a sustainable business, Group Compliance plays an essential role in co-ordinating compliance with laws and regulations, standards and contractual obligations and in assisting and advising the board and management on designing and implementing appropriate compliance policies and procedures.

During 2013, Group Compliance activities aimed at enhancing the company's governance. Key among these activities were:

- the hiring of a permanent full-time head of compliance (Vice-President: Group Compliance) based in Johannesburg;
- the continued global roll-out of awareness training on Our Code by means of both online training and "in person" DVD training for those without computer access;
- continued development of a compliance programme aligned with "best practice" principles identified by, among others, bodies responsible for the prosecution of violations of key extra-territorial legislation like the Foreign Corrupt Practices Act, and adaptable on an operational level to enhance the effectiveness of the compliance framework;
- development of a global supplier code of conduct and a revised risk-based third party due-diligence process;

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- development of a methodology for continuous improvement in auditing and a review of compliance policies and the addressing new risk, including the development of compliance metrics for use in internal audits;

- the continued roll-out of online anti-bribery and anti-corruption training;

- revised and issued new policies and procedures, including the development of an investigation reporting standard for the company;

- assessment of the automated group gifts, hospitality and sponsorship registers;

- automation of the group's conflicts of interests registers; and

- additional efforts to provide automated access to track and monitor compliance with laws and regulations, including self-certification process and legal register by country.

#### **South African Employment Equity Act 55 of 1998**

In compliance with Section 21 of the Employment Equity Act 55 of 1998, the company is obliged to file with the Department of Labour, the employment equity statistics for its South African workforce. A report was filed with the Department of Labour on 13 January 2014, covering the period 1 August 2012 to 31 July 2013. A copy of the report is available on the AngloGold Ashanti website, [www.anglogoldashanti.com/sustainability](http://www.anglogoldashanti.com/sustainability), in the section entitled "Other public reports".

#### **STAKEHOLDER ENGAGEMENT**

AngloGold Ashanti's vision to become the leading mining company cannot be realised without the contribution of all stakeholders. The company has therefore adopted an inclusive approach to stakeholder engagement. Its key stakeholders include shareholders, employees, communities and governments. Numerous stakeholder engagement activities took place during 2013 and are detailed under Our Stakeholders in the Annual Sustainability Report 2013.



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**DIRECTORS' APPROVAL**

In accordance with Section 30(3)(c) of the Companies Act, No. 71 of 2008, as amended, the annual financial statements for the year ended 31 December 2013 were approved by the board of directors on 18 March 2014 and are signed on its behalf by:

**DIRECTORS**

**SM Pityana**, Chairman

**S Venkatakrishnan**, Chief Executive Officer

**RN Duffy**, Chief Financial Officer

**LW Nkuhlu** (Prof), Chairman, Audit and Corporate Governance Committee

**SECRETARY'S CERTIFICATE**

In terms of Section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I certify that the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act, and that all such returns and notices are true, correct and up-to-date.

**ME Sanz Perez**

Company Secretary

Johannesburg

18 March 2014

**AFFIRMATION OF FINANCIAL STATEMENTS**

In accordance with Section 30(2) and 30(3) of the Companies Act, No. 71 of 2008, as amended, the annual financial statements for AngloGold Ashanti Limited, registration number 1944/017354/06, for the year ended 31 December 2013, have been audited by Ernst & Young Inc., the company's independent external auditors, whose unqualified audit report can be found under Independent Auditor's Report, on page 76.

The financial statements have been prepared by the corporate reporting staff of AngloGold Ashanti Limited, headed by Mr John Edwin Staples, the group's Chief Accounting Officer. This process was supervised by Mr Richard Duffy, the group's Chief Financial Officer and Mr Srinivasan Venkatakrishnan, the group's Chief Executive Officer.

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**DIRECTORS' REPORT**

For the year ended 31 December 2013

**NATURE OF BUSINESS**

AngloGold Ashanti conducts mining operations in Africa, North and South America and Australia, and undertakes exploration activities in some of these jurisdictions and in other parts of the world. In addition, the company is involved in the manufacturing, marketing and selling of gold products, as well as the development of markets for gold. At certain of its operations, AngloGold Ashanti produces uranium, silver and sulphuric acid as by-products in the course of producing gold.

A review of the unaudited performance of the various operations is available in the operational profiles on AngloGold Ashanti's annual report website [www.aga-reports.com](http://www.aga-reports.com).

**Shareholders holding 10% or more of AngloGold Ashanti's issued share capital**

As at 31 December 2013, there were no shareholders holding 10% or more of the company's issued share capital. This does not take cognisance of the shares held by the Bank of New York Mellon as depositary for the AngloGold Ashanti ADR programme.

**SHARE CAPITAL****Authorised**

The authorised share capital of AngloGold Ashanti as at 31 December 2013 was made up as follows:

**SA rands**

- 600,000,000 ordinary shares of 25 South African cents each  
150,000,000
- 4,280,000 E ordinary shares of 25 South African cents each  
1,070,000
- 2,000,000 A redeemable preference shares of 50 South African cents each  
1,000,000
- 5,000,000 B redeemable preference shares of 1 South African cent each  
50,000

The following are the movements in the issued and unissued share capital from 1 January 2013 to 28 February 2014:

**Issued****Ordinary shares**

**Number of  
shares**

**Value**

**SA rands**

**Number**

**of shares**

**Value**

**SA rands**

**2013**

**2012**

At 1 January

**383,320,962**

**95,830,241**

382,242,343      95,560,586

Issued during year:

Conversion of E ordinary shares

– Bokamoso ESOP

**145,018**

**36,254**

84,446              21,112

– Izingwe

**91,683**

**22,921**

48,532                      12,133

Exercise of options by participants in the  
AngloGold Ashanti Share Incentive Scheme

**930,743                      232,686**

945,641                      236,410

Conversion of Mandatory Convertible Bond  
issued in 2010 and matured on  
15 September 2013

**18,140,000                      4,535,000**

-                                      -

**At 31 December**

**(1)**

**402,628,406                      100,657,102**

383,320,962                      95,830,241

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**Ordinary shares****Number of  
shares****Value****SA rands****Number  
of shares****Value****SA rands****2013****2012**

At 31 December

(1)

**402,628,406****100,657,102**

383,320,962      95,830,241

Issued subsequent to year-end

– Exercise of options by participants in the  
AngloGold Ashanti Share Incentive

Scheme

**216,299                  54,075**– Bokamoso ESOP on conversion of  
E ordinary shares**2,618                      654****At 28 February 2014****402,847,323****100,711,831**

(1

)

*Share capital of \$16m (2012: \$16m) is translated at historical rates of exchange at the reporting dates. Refer to group note 26.***E ordinary shares**

On 11 December 2006, shareholders in general meeting authorised the creation of a maximum of 4,280,000 E ordinary shares to be issued pursuant to an Employee Share Ownership Plan (ESOP) and a black economic empowerment transaction with Izingwe Holdings (Pty) Limited (Izingwe) (collectively, the BEE transaction).

**Number of  
shares****Value****SA rands****Number of  
shares****Value****SA rands****2013****2012**

At 1 January

**1,617,752****404,438**

2,582,962      645,741

Cancelled in exchange for ordinary shares in terms of the cancellation formula:

– Bokamoso ESOP

**(555,746)**

**(138,937)**

(615,210) (153,803)

– Izingwe

**(350,000)**

**(87,500)**

(350,000) (87,500)

**At 31 December**

**712,006**

**178,001**

1,617,752 404,438

Cancelled and exchanged for ordinary shares issued in terms of the cancellation formula:

– Bokamoso ESOP

**(9,120)**

**(2,280)**

**At 28 February 2014**

**702,886**

**175,721**

Share capital is translated at historical rates of exchange at the reporting dates. Refer to group note 26.

In terms of the original authority granted by shareholders in 2006, E ordinary shares, on vesting, are cancelled in exchange for ordinary shares in accordance with the cancellation formula.

However, in November 2011, in addition to reinstating the cancelled E ordinary shares, shareholders approved an amendment to the cancellation formula through the resetting of the strike price.

Participants to the ESOP and Izingwe are now guaranteed a minimum conversion price of R40 per E ordinary share with a maximum of R90 per E ordinary share for the ESOP and R70 per E ordinary share for Izingwe from a base price of R320 and R330 per share, respectively.

E ordinary shareholders are entitled to vote at all shareholder meetings, but do not hold veto rights.

Dividends payable on E ordinary shares are equivalent to 50% of dividends payable to ordinary shareholders.

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Ordinary shares, on vesting, are exchanged for ordinary shares and cancelled and may not be re-issued. Therefore, they do not form part of the unissued share capital of the company.

#### **Redeemable preference shares**

The A and B redeemable preference shares, all of which are held by the wholly owned subsidiary, Eastvaal Gold Holdings Limited, may not be transferred and are redeemable from the realisation of the assets relating to the Moab lease area after the cessation of mining operations in the area. The shares carry the right to receive dividends equivalent to the profits (net of royalty, ongoing capital expenditure and taxation) from operations in the area. No further A and B redeemable preference shares will be issued.

Further details of the authorised and issued shares, as well as the share premium, are given in group note 26.

#### **Unissued**

##### **Number of ordinary shares**

**2013**

**2012**

At 1 January

**216,679,038**

217,757,657

Issued during the year

**(19,307,444)**

(1,078,619)

**At 31 December**

**197,371,594**

216,679,038

Issues subsequent to year-end

**(218,917)**

**At 28 February 2014**

**197,152,677**

#### **Ordinary shares under the control of the directors**

Pursuant to the authority granted by shareholders at the Annual General Meeting held on 13 May 2013, 5% of the shares in issue, from time to time, are placed under the control of the directors to allot and issue, for such purposes and on such terms as the directors, in their discretion, may determine. At 31 December 2013, the total number of shares placed under the control of the directors was 20,131,420. No shares were issued during 2013 by the directors in terms of this authority, which will expire at the close of the next Annual General Meeting, unless renewed. Shareholders will therefore be asked at the Annual General Meeting to be held on 14 May 2014, to renew this authority by placing 5% of the number of shares in issue, from time to time, under the control of the directors to allot and issue, for such purposes and on such terms as the directors, at their discretion, may determine.

In terms of the Listings Requirements of the JSE, shareholders may, subject to certain conditions, authorise the directors to issue the ordinary shares held under their control for cash other than by means of a rights offer to shareholders. To enable the directors of the company to take advantage of favourable business opportunities which may arise for the issue of such ordinary shares for cash, without restriction, for the benefit of the company, shareholders will be asked to consider an ordinary resolution to this effect at the Annual General Meeting to be held on 14 May 2014.

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Shareholders will also be asked to approve as a general authority, the acquisition by the company, or a subsidiary of the company, of its own shares from its issued ordinary share capital for certain specific housekeeping reasons.

**Depository interests**

**American Depositary Shares**

At 31 December 2013, the company had in issue, through The Bank of New York Mellon as Depositary and listed on the New York Stock Exchange (NYSE) 185,581,840 (2012: 153,711,993), American Depositary Shares (ADSs). Each ADS is equal to one ordinary share. At 28 February 2014, there were 187,791,768 ADSs in issue and listed on the NYSE.

**CHESS Depository Interests**

At 31 December 2013, the company had in issue, through the Clearing House Electronic Sub-register System (CHESS), and listed on the Australian Securities Exchange (ASX), 89,789,845 (2012:

89,780,845) CHESS Depository Interests (CDI). The number of CDIs in issue at 28 February 2014 was 89,789,845. Every five CDIs is equivalent to one AngloGold Ashanti ordinary share and carry the right to one vote.

**Ghanaian Depositary Shares**

At 31 December 2013, the company had in issue, through NTHC Limited as Depositary and listed on the Ghana Stock Exchange (GSE), 16,556,655 Ghanaian Depositary Shares (GhDSs) (2012: 16,551,255). The register as at 28 February 2014 remained unchanged. Every 100 GhDSs has one underlying AngloGold Ashanti ordinary share and carries the right to one vote.

**CREST Depository Interests**

To facilitate trading on the London Stock Exchange (LSE) and settlement in CREST, AngloGold Ashanti has established a Depository Interest (DI) facility which is administered by Computershare Investor Services Plc. The DI facility became effective on 17 September 2012, via a change of trading platform. Shareholders wishing to trade their AngloGold Ashanti shares on the LSE will be able to do so by converting their ordinary shares into dematerialised DIs on a one-for-one basis. At 31 December 2013, a total of 138,397 DIs (2012: 19,364) had been issued in exchange for ordinary shares and were listed on the LSE. At 28 February 2014, there were 229,812 DIs in issue.

### **ANGLOGOLD SHARE INCENTIVE SCHEME**

AngloGold Ashanti operates a share incentive scheme through which Executive Directors, members of the Executive Committee and other management groups of the company and its subsidiaries are given the opportunity to acquire shares in the company. The objective is to incentivise such employees to identify themselves more closely with the fortunes of the group, support its continued growth, and to promote the retention of such employees.

Non-Executive Directors are not eligible to participate in the share incentive scheme.

Employees participate in the share incentive scheme to the extent that they are granted options or rights to acquire shares and accept them. All options or rights which have not been exercised within ten years from the date of grant, automatically expire.

The incentives offered by AngloGold Ashanti are reviewed periodically to ensure that they remain globally competitive, so as to attract, reward and retain managers of the highest calibre. As a result, several types of incentives, each with their own issue and vesting criteria, have been granted to employees. These are collectively known as the “AngloGold Share Incentive Scheme” or “Share Incentive Scheme”.

Although the Remuneration and Human Resources Committee has the discretion to incentivise employees through the issue of shares, only options or awards have so far been granted.

The type and vesting criteria of the options or awards granted are:

#### **Performance-related options**

The granting of performance-related options was approved by shareholders at the Annual General Meeting held on 30 April 2002 and amended at the Annual General Meeting held on 29 April 2005 when it was agreed that no further performance-related options would be granted. Performance-related options granted will terminate on 1 November 2014, being the date on which the last options granted hereunder may be exercised or they will expire.

#### **Bonus Share Plan (BSP)**

The granting of awards in terms of the BSP was approved by shareholders at the Annual General Meeting held on 29 April 2005 and amended at the General Meeting held on 6 May 2008 when shareholders approved an increase in the maximum level of the bonus payable to eligible participants, as well as shortening of the vesting period. Executive directors, executives and other management groups are eligible for participation. Each award made in respect of the BSP entitles the holder to acquire one ordinary share at “nil” cost. In respect of all awards granted to and including 2007, these awards vest in full, three years from the date of grant, provided that the participant remains in the employ of the company at the date of vesting unless an event, such as death, retirement or redundancy occurs, which may result in an earlier vesting date. In respect of awards granted in 2008 and thereafter, the vesting period has been shortened to two years, with 40% of awards granted vesting in year one and 60% in year two from the date of grant or, in the event that participants



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awards remain unexercised after 3 years from the original grant date, an additional 20% will be granted.

Certain changes were approved at the Extraordinary General Meeting of shareholders held on 11 March 2013. The 20% uplift for the retention of shares for three years fell away but was added to the initial 100% resulting in an allocation of 120% share matching for all categories of management. The Executive Committee members received an increased allocation from 120% to 150%. The vesting period has been shortened to two years with 50% vesting 12 months after the date of issue and the remaining 50% vesting 24 months after the date of issue.

**Long-Term Incentive Plan (LTIP)**

The granting of awards in terms of the LTIP was approved by shareholders at the Annual General Meeting held on 29 April 2005. Executive directors and selected senior management are eligible for participation. Each award made in respect of the LTIP entitles the holder to acquire one ordinary share at “nil” cost. Awards granted vest three years from the date of grant, to the extent that the set company performance targets, under which the awards were made, are met, and provided that the participant remains in the employ of the company at the date of vesting, unless an event, such as death, retirement or redundancy occurs, which may result in an earlier vesting date.

In 2013, the Remuneration and Human Resources Committee approved a new retention bonus scheme comprising both cash (40% of total base pay) and shares (60% of base pay) which was implemented on 1 March 2013 for the Executive Committee members. This was implemented over the short term to support a strategy of retaining the top management for a minimum period of 18 months to ensure delivery on key business imperatives, while the new Chief Executive Officer was inducted. The share award will be a performance-based share (LTIP) granted in March 2013. Subject to the performance conditions, these shares will vest at the end of August 2014. In line with the LTIP vesting, the cash portion will be paid at the end of August 2014, based on the achievement of the performance conditions.

Following a change in Schedule 14 of the JSE Listings Requirements (Share Incentive Schemes) on 15 October 2008 the maximum number of shares attributable to the scheme was changed from 2.75% of issued share capital from time to time to a fixed figure of 17,000,000. The maximum aggregate number of shares which may be acquired by any one participant in the scheme is 5% of the shares attributable to the scheme, being 850,000 ordinary shares in aggregate.

Also, as a result of the change to the JSE Listings Requirements, as aforementioned, the recycling of options/awards that have vested and which have been delivered, and for which AngloGold Ashanti shares have been issued, is no longer allowed.

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The table below reflects the total number of options/awards that are unissued in terms of the share incentive scheme, as a result of this rule change:

**Details**

**Options/Awards**

Total number of options/awards attributable to the scheme at 31 December 2013

17,000,000

Less:

•  
Total number of options/awards granted and outstanding at 31 December 2013  
(5,688,383)

•  
Total number of options/awards exercised:

•  
During the period 15 October to 31 December 2008  
(101,013)

•  
During the period 1 January to 31 December 2009  
(1,131,916)

•  
During the period 1 January to 31 December 2010  
(823,411)

•  
During the period 1 January to 31 December 2011  
(889,593)

•  
During the period 1 January to 31 December 2012  
(945,641)

•  
During the period 1 January to 31 December 2013  
(930,743)

**Total options/awards available but unissued at 31 December 2013**

**6,489,300**

**Co-Investment Plan (CIP)**

To assist executives in meeting their Minimum Shareholding Requirements (MSR's) with effect from February 2013, they were given the opportunity, on a voluntary basis, to participate in the Co-Investment Plan (CIP), and this has been adopted based on the following conditions: executives will be allowed to take up to 50% of their after tax cash bonus to participate in a further matching scheme by purchasing shares in AngloGold Ashanti, and the company will match their initial investment into the scheme at 150%, with vesting over a two-year period in equal tranches.

**Changes in options and awards**

In accordance with the JSE Listings Requirements and the rules of the AngloGold Share Incentive Scheme, the changes in options and awards granted and the ordinary shares issued as a result of the exercise of options and awards during the period 1 January 2013 to 28 February 2014 are disclosed below:

**Performance-related**

**Bonus Share**

**Plan**

(1)

**Long-Term**

**Incentive Plan**

**(1)**

**Total Share**

**Incentive Scheme**

**At 1 January 2013**

**92,967**

**2,156,456**

**2,330,906**

**4,580,329**

Movement during year

– Granted

-

1,300,968

2,019,360

3,320,328

– Exercised

(370)

(645,735)

(284,638)

(930,743)

– Lapsed – terminations

(35,715)

(212,802)

(1,033,014)

(1,281,531)

**At 31 December 2013**

**56,882**

**2,598,887**

**3,032,614**                      **5,688,383**

Average exercise/issue price

per share outstanding

Subsequent to year-end

– Granted

-

1,924,042

2,167,474

4,091,516

– Exercised

-

(171,324)

(44,975)

(216,299)

– Lapsed – terminations

(14,093)

(8,742)

(285,651)

(308,486)

**At 28 February 2014**

**42,789**

**4,342,863**

**4,869,462**

**9,255,114**

*(1)*

*BSP and LTIP awards are granted at no cost to participants.*

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Total shares issued on the exercise of options and awards from the inception of the scheme:

**Total number of shares issued**

At 1 January 2013

**8,759,065**

– Exercised 2013

930,743

**At 31 December 2013****9,689,808**

Subsequent to year-end

– Exercised January and February 2014

216,299

**At 28 February 2014****9,906,107****DIVIDEND POLICY**

Dividends are proposed by, and approved by the board of directors of AngloGold Ashanti, based on the company's financial performance. AngloGold Ashanti expects to continue to pay dividends, although there can be no assurance that dividends will be paid in the future or as to the particular amounts that will be paid from year to year. The payment of future dividends will depend upon the board's ongoing assessment of AngloGold Ashanti's earnings, after providing for long-term growth, cash/debt resources, compliance with the solvency and liquidity requirements of the Companies Act, the amount of reserves available for a dividend based on the going-concern assessment, and restrictions (if any) placed by the conditions of debt facilities, protection of the investment grade credit rating and other factors.

Dividends declared since 1 January 2013:

**Final dividend Number 116****Interim dividend Number 117****Ordinary shares**

Declaration date

18 February 2013

10 May 2013

Amount paid per ordinary share

– South African currency (cents)

50

50

– United Kingdom currency (pence)

3.624

3.458

– Ghanaian currency (cedis)

10.58

10.28

Amount per CDI

(1)

– Australian currency

(cents)

5.315

5.375

Amount per GhDS

(2)

– Ghanaian currency

(cedis)

0.1058

0.1028

Amount per ADS

(3)

– United States currency (cents)

5.34

5.02

**E ordinary share**

South African currency (cents) per share

25

25

(1)

*Each CDI (CHESS Depositary Interest) is equal to one-fifth of one ordinary share.*

(2)

*Each GhDS (Ghanaian Depositary Share) is equal to one-hundredth of one ordinary share.*

(3)

*Each ADS (American Depositary Share) is equal to one ordinary share.*

Dematerialised shareholders on the South African share register will receive payment of their dividends electronically, as provided for by STRATE. Certificated shareholders, who have elected to receive their dividends electronically, will be paid via the company's electronic funds transmission service. Certificated shareholders who have not yet elected to receive dividend payments electronically, are encouraged to mandate this method of payment for all future dividends.

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**Withholding tax**

On 1 April 2012, the South African government imposed a 15% withholding tax on dividends and other distributions payable to shareholders.

**BORROWINGS**

The company's borrowing powers are unlimited pursuant to the company's Memorandum of Incorporation. As at 31 December 2013, the group's gross borrowings totalled \$3,891m (2012: \$3,583m).

**Significant events during the year under review**

**Resignation of Mr Mark Cutifani as Chief Executive Officer:** On 8 January 2013, the board of AngloGold Ashanti announced the resignation of Chief Executive Officer, Mr Mark Cutifani with effect from 1 April 2013. The board further announced the appointment of the then Chief Financial Officer, Mr Srinivasan Venkatakrisnan and Executive Vice President Business and Technical Development, Mr Anthony O'Neill as joint Chief Executive Officers, with Mr Venkatakrisnan responsible for all Finance and Corporate functions and Mr O'Neill responsible for all Operations, Projects (including the company's Enterprise Resource Planning programme and procurement) and Technical functions.

**Appointment of a director:** On 21 February 2013, AngloGold Ashanti announced the appointment of Mr Anthony O'Neill as an Executive Director to its Board of Directors with effect from 20 February 2013.

**Approval of amendments to the incentive plans:** On 11 March 2013, AngloGold Ashanti announced that shareholders of the company approved all ordinary resolutions relating to amendments to the rules of the Bonus Share Plan and the Long-Term Incentive Plan.

**Approval of new Memorandum of Incorporation:** On 27 March 2013, AngloGold Ashanti announced that at the general meeting held on 27 March 2013, the shareholders approved the new Memorandum of Incorporation.

**Proposed sale of the Navachab mine:** On 30 April 2013, AngloGold Ashanti announced its plan to sell the Navachab mine in Namibia.

**Appointment of new Chief Executive Officer:** On 8 May 2013, AngloGold Ashanti announced the appointment of Mr Srinivasan Venkatakrisnan as Chief Executive Officer (CEO) to replace the former CEO, Mr Mark Cutifani, who left the company at the end of March 2013.

**Appointment of new Chief Financial Officer:** On 21 May 2013, AngloGold Ashanti announced the appointment of Mr Richard Duffy as the Chief Financial Officer (CFO) with effect from 1 June 2013 to replace Mr Srinivasan Venkatakrisnan, the former CFO. On the same day, the company announced changes to its executive leadership team.

**Credit rating downgrade:** On 12 July 2013, Moody's Investors Service downgraded the issuer rating of AngloGold Ashanti to Baa3 from Baa2. Moody's also downgraded the senior unsecured debt obligations of AngloGold Ashanti's guaranteed subsidiary, AngloGold Ashanti Holdings plc, to Baa3 from Baa2.

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**Resignation of Mr Anthony O'Neill:** On 15 July 2013, AngloGold Ashanti notified shareholders of the resignation of Mr Anthony O'Neill as an Executive Director from the Board of Directors with effect from 19 July 2013.

**Credit rating downgrade:** On 17 July 2013, Standard & Poor's (S&P) cut its long-term corporate credit rating on AngloGold Ashanti to BB+ from BBB- and its long- and short-term South Africa national-scale ratings on AngloGold Ashanti to zaA/zaA-2 from zaAA-zaA-1. It also lowered its issue rating on AngloGold's senior unsecured notes to BB+ from BBB-.

**Corporate bond:** On 30 July 2013, AngloGold Ashanti raised a corporate bond of \$1,250m at 8.5% interest per annum to refinance the 3.5% Guaranteed Convertible Bond due May 2014.

**Conversion of bonds:** On 17 September 2013, AngloGold Ashanti announced the conversion of the 6.0% Mandatory Convertible Subordinated Bonds issued on 15 September 2010 by AngloGold Ashanti Holdings Finance plc, a wholly-owned subsidiary of the company, into ordinary shares of the company.

**Kibali pours its first gold:** On 25 September 2013, the Kibali Gold Mine in the Democratic Republic of the Congo, in which AngloGold Ashanti owns a 45% stake, poured its first gold ahead of schedule and within budget.

**Tropicana pours its first gold:** On 26 September 2013, the Tropicana Gold Mine in Western Australia, owned 70% by AngloGold Ashanti, began production ahead of schedule and within budget.

**Redemption of 3.5% Guaranteed Convertible Bonds:** On 11 November 2013, AngloGold Holdings Finance plc announced the completion of the previously announced optional redemption of its outstanding 3.5% Guaranteed Convertible Bonds due 2014.

#### **Significant events subsequent to year-end**

**AMCU Strike Notice:** On 20 January 2014, AngloGold Ashanti confirmed that the Association of Mineworkers and Construction Union (AMCU) had served notice that it intended to call a strike by its members at the company's South Africa operations, starting Thursday, 23 January 2014.

**Threatened strike by AMCU declared unprotected:** On 30 January 2014, AngloGold Ashanti announced that South Africa's Labour Court had ruled that a strike threatened by AMCU at the company's South Africa mines would be unprotected, and that employees should continue to proceed to work. Also, on 30 January 2014, the court granted an interim interdict and ruled that AMCU must return to court on 14 March 2014 to explain why the interim interdict should not be made permanent. On 14 March 2014, a postponement was requested and a new court date was set for 5 June 2014. The interim interdict will remain in force until 5 June 2014.

**AngloGold Ashanti enters into agreement to sell Navachab mine:** On 10 February 2014, AngloGold Ashanti announced that it had signed a binding agreement, subject to certain conditions, to sell its entire interest in AngloGold Ashanti Namibia (Proprietary) Limited, a wholly owned subsidiary which owns the Navachab Gold Mine, to a wholly-owned subsidiary of QKR Corporation Limited. The agreement provided for an upfront consideration based on an enterprise value of US\$110 million



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which will be adjusted to take into account the mine's net debt and working capital position on the closing date of the transaction and is subject to a number of conditions precedent.

**Changes to the Board of Directors:** On 17 February 2014, AngloGold Ashanti announced that as a result of his increasing portfolio of professional commitments, Mr TT Mboweni had decided not to stand for re-election as an independent Non-Executive Director at the Annual General Meeting to be held on 14 May 2014. Mr Mboweni also stood down as Chairman on the same date. Mr SM Pityana was elected unanimously by the board to take over from Mr Mboweni. Prof LW Nkuhlu was also appointed Lead Independent Director.

**Material change**

There has been no material change in the financial results or trading position of the AngloGold Ashanti group since the publication of the report for the fourth quarter and year ended 31 December 2013 on 19 February 2014 and the date of this report. These results were audited by Ernst & Young Inc. who issued an unqualified audit report on 18 March 2014.

**Material resolutions**

Details of special resolutions and other resolutions of a significant nature passed by the company during the year under review, requiring disclosure in terms of the JSE Listings Requirements, are as follows:

**Detail of resolution**

**Effective date**

**Passed at the Annual General Meeting held on 13 May 2013:**

AngloGold Ashanti  
Limited

Approval for the company or any of its subsidiaries to acquire  
ordinary shares issued by the company

13 May 2013

AngloGold Ashanti  
Limited

Approved increase in Non-Executive Directors' remuneration for  
their service as directors

13 May 2013

AngloGold Ashanti  
Limited

Approved increase in Non-Executive Directors' fees for board and  
statutory committee meetings

13 May 2013

AngloGold Ashanti  
Limited

Approval for the company to grant financial assistance in terms of  
Sections 44 & 45 of the Companies Act

13 May 2013

**Annual general meetings**

At the 69  
th

Annual General Meeting held on Monday, 13 May 2013, shareholders passed resolutions  
relating to the:

- re-appointment of Ernst & Young Inc. as auditors of the company;
- election of MJ Kirkwood as a director;
-

election of AM O'Neill as a director;

•

re-election of S Venkatakrisnan as a director;

•

appointment of Prof LW Nkuhlu as a member of the Audit and Corporate Governance Committee of the company;

•

appointment of MJ Kirkwood as a member of the Audit and Corporate Governance Committee of the company;

•

appointment of R Gasant as a member of the Audit and Corporate Governance Committee of the company;

•

appointment of NP January-Bardill as a member of the Audit and Corporate Governance Committee of the company;

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- renewal of the general authority placing 5% of the number of ordinary shares of the company in issue from time to time under the control of the directors;

- granting of a general authority to directors to issue for cash those ordinary shares which the directors are authorised to allot and issue, subject to certain limitations of the Listings Requirements of the JSE;

- advisory endorsement of the AngloGold Ashanti remuneration policy;

- approved, as a special resolution, increase in Non-Executive Directors' remuneration for their service as directors;

- approved as a special resolution, increase in Non-Executive Directors' fees for board and statutory committee meetings;

- approved, as a special resolution, acquisition by the company and its subsidiaries of ordinary shares issued by the company; and

- approval, as a special resolution, the granting of financial assistance by the company in terms of Sections 44 and 45 of the Companies Act.

Notice of the 70

th

Annual General Meeting to be held in the Auditorium, 76 Jeppe Street, Newtown, Johannesburg at 11:00 (South African time) on 14 May 2014, will be printed as a separate document and distributed to shareholders in accordance with the Companies Act.

#### **Directorate and secretary**

The following changes to the board of directors took place during the period from 1 January 2013 to 31 December 2013 and subsequent to year-end:

#### **Executive directors**

- Mark Cutifani, Chief Executive Officer, resigned as Executive Director effective 1 April 2013.

- Anthony O'Neill was appointed as an Executive Director of the company with effect from 20 February 2013.

- Anthony O'Neill resigned as Executive Director with effect from 19 July 2013.

- Richard Duffy was appointed Chief Financial Officer and Executive Director with effect from 1 June 2013. Richard will retire at the Annual General Meeting to be held on 14 May 2014 and will offer himself for re-election.

#### **Non-Executive Directors**

- The following directors retired at the Annual General Meeting held on 13 May 2013: Bill Nairn, Ferdinand Ohene-Kena and Frank Arisman.

In terms of the company's Memorandum of Incorporation, the following directors will retire at the Annual General Meeting to be held on 14 May 2014: Rhidwaan Gasant, Siphon Pityana and Tito Mboweni, and are eligible for re-election. Tito Mboweni has decided not to make himself available for re-election.

The names and biographies of the directors of the company are listed on page 33 of this document.

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**Company Secretary**

There was no change to the office of Company Secretary during 2013. The name, business and postal address of the Company Secretary are set out under Administrative Information on page 236.

**Directors' and Prescribed Officers' interests in AngloGold Ashanti shares**

The interests of directors, prescribed officers and their associates in the ordinary shares of the company at 31 December 2013, which did not individually exceed 1% of the company's issued ordinary share capital, were:

**31 December 2013****Beneficial holding****31 December 2012****Beneficial holding****Direct****Indirect****Direct****Indirect****Non-Executive Directors**

FB Arisman

-

-

-

4,984

MJ

Kirkwood

3,000

-

-

-

LW Nkuhlu

-

3,000

-

800

RJ Ruston

(1)

- 1,000

-

-

**Total****3,000****4,000**- **5,784****Executive Directors**

RN

Duffy

1,180

-

-

-

M Cutifani

-

-

61,692

-

AM O'Neill

-

-

-			
7,000			
S Venkatakrishnan			
78,437			
-			
52,508			
-			
<b>Total</b>			
<b>79,617</b>			
-			
<b>114,200</b>	<b>7,000</b>		
<b>Company Secretary</b>			
ME Sanz Perez			
1,135			
-			
-			
-			
<b>Total</b>			
<b>1,135</b>			
-			
-			
<b>Prescribed Officers</b>			
I			
Boninelli			
-			
1,284	-	-	
CE Carter			
36,500			
-			
25,078			
-			
GJ Ehm			
(2)			
1,213			
-	-	-	
MP			
O'Hare			
1,379	-	-	-
RW			
Largent			
1,910	-	-	-
DC			
Noko			
615	-	-	-
<b>Total</b>			
<b>41,617</b>			
<b>1,284</b>			
<b>25,078</b>	-		
<b>Grand total</b>			
<b>125,369</b>			
<b>5,284</b>			

**139,278**

**12,784**

SM Pityana, Non-Executive Director of AngloGold Ashanti, has an indirect beneficial holding in the company given that he is a trustee and beneficiary of a trust which holds a 44% interest in Izingwe Holdings, the company's BEE partner. As at 31 December 2013, Izingwe Holdings held 350,000 E ordinary shares in the issued capital of the company (2012: 700,000 E ordinary shares). This holding is unchanged at the date of this report.

(1)

*Held on the Australian stock exchange as 5,000 CHESS Depository Receipts (5 CDIs are equivalent to 1 ordinary share)*

(2)

*Held on the Australian stock exchange as 6,067 CHESS Depository Receipts (5 CDIs are equivalent to 1 ordinary share)*

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Changes in directors' and prescribed officers' interests in AngloGold Ashanti shares after 31 December 2013:

**Date of transaction**

**Type of transaction**

**Number of shares**

**Direct/indirect**

**beneficial**

**holding**

**Executive Directors**

RN Duffy

4 March 2014

On market purchase of shares

5,025 Indirect

S Venkatakrishnan 28 February 2014

On-market purchase of ordinary shares pursuant to the AngloGold Ashanti Co-Investment Plan

2,572 Direct

**Company Secretary**

ME Sanz Perez

28 February 2014

On-market purchase of ordinary shares pursuant to the AngloGold Ashanti Co-Investment Plan

5,520 Direct

4 March 2014

On-market purchase of ordinary shares pursuant to the AngloGold Ashanti Co-Investment Plan

851 Direct

**Prescribed Officers**

GJ Ehm

21 February 2014

On-market purchase of ordinary shares pursuant to the AngloGold Ashanti Co-Investment Plan

6,000 Direct

MP O'Hare

28 February 2014

On-market purchase of ordinary shares pursuant to the AngloGold Ashanti Co-Investment Plan

695 Direct

5 March 2014

On-market purchase of ordinary shares pursuant to the AngloGold Ashanti Co-Investment Plan

461 Direct

I Boninelli

28 February 2014

On-market purchase of ordinary shares pursuant to the AngloGold Ashanti Co-Investment Plan

963 Indirect

CE Carter

28 February 2014

On-market purchase of ordinary shares pursuant  
to the AngloGold Ashanti Co-Investment Plan

1,287 Direct

DC Noko

28 February 2014

On-market purchase of ordinary shares pursuant  
to the AngloGold Ashanti Co-Investment Plan

461 Direct

RW Largent

24 February 2014

On-market purchase of ordinary shares pursuant  
to the AngloGold Ashanti Co-Investment Plan

6,600 Direct

YZ Simelane

28 February 2014

On-market purchase of ordinary shares pursuant  
to the AngloGold Ashanti Co-Investment Plan

1,440 Direct

**Details of service contracts of directors and prescribed officers**

In accordance with Section 30(4)(e) of the Companies Act, the salient features of the service contracts of directors and prescribed officers have been disclosed in the Remuneration Report.

**Annual Financial Statements**

The financial statements set out fully the financial position, results of operations and cash flows of the group and the company for the financial year ended 31 December 2013.

The directors of AngloGold Ashanti are responsible for the maintenance of adequate accounting records and the preparation of the annual financial statements and related information in a manner that fairly presents the state of affairs of the company, in conformity with the Companies Act and in terms of the JSE Listings Requirements.

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structures and procedures. These systems are designed to provide reasonable assurance as to the reliability of the annual financial statements, and to prevent and detect material misstatement and loss.

In preparing the annual financial statements, the group has complied with International Financial Reporting Standards (IFRS) and used appropriate accounting policies supported by pragmatic judgements and estimates.



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AngloGold Ashanti, through its Executive Committee, reviews its short-, medium- and long-term funding, treasury and liquidity requirements and positions monthly. The board of directors also reviews these on a quarterly basis at its meetings.

Cash and cash equivalents, net of bank overdraft, at 31 December 2013 amounted to \$628m (2012: \$892m), and together with cash budgeted to be generated from operations in 2014 and the net incremental borrowing facilities available, are in management's view, adequate to fund operating, mine development, capital expenditure and financing obligations as they fall due for at least the next 12 months.

Based on the results of a formal documented review of the company's system of internal controls and risk management, covering both the adequacy in design and effectiveness in implementation, performed by the internal audit function during the year 2013, the board of directors has considered:

- information and explanations provided by line management;

- discussions held with the external auditors on the results of the year-end audit; and

- the assessment by the Audit and Corporate Governance and the Risk and Information Integrity Committees.

Nothing has come to the attention of the board that caused it to believe that the company's system of internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Taking these factors into account, the directors of AngloGold Ashanti have formed the judgement that, at the time of approving the financial statements for the year ended 31 December 2013, it is appropriate to prepare these financial statements on a going concern basis.

The directors are of the opinion that these financial statements fairly present the financial position of the company and group at 31 December 2013 and the results of their operations and cash flow information for the year then ended in accordance with IFRS.

The external auditor, Ernst & Young Inc., is responsible for independently auditing and reporting on the financial statements in conformity with International Standards on Auditing and the Companies Act of South Africa. Their unqualified report on these financial statements appears in the Independent Auditor's Report.

The company will file a set of financial statements in accordance with IFRS in its annual report on Form 20-F as must be filed with the US Securities and Exchange Commission by no later than 30 April 2014. Copies of the annual report on Form 20-F will be made available once the filing has been made, on request, from the Bank of New York Mellon, or from the company's corporate office detailed in the section Administrative Information.

#### **Investments**

Particulars of the group's principal subsidiaries and operating entities are presented in this report on page 226.

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**REMUNERATION AND HUMAN RESOURCES COMMITTEE –  
CHAIRMAN'S LETTER**

Dear Shareholders

As the incoming Remuneration and Human Resources Committee Chairman, I am pleased to provide you with AngloGold Ashanti's Remuneration Report for the year ended 31 December 2013.

The Committee faced a challenging and eventful year with the transition of CEOs from Mark Cutifani on 31 March 2013 to the dual CEO leadership of Srinivasan Venkatakrishnan (Venkat) and Tony O'Neill commencing on 1 April 2013. After a comprehensive external search and review of internal candidates, the board announced the appointment of Venkat as the new CEO, effective 8 May 2013.

Through the CEO transition it is important to note that on resigning from AngloGold Ashanti Mark Cutifani did not receive any financial benefit over and above his contractual benefits provided on resignation. Any shares that had at the time not yet vested, lapsed and he was not afforded any bonus payments. Tony O' Neill, however, took early retirement and thus was contractually entitled to a pro-rata allocation of shares and a pro-rata bonus payment.

The transition of CEO made it important that we stabilised and retained our executive management team. Consequently retention measures were initiated to ensure that the team would remain in place to support the new CEO. To increase on-going alignment of the executive management team with shareholder interests, we also introduced the Minimum Shareholding Requirement.

In developing the remuneration package for the incoming CEO, the Remuneration and Human Resources Committee considered the correct market positioning to reflect that this is Venkat's first CEO role. This resulted in applying a market related salary which is nonetheless lower than that of his predecessor.

Once the new CEO was in role, a review of Executive Committee remuneration was completed taking into consideration each member's adjusted responsibilities. The Executive Committee was restructured from 13 to 10 members including the appointment of two Chief Operating Officers, one for the South African Region and the second for the International Operations. This review showed that notwithstanding changes to the Executive Committee and adjustments to corporate strategy, the broad remuneration structure remained appropriate.

It is worth noting that Venkat has elected not to take a salary adjustment for 2014. He provides the following rationale:

.

From an SA mining perspective he feels that the stakeholder circle of trust is broken and needs fixing, making this voluntary sacrifice a good start to show commitment and rebuild trust;

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Based on the challenging year in 2013, AngloGold Ashanti's restructuring resulted in significant job losses. As a consequence, Venkat felt that accepting an increase would be inappropriate; and

His actions were taken in consideration of the call from the South African Minister of Finance and the South African Minister of Mineral Resources for CEOs to show pay restraint and narrow the wage gap.

Venkat has further elected not to take the cash element of his bonus for 2013 which means that he also forfeits the right to participate in AngloGold Ashanti's Co-Investment Plan. He will, however, receive the matching BSP shares. The total value of amounts forfeited inclusive of annual increase, pension contributions, BSP cash bonus and Co-Investment Plan are summarised in the table below:

**Pay element****Value****R**

Salary increase

852,000

Pension contributions

210,870

BSP cash bonus

5,618,400

Co-Investment Plan

2,528,280

Special bonus

4,200,000

**Total****13,409,550**

In addition, he has applied R750,000 per annum of his own pay for a minimum 3 year period to start up a bursary scheme for 5 HDSA students to pursue financial and accounting qualifications, as his way of giving back to South Africa. The bursary initiative is run with the University of Witwatersrand and the first five students were enrolled in January 2014.

The achievement of both short and long term performance this year is reflective of the metrics which are well aligned to the business delivery. It was a year of strong headwinds with a significant drop in the gold price, on-going labour market unrest in the South African operations and declining grades in some operations with the resulting negative impact on company performance. This is reflected clearly in the improved (compared to 2012), but still low, variable pay awards to all our executives.

The Remuneration and Human Resources Committee will be recommending some adjustments to the performance conditions for 2014 to reflect revised group priorities going forward. These new priorities are described in the CEOs Report in the Annual Integrated Report 2013 and in consultation with some major shareholders, the Committee has developed appropriate metrics for the BSP and LTIP plans that support the amended priorities and, we believe, will be more congruent with shareholder interests.

In this Remuneration Report we trust that we have provided clear and detailed explanations of our executive management team's remuneration and that you find this to be a comprehensive overview.

**Mr Michael Kirkwood**

Chairman, Remuneration and Human Resources Committee

18 March 2014

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## **REMUNERATION REPORT**

This report covers the period from 1 January to 31 December 2013.

### **THE REMUNERATION AND HUMAN RESOURCES COMMITTEE**

#### **Remit and purpose of the Committee**

The Remuneration and Human Resources Committee (the Committee) activities are governed by the Terms of Reference (as reviewed and approved by the Committee on 29 October 2013). The primary purpose of the Committee is to operate in an independent role as an overseer of remuneration and human resource matters with accountability to the board. In performing this function, the Committee discharges its oversight responsibilities relating to all compensation, including annual base salary, annual incentive compensation, long-term incentive compensation, retention schemes, employment contracts, severance pay, on-going perquisites or special benefit items and equity compensation of the company's executives and management. This includes the design and application of material compensation programmes, and share ownership guidelines. The Committee also has oversight of talent management, succession planning strategies and any other human resources issues considered strategic in nature. This is accomplished by:

- Reviewing and approving corporate goals and objectives relevant to the compensation of the executive management team, including the Executive Directors;
- Evaluating the performance of the executive management team against these goals and objectives annually and setting each executive's compensation based on such evaluation;
- Ensuring that the mix of fixed and variable pay meets the company's operational and strategic objectives;
- Considering the views of the company's investors and aligning executive compensation to be congruent with investor interests, including benchmarking externally to position AngloGold Ashanti's compensation appropriately;
- Overseeing and reviewing all aspects of any share option scheme operated by, or to be established by, the company;
- Regularly reviewing incentive schemes to ensure continued contribution to shareholder value and ensuring that these are administered in terms of the rules; and
- Regularly reviewing human resources strategy aimed at ensuring the supply and retention of sufficient skilled resources to achieve the company's objectives.

#### **Committee constitution and attendance**

##### **Remuneration and Human Resource Committee Members**

Mr MJ Kirkwood (Chairman)

Mr TT Mboweni

Prof LW Nkuhlu

Mr SM Pityana

Mr RJ Ruston

##### **Number of meetings from January to December 2013**

Five

##### **Other individuals who regularly attended meetings**

Mr S Venkatakrisnan (CEO)

Ms I Boninelli (EVP: People and Organisational Development)

Mr M Hopkins (Independent Advisor to the Remuneration and Human Resources Committee)

Ms C van Dyk (VP: Remuneration and Benefits and Secretary to the Remuneration and Human Resources Committee)

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No individual is in attendance when his or her own remuneration is under discussion. Please refer to the Corporate Governance Report, page 30 for details of directors' attendance.

### **REMUNERATION CONSULTANTS**

The Remuneration and Human Resources Committee obtains advice from independent remuneration consultants where necessary. The consultants are employed directly by the Committee to ensure independence. Currently the Committee has appointed PwC to provide specialist, independent remuneration advice and the following summarises some, but not all, of the advisory areas in the year under review:

- Remuneration terms for the new Chief Executive Officer (CEO) and Chief Financial Officer (CFO);
  - Information on current trends, including the pay gap and global market updates;
  - Review and commentary on management proposals;
  - Advice on Non-Executive Director pay; and
  - General advice and guidance on ad hoc issues.
- Mercer Consulting (South Africa) Pty Limited performs an independent bespoke executive survey and their advice is primarily around:
- Benchmarking of pay of executives and senior management around comparable roles;
  - Advice on comparable sectors, roles and sizes of peer companies;
  - Information on current market trends; and
  - Benchmarking of pay of Non-Executive Directors in comparable sized roles in the identified peer companies.

### **REMUNERATION PHILOSOPHY AND POLICY**

Our core leadership philosophy of "People are the business .... Our business is people" remains unchanged which means that we have over the past year strived through difficult times to retain and remunerate our employees utilising fair, robust and appropriate remuneration and reward for their contributions.

#### **Our remuneration policy**

Our remuneration policy is designed around our philosophy, and is designed to support the achievement of our operational and strategic goals. The policy is reviewed annually to ensure that it remains appropriate and effective in terms of delivering our goals. In setting our remuneration policy we continue to aim to:

- Remunerate such that the behaviours and performance of our employees and executives are aligned to the organisation, shareholder and employee strategic goals;
- Ensure that the performance metrics are demanding, measureable, sustainable and cover all aspects of the business, including both the key financial and non-financial drivers;
- Structure remuneration to ensure that our values are maintained and the correct governance frameworks are applied across our remuneration decisions and practices;
- Apply the appropriate remuneration benchmarks; and

- Provide competitive rewards to attract, motivate and retain highly skilled executives and staff.

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When determining remuneration, the Committee considers all elements of short- and long-term fixed and variable pay and is consistent with the strategic direction of the organisation and the performance of the organisation and the individuals.

Before any pay allocations are made, benchmarking and modelling are done to ensure that appropriately competitive levels of pay are paid for top performers; median or mid quartile pay is paid for average performance, and limited to no variable pay is applied for poor/below median performance.

**Our approach to determining remuneration**

When devising pay, the Committee considers total remuneration (being fixed base salary plus short-term and long-term incentives) that may be earned for different levels of performance.

When determining remuneration of either an existing or new executive, the Committee considers the appropriate package through the following steps:

**Step 1**

Role-sizing and benchmarking

Sizing the role and benchmarking this against a group of carefully selected global competitors of similar size and geographic spread.

When doing this AngloGold Ashanti's size and complexity, along with the individual's role are taken into consideration.

**Step 2**

Peer survey by Mercer Consulting (South Africa) Pty Limited

Annually, the Committee instructs Mercer Consulting (South Africa) Pty Limited to conduct a bespoke survey with an identified group of peers (currently 11) which are similar to AngloGold Ashanti in size, complexity and geographic spread. The survey is then used by the Committee to determine the appropriate pay level (Mercer Consulting (South Africa) Pty Limited compiles the information, but does not make the recommendation on the executives' pay level).

**Step 3**

Committee consideration of each individual

The Committee then looks at each individual's role, skills, experience, location and personal performance (for existing employees), identified retention risks (where applicable) and then benchmarks them from a base pay, benefits, and variable pay perspective.

Application of prescribed maximums

The Committee ensures that the correct mix of pay and alignment to peers are considered when determining the pay level. They also ensure that the prescribed maximums per stratum or level are applied when considering the variable pay elements of short-term incentives (STI) and long-term incentives (LTI).

To ensure that we maintain the best possible approach, the Committee constantly remains appraised of market and regulatory changes as well as shareholder sentiments. In 2013, new legislation on



executive pay was proposed and in some instances implemented in many countries. Some of the issues that we reviewed are described as follows:

**Legislative updates**

In Australia, South Africa, UK and the USA some of the legislative changes include disclosure of remuneration claw-back principles; the link between performance and pay; disclosure of a comparison of CEO pay to the median of pay in the company and the “implement or explain” approach to complying with requirements of the codes.

**Shareholders**

Institutional shareholders’ views and activism have grown in importance and a number have started providing remuneration guidelines for the companies in which they invest.

**Remuneration**

AngloGold Ashanti has designed its remuneration program to emphasise performance-based incentives that reward its executives for the achievement of specific annual, medium- and long-term business objectives. These objectives are derived from AngloGold Ashanti’s business strategy. Each executive is on a full term contract which details how the remuneration program is specifically applied to them. Details of executive contracts can be seen on page 167

**Linking reward to strategy**

Our reward program is driven by our company strategy, which is explained in more detail in the Annual Integrated Report 2013. The current performance measures which have been selected for the short-term and long-term incentives reflect our strategic and operational priorities. The diagram below illustrates how our reward program is aligned to these priorities.

**Base Salary:** Aligned to global market comparators ensuring employees are rewarded fairly and competitively in the markets that they operate.

**Benefits:** Retirement and medical benefits aligned to local markets in which employees operate to ensure that they are legislatively compliant and then globally aligned to peers.

**Other Benefits:** In line with the markets in which we operate.

**Short Term Incentive:** Short- to medium-term (3 year) recognition structure which is delivered in two parts: an annual cash incentive, and deferred bonus shares under the Bonus Share Plan (BSP).

**Co-Investment Plan:** Retention scheme to assist executives to achieve their Minimum Shareholding Requirements.

**Long Term Incentive:** Performance based scheme delivered in cliff-vesting shares over a 3 year period.

Total reward aligned to the strategic objectives

VAR  
IAB  
LE

PAY  
FIXED  
PAY

**2013 Strategic**

**Objectives:**

People are the  
Business  
Grow the  
Business to  
support  
shareholder value  
Manage asset  
base as an  
investment  
portfolio

Create a new  
business model to  
improve margins  
and deliver on  
15% ROE

Build a stable  
business

Fixed Pay:

- Ensuring that employees are valued and rewarded for their contributions
- Retention of employees through competitive fixed pay models both internally and externally

Short Term Incentive

Measures:

- Safety
- Production
- Resources to reserves conversion
- Total cash costs
- Adjusted headline earnings per share

Co-Investment Plan:

- Creating shareholding for the executives through the Minimum Shareholder Requirements

- Aligning shareholder and executive interests

Long Term Incentive Measures:

- Resources to reserves conversion

- Project delivery
- Total shareholder return
- Free cash flow

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In the second half of 2013, AngloGold Ashanti's Strategy was revised to reflect the new challenges posed by the material drop in gold price and to respond to investor concerns. To take account of this, the remuneration measures will be adjusted for 2014 to align with the revised company strategy. This is more fully described on page 73.

#### **Summary of reward elements**

The following table sets out the components of remuneration which are used to build total reward. These components take into consideration the global market; regional and local practices; and legislative requirements:

#### **Reward element**

##### **Description**

##### **Base salary**

The base salary forms an essential part of the remuneration mix for executives as it is the core measure, for comparison with, and to remain competitive relative to, peer companies. The base salary is used as the basis to determine other elements of compensation and benefits. The base salary provides the executive with remuneration that is not "at risk".

The following factors with regards to the executive base pay are important to note:

- 

Annual adjustments for our executives are effective 1 January each year;

- 

The executive base salary is targeted at the 50

th

percentile of the specific

role as measured on the Mercer Consulting (South Africa) Pty Limited job

sizing methodology, but can vary depending on individual performance

level and retention concerns; and

- 

The CEO does not make a recommendation in terms of his own salary or any other component of his overall remuneration (although he makes recommendations on the rest of the executive team).

For the year ended 31 December 2013, the adjustments below were made to annual base salaries in accordance with the company's remuneration policy and in terms of the market and peer alignment.

When it came to determining the CEO's pay at the time of his appointment on 8 May 2013, he was positioned in relation to his experience levels as a new CEO, resulting in a lower base salary than his predecessor.

**CEO comparison graph**

The graph below depicts the difference in pay between the current CEO and his predecessor:

*Note: Guaranteed package includes base pay, company contribution to medical aid and company contribution to retirement funding.*

*Variable pay is calculated for BSP cash bonus at an individual performance rating of 4 and a company performance of 46.1%, whilst*

*LTIP is calculated at an average company performance of 49.43% for the past 3 years.*

**Reward element**

**Retirement funds**

**Medical insurance**

**Other benefits**

**Bonus Share Plan**

5  
10  
15  
20  
25  
30  
35  
40  
45  
50  
R'000

0  
5,000  
0,000  
5,000  
0,000  
5,000  
0,000  
5,000  
0,000  
5,000  
0,000

Guaranteed package

**Description**

Each executive is eligible to participate in a retirement scheme applicable to the respective country or region in which he or she operates. The contributions to the retirement vehicles for the executives vary based on the fund that they participate in.

AngloGold Ashanti provides medical aid assistance through a percentage contribution, reimbursement, company provided clinics or health care providers

Other benefits are provided to the executive management team such as life assurance, disability and accidental death insurance, assistance in terms of completing their tax returns and cash in lieu of untaken leave (above the legislated minimum leave). These are all paid within policy and legislative requirements.

The short-term incentive, known as the Bonus Share Plan (BSP), is part of the variable element of the total reward package. The BSP is designed to reward the executive, prescribed officers, and qualifying employees for their overall annual performance in the company, through meeting set company objectives in a given year.

17,250

15,018

M Cutifani: Previous CEO

Variable pay  
30,332

S Venkatakrisnan: Current CEO

25,009

Total package  
47,582

40,027





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<b>Executive Directors' and Prescribed Officers' remuneration</b>
The table below summarises the Executive Directors' and Prescribed Officers' remuneration for 2013 and 2012:
Appointed with effect from
Resigned/retired with effect from
Salary
(1)
Performance related payments
(2)
Pension scheme benefits
Other benefits and encashed leave
(3)
Sub total
Pre-tax gain on share options
Total
Total
Figures in thousands
<b>2013</b>
SA Rands
US Dollars
(4)
<b>Executive Directors</b>
M Cutifani
31-Mar-13
3,639
-
664
1,915
6,218
19,293
25,511
2,651
RN Duffy
Full year

6,589  
2,659  
1,341  
152  
10,741  
-  
10,741  
1,116  
AM O' Neill  
(7)  
2-Aug-13  
10,256  
-  
145  
5,171  
15,572  
18,421  
33,993  
3,532  
S Venkatakrisnan  
Full year  
13,135  
-  
2,704  
2,117  
17,956  
-  
17,956  
1,866  
**33,619**  
**2,659**  
**4,854**  
**9,355**  
**50,487**  
**37,714**  
**88,201**  
**9,165**  
**Prescribed Officers**  
I Boninelli  
Full year  
5,200  
3,691  
553  
58  
9,502  
-  
9,502  
987  
CE Carter  
Full year  
6,457

2,234  
686  
487  
9,864  
3,048  
12,912  
1,342  
GJ Ehm  
Full year  
7,349  
4,433  
232  
85  
12,099  
-  
12,099  
1,257  
RW Largent  
Full year  
10,037  
4,358  
1,662  
2,647  
18,704  
2,952  
21,656  
2,251  
M MacFarlane  
(5) (8)  
30-Jun-13  
2,292  
-  
284  
3,367  
5,943  
-  
5,943  
618  
DC Noko  
Full year  
4,792  
1,802  
509  
10  
7,113  
-  
7,113  
739  
MP O' Hare  
(6)  
Full year

6,697

2,719

1,363

117

10,896

517

11,413

1,186

ME Sanz Perez

Full year

4,864

3,573

517

53

9,007

-

9,007

936

YZ Simelane

Full year

3,865

909

787

214

5,775

-

5,775

600

**51,553**

**23,719**

**6,593**

**7,038**

**88,903**

**6,517**

**95,420**

**9,916**

**Total Executive Directors' and Prescribed**

**Officers' remuneration ZAR**

**85,172**

**26,378**

**11,447**

**16,393**

**139,390**

**44,231**

**183,621**

**19,081**

**Total Executive Directors' and Prescribed**

**Officers' remuneration USD**

**8,851**

**2,741**

**1,189**

**1,703**

**14,484**

**4,597**

**19,081**

Appointed  
with effect  
from

Resigned/  
retired with  
effect from

Salary

(1)

Performance  
related  
payments

(2)

Pension  
scheme  
benefits

Other  
benefits  
and

encashed  
leave

(3)

Sub

total

Pre-tax  
gain on  
share

options

Total

Total

Figures in thousands

**2012**

SA Rands

US Dollars

(4)

**Executive Directors**

M Cutifani

(9)

Full year

14,041

2,939

2,879

466

20,325

22,946

43,271

5,279

S Venkatakrisnan

(9)(10)

Full year

8,708

2,577

1,711

4,277

17,273

18,713

35,986

4,391

22,749

5,516

4,590

4,743

37,598

41,659

79,257

9,670

**Prescribed Officers**

I Boninelli

Full year

4,841

965

505

27

6,338

-

6,338

773

CE Carter

(9)(10)

Full year

5,601

1,281

584

2,388

9,854

8,674

18,528

2,261

RN Duffy

(10)

Full year

6,191

869

1,211

2,669

10,940

-

10,940

1,335

GJ Ehm

(10)

Full year

5,641

977

510

1,435

8,563

-

8,563

1,045

RW Largent

(10)

Full year

6,779

1,447

1,565

2,920

12,711

14,022

26,733

3,262

RL Lazare

(10) (11)

31-Mar-12

1,419

2,626

245

3,067

7,357

10,184

17,541

2,140

M MacFarlane

(5)

1-Jun-12

3,108

346

219

2

3,675

-

3,675

448

DC Noko

(12)

15-Jun-12

2,446

455

306

2,256



5,463

-

5,463

667

MP O'Hare

Full year

5,634

1,035

1,101

391

8,161

-

8,161

996

AM O'Neill

(10)

Full year

11,911

2,686

318

2,101

17,016

-

17,016

2,076

ME Sanz Perez

(13)

Full year

3,945

830

411

789

5,975

-

5,975

729

YZ Simelane

Full year

3,496

594

684

111

4,885

-

4,885

596

61,012

14,111

7,659

18,156

100,938

32,880

133,818

16,328

**Total executive Directors' and Prescribed Officers' remuneration ZAR**

83,761

19,627

12,249

22,899

138,536

74,539

213,075

25,998

**Total Executive Directors' and Prescribed Officers' remuneration USD**

10,220

2,395

1,494

2,794

16,903

9,095

25,998

(1)

*Salaries are disclosed only for the period from or to which office is held. The 2013 salaries for RN Duffy and AM O'Neill are inclusive of*

*salaries as Prescribed Officers and Executive Directors. The salary for S Venkatakrishnan is inclusive of CFO, acting CEO and CEO roles.*

(2)

*The performance related payments are calculated on the year's financial results.*

(3)

*Includes health care, separation payments, cash in lieu of dividends and personal travel. Surplus leave days accrued are automatically*

*encashed unless work requirements allow for carry over.*

(4)

*Values have been converted using the average annual exchange rate for 2013 of R9.6231:\$1 (2012: R8.1961:\$1).*

(5)

*M MacFarlane commuted between Canada and South Africa and the company carried the cost of flights and hotel accommodation in South*

*Africa; these are excluded for reporting purposes.*

(6)

*MP O'Hare had a once off pension payment in recognition of previous service paid into the AngloGold Ashanti Pension Fund to the value of*

*R7.4m. This has not been included for reporting purposes.*

(7)

*Other benefits of AM O'Neill include early retirement payments of a pro-rata retention bonus payment and pay in lieu of leave on separation.*

(8)

*Other benefits of M MacFarlane include separation payments of a severance package and pay in lieu of leave.*

(9)

*These executives and prescribed officer applied all of the after tax proceeds from the sale of their options to acquire ordinary shares in*

*AngloGold Ashanti as follows: Messrs Cutifani 51,692; Venkatakrishnan 42,157; and Carter 19,541.*

*(10)*

*Received retention bonus.*

*(11)*

*Cash paid in lieu of LTIP for 2012.*

*(12)*

*Received a sign-on bonus.*

*(13)*

*Received the remainder of sign-on bonus in July 2012 (paid over 24 months).*

66

**Short-term incentives and deferral into restricted shares**

**Participants:**

Participation in the BSP is extended to the Executive Directors, Prescribed Officers and other qualifying employees.

**Elements:**

The BSP consists of two elements:

- An annual performance-based cash incentive bonus, which is linked to individual and company performance during the financial year and is payable at the end of the relevant financial year; and

- An award of forfeitable bonus shares, which are linked to performance during the financial year, in the same manner as the annual cash incentive, and are awarded at the end of the relevant financial year. These shares are further subject to a two year holding period before they vest, and remain restricted during this period. 50% of the bonus shares will vest one year after the grant, and the remaining 50% of the bonus shares will vest two years after the grant. The shares will be forfeited should a participant leave during the holding period (except in limited “good leaver” circumstances). Participants do not receive dividends in terms of the BSP, but are eligible to receive a cash payment upon vesting which is equal to the value of allocated dividends. However, no cash in lieu of dividends is paid for any shares that lapsed or were forfeited during the year.

**Bonus share matching percentage:**

The BSP was updated in 2013 and the matching bonus share award is 150% of the cash bonus for the executive team and 120% of the cash bonus for qualifying employees below the executive level.

**Maximum value of annual cash incentive and bonus shares:**

The table below shows the maximum cash bonus and bonus shares for the executive team:

**Short term incentives**

**Cash bonus as**

**a % of salary**

**on achieving**

**Target metrics**

**Cash bonus as a**

**% of salary on**

**achieving**

**Stretch metrics**

**Total award as**

**a % of salary**

**(cash + equity)**

**on achieving**

**Target metrics**

**Total maximum**

**award as a % of**

**salary (cash +**

**equity) on**

**achieving Stretch**

**metrics**

Chief Executive Officer

40%

80%

100%

200%

Chief Financial Officer

35%

70%

87.5%

175%

Executive Management

30%

60%

75%

150%

**Company and individual limit:**

An aggregate limit between the BSP and the LTIP applies – refer to details in the Directors' Report from page 46.

67

**Operation and performance measures:**

Awards in terms of the BSP are determined on the basis of both company and individual performance measures. The individual performance measures are the agreed priorities and focus areas for the year and the company metrics are derived from the business strategy and focus. The company and individual weightings for the executive team are as follows:

**Short-term incentives****Company performance weighting**

as a % of bonus

**Individual performance weighting as**

a % of bonus

Chief Executive Officer

70%

30%

Chief Financial Officer

60%

40%

Executive Management

60%

40%

Individual Key Performance Indicators (KPI's) for 2013 were set in alignment with company strategy for each executive, under the following categories:

- (1) People are the business: To deliver on our targets, we need to put in place the people, the management, the processes and strategy to deliver. These are inclusive of individual metrics that are cascaded through the business on the applicable Regional and Business Unit measurements on transformation, localisation and Black Economic Empowerment (BEE) targets (where applicable);
- (2) Grow the business to support shareholder value: To deliver exceptional returns we need to target cash flow and financial performance growth;
- (3) Manage the asset base as an investment portfolio: To deliver sustainable returns and maximum shareholder value, we need to be able to sustain and grow the business;
- (4) Create new business model to improve margins and deliver on 15% Return on Equity (ROE) targets: We must establish a business model that ensures we have a sustainable and growing business; and
- (5) Building a sustainable business: We will not maintain our license to operate unless we have a sustainable business model in place, and we see a potential competitive advantage in this undertaking.

**Assessment of performance:**

Once the performance year is completed each executive's individual performance is reviewed by the CEO and the Committee. Their performance score along with the overall company performance scores are consolidated by the finance team and audited prior to bonuses being allocated.

**Actual 2013 performance:**

The company performance criteria used in 2013 are indicated below with the weightings for each of the criterion. A safety multiplier is applied once the bonus score has been calculated; this can either reduce or increase the final bonus score by up to 25% although the bonus remains capped at the overall maximum cap per level.



**BSP company performance measure 2013**

Resource to Reserve conversion

Production

Total cash costs (including stay-in-business capital, Ore Reserve development and corporate costs)

Adjusted headline earnings per share (AHEPS)

**Sub Total**

Safety

The final performance scores for 2013 were calculated as follows:

**Performance measure**

Resource to Reserve conversion

Production

Total cash costs (including Stay-in-business-capital, Ore Reserve development and corporate costs)

AHEPS

**Sub Total**

Safety multiplier

**Total company performance points**

The impact of foreign exchange rate and oil price were removed from the calculation.

**Actual BSP Achieved**

BSP achievement declined materially in 2012, however, a partial recovery can be noted in the 2013 results as per the graph below. This recovery is primarily due to the improved safety performance, a sharp turnaround in production and reduction in costs that were achieved, notably in the second half of the year.



0%  
10%  
20%  
30%  
40%  
50%  
60%  
70%  
80%  
90%  
100%

BSP  
83

2010

3.25%

**Target**

2.2moz  
4,349koz  
\$4,599m  
251 UScps

BSP 201  
80.82

**Achieved**

(1.2moz)  
4,105koz  
\$4,713m  
209 UScps

11  
2%

**% of Target  
metrics  
achieved**

improvement

BSP 2012  
6.44%  
+ / - 25% multiplier on the base

**achievable on  
Stre  
tch metrics**

-

94.4%  
102.5%  
59.5%

23.2%

calculation  
**Max points**

20  
30  
30  
20  
100  
1.25  
**125**

BSP 2013  
46.10%  
68  
**Weighting**  
20%  
30%  
30%  
20%  
**100%**

**Points  
awarded**

-  
17.6  
19.5  
-  
37.1  
1.24  
**46.1**

69

**Long-term incentives****Reward element****Description****Long-term incentive**

The executives, prescribed officers, and qualifying managerial employees participate in the Long-Term Incentive Plan (LTIP). The objective of the LTIP is to align the interests of the company, shareholders and executive management over the medium to long term.

**Participants:**

All Executives Directors and Prescribed Officers participate in the LTIP.

**Company and individual limit:**

The company and individual limits for the BSP, LTIP and any other share scheme that AngloGold Ashanti has in place are described in the Director's Report on page 46.

**Operation and performance measures:**

Participants are granted the right to receive shares with a three year vesting period from date of grant. The LTIP is subject to approved company performance conditions.

Under the LTIP, no dividends are received by the executives or any eligible employee participating in the scheme. However, at the time of vesting, cash payments equal to the value of the accumulated dividends are allocated. No cash in lieu of dividends is paid across for any shares that lapsed or were forfeited during the year.

**Value of awards:**

The value of the awards that are typically granted under the LTIP as a percentage of base salary is shown in the table below (for these purposes base salary includes any offshore payments).

In 2013, the allocation of 140% of base pay for LTIP awards was approved for all executives with an additional 60% granted for the 2013 Retention Scheme. The maximum award for any executive is currently capped at 200% of base salary in any financial year.

The table below reflects the LTIP allocations by role:

**Role****LTIP allocation as a % of base salary**

Chief Executive Officer

160 - 200

Chief Financial Officer

140 - 200

Executive Management

100 - 200

Senior Management

80

Other Management (discretionary)

60

The LTIP awards granted in respect of the 2013 financial year, issued in 2013 to executive management, are disclosed in this report on page 48.

The table below indicates the percentage of the 2011 LTIP awards that vested on 21 February 2014:

Performance  
measure

Adjusted headline  
earnings per share  
(AHEPS)

Total shareholder  
return (TSR)

Safety

Generation of  
resources

Generation of  
reserves

**Total L**

**Actual L**

The grap

0%

10%

20%

30%

40%

50%

60%

70%

80%

90%

**TIP award percentage**

**Long-Term I**

ph below sho

2006

45%

40%

Performance criteria

AHEPS growth of at least 2% net of US  
inflation per year for three years on a sliding  
scale

Ranking against 4 competitor companies

A 20% year on year improvement in Fatal  
Injuries Frequency Rate (FIFR) and All Injuries  
Frequency Rate (AIFR) for the 3 year period

Between 21 – 27Moz (3x7-9Moz)  
measured/indicated resources  
9 – 15Moz (3x3-5Moz) published reserves 11.  
achieved over a three year period

**Incentive PI**

ows LTIP ve  
2007  
56%

**an Vesting**

sting over th

7

2

82%

56%

Senior Management

**(as % of ma**

he past 6 yea

2008

82%

Executive Management

Achievement

Criteria not met

Achieved 5

Safety improvement  
of 36.9% against  
target  
29.  
achievement

achievement  
**aximum ach**  
ars:  
2009  
70%  
70%

th  
place

7Moz

6Moz

**ievable)**  
2010  
41%  
41%

Allocation 2011  
- % awarded

20  
10  
7.  
**37.2%**  
2011  
37%  
37%  
70

-  
-  
.0%  
.0%  
2%



71

**Options and awards granted**

The table below reflects the number of options and awards granted to executive directors and prescribed officers for 2013 and 2012:

Balance at

1 January 2013

Granted

during

2013

Exercised

during

2013

Pre-tax gains on

share options

exercised (\$000)

Lapsed

during

2013

Balance as at

31 December

2013

(1)

**Executive Directors**

M Cutifani

(3)

271,891

5,429

88,594

2,005

188,726

-

RN Duffy

109,648

65,193

-

-

8,298

**166,543**

AM O'Neill

(4)

150,113

124,961

129,284

1,914

145,790

-

S Venkatakrisnan

136,395

99,043

-

-

15,045		
<b>220,393</b>		
<b>668,047</b>	<b>294,626</b>	<b>217,878</b>
<b>3,919</b>	<b>357,859</b>	
<b>386,936</b>		

**Prescribed Officers**

(2)

I Boninelli

30,158

52,314

-

-

-

**82,472**

CE Carter

66,331

66,929

13,609

317

7,262

**112,389**

GJ Ehm

68,471

59,443

-

-

5,452

**122,462**

RW Largent

56,206

76,865

12,537

306

7,461

**113,073**

MP O'Hare

74,619

66,699

2,306

54

5,396

**133,616**

M MacFarlane

-

42,765

-

-

42,765

-

D Noko

-

45,334

-

-

-

**45,334**

ME Sanz Perez

21,793

46,087

-

-

-

**67,880**

YZ Simelane

42,969

36,218

-

-

5,152

**74,035**

**360,547**

**492,654**

**28,452**

**677**

**73,488**

**751,261**

Other management

3,551,735

2,533,048

684,413

12,227

850,184

**4,550,186**

**Total share incentive scheme**

**4,580,329**

**3,320,328**

**930,743**

**16,823**

**1,281,531**

**5,688,383**

Balance at

1 January 2012

Granted

during

2012

Exercised

during

2012

Pre-tax gains on

share options

exercised (\$000)

Lapsed

during  
2012  
Balance as at  
31 December  
2012

(1)

**Executive Directors**

M Cutifani

258,210

112,183

86,293

2,800

12,209

271,891

S Venkatakrisnan

160,966

52,176

70,375

2,283

6,372

136,395

419,176

164,359

156,668

5,083

18,581

408,286

**Prescribed Officers**

(2)

I Boninelli

8,568

21,590

-

-

-

30,158

CE Carter

76,627

25,507

32,621

1,058

3,182

66,331

RN Duffy

85,394

27,790

-

-

3,536

109,648

GJ Ehm

48,845

22,286

-  
-  
2,660  
68,471  
RW Largent  
88,331  
26,083  
52,069  
1,711  
6,139  
56,206  
RL Lazare  
(7)  
41,573  
1,901  
34,279  
1,243  
9,195  
-  
MP O'Hare  
54,281  
22,809  
-  
-  
2,471  
74,619  
M MacFarlane  
(5)  
-  
-  
-  
-  
-  
-  
AM O'Neill  
108,544  
45,512  
-  
-  
3,943  
150,113  
D Noko  
(6)  
-  
-  
-  
-  
-  
-  
ME Sanz Perez  
8,406

13,387		
-		
-		
-		
21,793		
YZ Simelane		
32,008		
13,350		
-		
-		
2,389		
42,969		
552,577	220,215	118,969
4,012		
33,515		
620,308		
Other management		
3,006,829		
1,592,126		
670,004		
23,155		
377,216		
3,551,735		
<b>Total share incentive scheme</b>		
3,978,582	1,976,700	
945,641		
32,250	429,312	
4,580,329		

(1)

*The latest expiry date of all options/awards granted and outstanding at 31 December 2013 is 13 March 2023 (2012: 21 February 2022; 2011: 21 February 2021).*

(2)

*Pursuant to the Companies Act, which came into effect on 1 May 2011, companies are required to identify and disclose the remuneration for the Prescribed Officers of the company.*

(3)

*No longer an Executive Director with effect from 31 March 2013.*

(4)

*No longer an Executive Director with effect 15 July 2013 and went on early retirement from 2 August 2013.*

(5)

*M MacFarlane was appointed to the Executive Committee with effect from 1 June 2012 and therefore had no holdings/grants in 2012.*

(6)

*D Noko was appointed to the Executive Committee with effect from 15 June 2012 and therefore had no holdings/grants in 2012.*

(7)

*No longer a prescribed officer with effect from 31 March 2012.*

Subsequent to year end and up to 28 February 2014, no options/awards have been exercised by Executive Directors and

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Prescribed Officers, except for: CE Carter who exercised 4,481 awards for a pre-tax gain of \$89k; and RW Largent who exercised 4,790 awards for a pre-tax gain of \$101k.

A total of 1,668,617 (2012: 1,264,872; 2011: 1,143,194) options/awards out of the 5,688,383 (2012: 4,580,329; 2011: 3,978,582) options/awards granted and outstanding at 31 December are fully vested.

Awards granted since 2005 have been granted at no cost to participants.

Non-Executive Directors are not eligible to participate in the share incentive scheme.

**Co-Investment Plan**

**Reward element**

**Co-Investment Plan**

**Treatment of BSP, LTIP and CIP shares upon departure**

Where a  
course of the year the following is applied:

**Scheme**

BSP

LTIP

CIP

**Pay mix of Executive Directors**

**Remuneration mix: CEO, CFO & Executive Committee members: CEO, CFO & Executive Committee members**

The graphs below indicates the pay mix for the Executive Directors and Prescribed Officers, taking all of the reward elements into consideration:

*Notes:*

.

*LTIP target shares are calculated on an estimated performance achievement of 49.43% (last 3 years' average)*

.

*BSP target is calculated at 50% of the maximum*

.

*BSP shares are a 150%  
matching of the cash bonus*

0%

10%

20%



30%  
40%  
50%  
60%  
70%  
80%  
90%  
100%

a participant of the BSP, LTIP or CIP leaves the employment of AngloGold Ashanti through the

**Resignation**

Unvested shares

lapse

Unvested shares

lapse

Unvested matching

portion lapses

CEO Target

100%

25%

40%

60%

99%

Base salary

**Description**

Executives are, on a voluntary basis, provided the opportunity to participate in the Co-Investment Executive Share Plan (CIP). This allows for the executive to take up to 50% of their after-tax cash bonus to participate in a further matching scheme by purchasing shares in AngloGold Ashanti, and the company will match their initial investment into the scheme at 150%, with vesting over a two-year period in two equal tranches, on condition that the initial investment is retained for a minimum of two years. This allows the executives to hold shares in AngloGold Ashanti aligning both their and the shareholders' interests. This further supports the strategy of the Minimum Shareholding Requirements for our executives.

CEO M

100

25

80

120

200

The percentages in the graph are a percentage of base salary

**Dismissal**

Lapse all shares (both  
vested unexercised and  
unvested)

Lapse all shares, (both  
vested unexercised and  
unvested)

Forfeit matching portion of  
shares

Max

CFO Target

0%

%

0%

0%

0%

Benefits

BSP Cash Bonus

100%  
21%  
35%  
53%  
99%

**Normal & early retirement, retrenchment  
and death**

Pro-rata unvested shares based on the length  
of employment from date of offer

Pro-rata unvested share based on the length  
of employment from date of offer by applying  
the last two years' average performance results  
(death has no performance criteria applied)

f Matching shares based on the length of  
employment from date of purchase

CFO Max

100%  
21%  
70%

105%

200%

BSP Shares

Excom Target

100%

11%

30%

45%

99%

LTIP Shares

Excom Max

100%

11%

60%

90%

200%

72

%  
%  
%  
%  
%

73

### **Minimum Shareholding Requirements for executives**

With effect from March 2013, a Minimum Shareholding Requirement (MSR) was applied to the executives. The Committee is of the opinion that share ownership by executives demonstrates their commitment to the success of the company, and serves to reinforce the alignment between executive and shareholder interests. Further, MSRs are in line with international best practice.

### **Executive Directors**

.

Within three years of appointment (or for existing executives, from the introduction of the rule), Executive Directors (CEO and CFO) are required to accumulate an MSR of AngloGold Ashanti shares to the value of 100% of net annual base salary; and

.

At the end of six years, Executive Directors are to accumulate an MSR of AngloGold Ashanti shares to the value of 200% of net annual base salary, which they will be required to hold on an on-going basis.

### **Executive Committee members**

.

Within three years of appointment (or for existing executives, from the introduction of the rule), the Executive Committee members are required to accumulate an MSR of AngloGold Ashanti shares to the value of 75% of net annual base salary; and

.

At the end of six years, the Executive Committee members are to accumulate an MSR of AngloGold Ashanti shares to the value of 150% of net annual base salary, which they will be required to hold on an on-going basis.

### **REVISED ANGLOGOLD ASHANTI STRATEGY**

The sharp decline in gold price in 2013 required a refocus of the strategic objectives of the company. This, aligned with shareholder requirements, led AngloGold Ashanti to reposition their variable pay elements in line with the 5 broad strategic targets below:

(1)

**Maintain the strong foundation** – Safety: Improve safety performance and reduce fatalities; People: Develop and retain the people who are the business; and Sustainability: ensure that the we retain our social licences to operate

(2)

**Improving financial flexibility** – Being prudent and proactive in balance sheet management by - improving earnings, returns and free cash flow; ensuring liquidity and headroom; and by mitigating refinancing risks

(3)

**Optimise our cost base** – Reduce direct operating costs, overheads and indirect spend and optimise annual total capital spend

(4)

**Improve portfolio quality** – Bring on line Tropicana, Kibali and brownfields projects under construction and remove unprofitable ounces by better planning and divestiture of marginal assets

(5)

**Maintain long term optionality, albeit at a reasonable cost** – Ramp up the reef boring technology at the South African mines and focused greenfield exploration programmes at selected international assets

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**Short-term incentives 2014**

For 2014, the BSP metrics have been amended to better align with the new strategic goals of AngloGold Ashanti.

**Long-term incentives 2014**

For 2014, the LTIP metrics have been amended to better align with the new strategic goals of AngloGold Ashanti, as well as to take into account shareholder feedback.

The BSP and LTIP metrics are aligned to the delivery of the strategy as per the strategic diagram below:

**REMUNERATION OF NON-EXECUTIVE DIRECTORS**

Remuneration for the Non-Executive Directors is set taking into consideration both the guidance of King III and the legislative requirements of the Companies Act. Using competitive market benchmark information provided by Mercer Consulting (South Africa) Pty Limited the remuneration rates were reviewed. Over the past three years the Non-Executive Director remuneration has been adjusted to equalise the international and South African directors. The proposed alignment adjustment of board fees approved for June 2013 was fully implemented in October 2013. The final proposed adjustment will be put to shareholders for approval at the Annual General Meeting. The actual remuneration for the Non-Executive Directors can be viewed in the table that follows:

75

**Non-Executive Directors' fees and allowances**

Figures in thousands

(1)

Director

fees

Committee

fees

Travel

allowance

Total

Total

Total

US Dollars

**2013**

2012

2011

SM Pityana (chairman)

**88**                      **98**

-

**186**

175

137

TT Mboweni

**292**                      **52**

-

**344**

357

302

TJ Motlatsi (retired 17 February 2011)

(2)

-

-

-

-

-

36

FB Arisman

**60**                      **51**

**9**

**120**

251

258

R Gasant

**72**                      **59**

-

**131**

118

102

NP January-Bardill

**70**                      **70**

-

**140**

146

17



MJ Kirkwood				
<b>107</b>	<b>112</b>	<b>47</b>	<b>266</b>	<b>94</b>
-				
WA Nairn				
<b>39</b>	<b>32</b>			
-	<b>71</b>			
178				
146				
LW Nkuhlu				
<b>72</b>	<b>112</b>			
-	<b>184</b>	178		
135				
F Ohene-Kena				
<b>25</b>	<b>13</b>	<b>16</b>	<b>54</b>	
118				
111				
RJ Ruston				
<b>83</b>	<b>121</b>	<b>47</b>	<b>251</b>	<b>189</b>
-				
<b>Total</b>				
<b>(2)</b>				
<b>908</b>				
<b>720</b>				
<b>119</b>				
<b>1,747</b>				
1,804				
1,244				
(1)				

*Directors' compensation is disclosed in US dollars, the amounts reflected are the values calculated using the exchange rate of R9.6231:\$1*

*(2012: R8.1961: \$1; 2011 R7.2569:\$1).*

(2)

*Fees are disclosed only for the period from or to which, office is held.*

(3)

*At the Annual General Meeting of shareholders held on 13 May 2013, shareholders approved an increase in directors' fees with effect from*

*1 June 2013. Directors fees for committees may vary depending on the number of committees on which the Non-Executive Director is a*

*member and whether he/she is the Chairman or a member of the committee.*

Non-Executive Directors do not hold service contracts with the company. Executive Directors do not receive payment of directors' fees or committee fees.

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## **INDEPENDENT AUDITOR'S REPORT**

To the shareholders of AngloGold Ashanti Limited

We have audited the consolidated and separate financial statements of AngloGold Ashanti Limited set out on pages 78 to 226, which comprise the statements of financial position as at 31 December 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **OPINION**

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of AngloGold Ashanti Limited as at 31 December 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

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**OTHER REPORTS REQUIRED BY THE COMPANIES ACT**

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2013, we have read the Directors' Report, the Chairman's letter of the Audit and Corporate Governance Committee and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on our reading of these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

**Ernst & Young Inc.**

Director – Lance Ian Neame Tomlinson

Registered Auditor

Chartered Accountant (SA)

102 Rivonia Road

Sandton, Johannesburg

18 March 2014

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**GROUP – INCOME STATEMENT**

For the year ended 31 December

Figures in million

Notes

**2013**

2012

Restated

2011

Restated

US Dollars

**Revenue**

3

**5,708**

6,632

6,925

Gold income

2,3

**5,497**

6,353

6,570

Cost of sales

4

**(4,146)**

(3,964) (3,892)

Gain (loss) on non-hedge derivatives and other commodity contracts

37

**94**

(35)

(1)

**Gross profit**

2

**1,445**

2,354

2,677

Corporate administration, marketing and other expenses

5

**(201)**

(291) (278)

Exploration and evaluation costs

**(255)**

(395) (279)

Other operating expenses

6

**(19)**

(47)

(31)

Special items

7

**(3,410)**

(402)

163  
**Operating (loss) profit**  
**(2,440)**  
1,219  
2,252  
Dividends received  
3  
**5**  
7  
-  
Interest received  
3  
**39**  
43  
52  
Exchange gain  
**14**  
8  
2  
Finance costs and unwinding of obligations  
8  
**(296)**  
(231) (196)  
Fair value adjustment on \$1.25bn bonds  
**(58)**  
-  
-  
Fair value adjustment on option component of convertible bonds  
**9**  
83  
84  
Fair value adjustment on mandatory convertible bonds  
**356**  
162  
104  
Share of associates and joint ventures' (loss) profit  
9  
**(162)**  
(30)  
72  
**(Loss) profit before taxation**  
**(2,533)**  
1,261  
2,370  
Taxation 12  
**333**  
(346) (737)  
**(Loss) profit for the year**  
**(2,200)**  
915  
1,633

*Allocated as follows*

Equity shareholders

**(2,230)**

897

1,587

Non-controlling interests

**30**

18

46

**(2,200)**

915

1,633

**Basic (loss) earnings per ordinary share (cents)**

13

**(568)**

232

411

**Diluted (loss) earnings per ordinary share (cents)**

13

**(631)**

177

355

79

**GROUP – STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December

Figures in million

**2013**

2012

2011

Restated

Restated

US Dollars

**(Loss) profit for the year**

**(2,200)**

915

1,633

**Items that will be reclassified subsequently to profit or loss:**

Exchange differences on translation of foreign operations

**(433)**

(92)

(365)

Share of associates and joint ventures' other comprehensive loss

-

-

(1)

Net loss on available-for-sale financial assets

**(23)**

(27)

(81)

Release on impairment of available-for-sale financial assets (note 7)

**30**

16

21

Release on disposal of available-for-sale financial assets

**(1)**

-

1

Cash flow hedges

**1**

-

-

Deferred taxation thereon

**2**

6

(8)

**9**

(5)

(67)

**Items that will not be reclassified subsequently to profit or loss:**

Actuarial gain (loss) recognised

**69**

(14)

(36)

Deferred taxation rate change thereon

-

(9)

-

Deferred taxation thereon

**(20)**

3

13

**49**

(20)

(23)

**Other comprehensive loss for the year, net of tax**

**(375)**

(117)

(456)

**Total comprehensive (loss) income for the year, net of tax**

**(2,575)**

798

1,177

*Allocated as follows*

Equity shareholders

**(2,605)**

780

1,131

Non-controlling interests

**30**

18

46

**(2,575)**

798

1,177



80

**GROUP – STATEMENT OF FINANCIAL POSITION**

As at 31 December

Figures in million

Notes

**2013**

2012

2011

Restated

Restated

US Dollars

**ASSETS**

**Non-current assets**

Tangible assets

15

**4,815**

7,776

6,545

Intangible assets

16

**267**

315

210

Investments in associates and joint ventures

18

**1,327**

1,047

691

Other investments

19

**131**

167

186

Inventories 20

**586**

610

410

Trade and other receivables

22

**29**

79

76

Deferred taxation

30

**177**

97

79

Cash restricted for use

23

**31**

29

23	
Other non-current assets	
21	
<b>41</b>	
7	
9	
<b>7,404</b>	
10,127	
8,229	
<b>Current assets</b>	
Other investments	
19	
<b>1</b>	
-	
-	
Inventories 20	
<b>1,053</b>	
1,213	
998	
Trade and other receivables	
22	
<b>369</b>	
472	
354	
Cash restricted for use	
23	
<b>46</b>	
35	
35	
Cash and cash equivalents	
24	
<b>648</b>	
892	
1,112	
<b>2,117</b>	
2,612	
2,499	
Non-current assets held for sale	
25	
<b>153</b>	
-	
21	
<b>2,270</b>	
2,612	
2,520	
<b>Total assets</b>	
<b>9,674</b>	
12,739	
10,749	
<b>EQUITY AND LIABILITIES</b>	
Share capital and premium	

26
<b>7,006</b>
6,742
6,689
Accumulated losses and other reserves
<b>(3,927)</b>
(1,269)
(1,706)
Shareholders' equity
<b>3,079</b>
5,473
4,983
Non-controlling interests
<b>28</b>
21
137
<b>Total equity</b>
<b>3,107</b>
5,494
5,120
<b>Non-current liabilities</b>
Borrowings 27
<b>3,633</b>
2,724
2,456
Environmental rehabilitation and other provisions
28
<b>963</b>
1,238
782
Provision for pension and post-retirement benefits
29
<b>152</b>
221
195
Trade, other payables and deferred income
31
<b>4</b>
10
14
Derivatives 37
-
10
93
Deferred taxation
30
<b>579</b>
1,084
1,148
<b>5,331</b>
5,287

4,688

**Current liabilities**

Borrowings 27

**258**

859

32

Trade, other payables and deferred income

31

**820**

979

751

Bank overdraft

24

**20**

-

-

Taxation 32

**81**

120

158

**1,179**

1,958

941

Non-current liabilities held for sale

25

**57**

-

-

**1,236**

1,958

941

**Total liabilities**

**6,567**

7,245

5,629

**Total equity and liabilities**

**9,674**

12,739

10,749

81

**GROUP – STATEMENT OF CASH FLOWS**

For the year ended 31 December

Figures in million

Notes

**2013**

2012

2011

Restated

Restated

US Dollars

**Cash flows from operating activities**

Receipts from customers

**5,709**

6,523

6,796

Payments to suppliers and employees

**(4,317)**

(4,173)

(3,715)

Cash generated from operations

33

**1,392**

2,350

3,081

Dividends received from joint ventures

**18**

72

111

Taxation refund

32

**23**

54

98

Taxation paid

32

**(187)**

(507) (477)

Net cash inflow from operating activities

**1,246**

1,969

2,813

**Cash flows from investing activities**

Capital expenditure

- project capital

**(594)**

(779) (459)

- stay-in-business capital

**(907)**

(1,146)

(1,092)

Interest capitalised and paid  
**(5)**  
 (12)  
 -

Expenditure on intangible assets  
**(68)**  
 (79) (16)

Proceeds from disposal of tangible assets  
**10**  
 5  
 19

Other investments acquired  
**(91)**  
 (97) (147)

Proceeds from disposal of other investments  
**81**  
 86  
 91

Investments in associates and joint ventures  
**(472)**  
 (349) (115)

Proceeds from disposal of associates and joint ventures  
**6**  
 20  
 -

Loans advanced to associates and joint ventures  
**(41)**  
 (65) (25)

Loans repaid by associates and joint ventures  
**33**  
 1  
 -

Dividends received  
**5**  
 7  
 -

Proceeds from disposal of subsidiary  
 34  
**2**  
 6  
 9

Cash in subsidiary acquired  
 34  
 -  
 5  
 -

Cash in subsidiary disposed  
 34  
 -  
 (31) (11)

Reclassification of cash balances to held for sale assets

(2)

-

-

Acquisition of subsidiary and loan

34

-

(335)

-

Increase in cash restricted for use

(20)

(3) (19)

Interest received

23

36

39

Loans advanced

-

(45)

-

Repayment of loans advanced

-

-

4

Net cash outflow from investing activities

(2,040)

(2,775)

(1,722)

**Cash flows from financing activities**

Proceeds from issue of share capital

-

2

10

Share issue expenses

-

-

(1)

Proceeds from borrowings

2,344

1,432

109

Repayment of borrowings

(1,486)

(217) (268)

Finance costs paid

(200)

(145) (144)

Acquisition of non-controlling interest

-

(215)

-

Revolving credit facility and bond transaction costs

<b>(36)</b>	
(30)	
-	
Dividends paid	
<b>(62)</b>	
(236)	(169)
Net cash inflow (outflow) from financing activities	
<b>560</b>	
591	
(463)	
Net (decrease) increase in cash and cash equivalents	
<b>(234)</b>	
(215)	628
Translation	
<b>(30)</b>	
(5)	(102)
Cash and cash equivalents at beginning of year	
<b>892</b>	
1,112	
586	
Cash and cash equivalents at end of year	
24	
<b>628</b>	
892	
1,112	



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**GROUP – STATEMENT OF CHANGES IN EQUITY**

Figures in million

Equity holders of the parent

Share

capital and

premium

Other

capital

reserves

(1)

Accumulated

losses

(2)

Cash flow

hedge

reserve

(3)

Available-

for-sale

reserve

(4)

Actuarial

(losses)

gains

Foreign

currency

translation

reserve

Total

Non-

controlling

interests

Total

equity

US Dollars

**Balance at 31 December 2010 as**

**previously reported**

6,627

194

(2,750)

(2)

86

(62)

(104)

3,989

124

4,113

Restated for IFRIC 20 (note 39)

(83)

(83)

(83)  
 Restated for IAS 19 (note 39)  
 (2)  
 2  
 -  
 -  
**Balance at 31 December 2010 - restated**  
 6,627  
 194  
 (2,835)  
 (2)  
 86  
 (60)  
 (104)  
 3,906  
 124  
 4,030  
 Profit for the year  
 1,587  
 1,587  
 46  
 1,633  
 Other comprehensive loss  
 (1)  
 (67)  
 (23)  
 (365)  
 (456)  
 (456)  
 Total comprehensive (loss) income  
 -  
 (1)  
 1,587  
 -  
 (67)  
 (23)  
 (365)  
 1,131  
 46  
 1,177  
 Shares issued  
 63  
 63  
 63  
 Share issue expenses  
 (1)  
 (1)  
 (1)  
 Share-based payment for share awards  
 net of exercised  
 9

9  
 9  
 Dividends paid (note 14)  
 (131)  
 (131)  
 (131)  
 Dividends of subsidiaries  
 -  
 (27)  
 (27)  
 Translation  
 (31)  
 28  
 (1)  
 10  
 6  
 (6)  
 -  
**Balance at 31 December 2011 - restated**  
 6,689  
 171  
 (1,351)  
 (2)  
 18  
 (73)  
 (469)  
 4,983  
 137  
 5,120  
 Profit for the year  
 897  
 897  
 18  
 915  
 Other comprehensive loss  
 (5)  
 (20)  
 (92)  
 (117)  
 (117)  
 Total comprehensive income (loss)  
 -  
 -  
 897  
 -  
 (5)  
 (20)  
 (92)  
 780  
 18  
 798

Shares issued	
53	
53	
53	
Share-based payment for share awards net of exercised	
15	
15	
15	
Acquisition of non-controlling interest	
(5)	
(144)	
(144)	
(71)	
(215)	
Disposal of subsidiary	
(6)	
-	
(45)	
(45)	
Dividends paid (note 14)	
(215)	
(215)	
(215)	
Dividends of subsidiaries	
-	
(17)	
(17)	
Translation	
(9)	
7	
3	
1	
(1)	
-	
<b>Balance at 31 December 2012 - restated</b>	
<b>6,742</b>	
<b>177</b>	
<b>(806)</b>	
<b>(2)</b>	
<b>13</b>	
<b>(90)</b>	
<b>(561)</b>	
<b>5,473</b>	
<b>21</b>	
<b>5,494</b>	
Loss for the year	
<b>(2,230)</b>	
<b>(2,230)</b>	
<b>30</b>	
<b>(2,200)</b>	

Other comprehensive income (loss)

1

8

49

(433)

(375)

(375)

Total comprehensive (loss) income

-

-

(2,230)

1

8

49

(433)

(2,605)

30

(2,575)

Shares issued

(7)

264

264

264

Share-based payment for share awards

net of exercised

(8)

(13)

(13)

(13)

Dividends paid (note 14)

(40)

(40)

(40)

Dividends of subsidiaries

-

(23)

(23)

Translation

(28)

15

(3)

16

-

-

**Balance at 31 December 2013**

7,006

136

(3,061)

(1)

18

(25)

**(994)**

**3,079**

**28**

**3,107**

*(1)*

*Other capital reserves comprise a surplus on disposal of company shares held by companies prior to the formation of AngloGold Ashanti*

*Limited of \$14m (2012: \$17m; 2011: \$18m), surplus on equity transaction of joint venture of \$36m (2012: \$36m; 2011: \$37m), share of*

*associates and joint ventures' other comprehensive loss of \$2m (2012: \$1m; 2011: \$1m), equity items for share-based payments of \$85m*

*(2012: \$123m; 2011: \$115m) and other reserves.*

*(2)*

*Included in accumulated losses are retained earnings totalling \$83m (2012: \$181m; 2011: \$189m) arising at the joint venture operations*

*which may not be remitted without third party consent and gains/losses on the convertible bonds of \$709m (2012: \$344m; 2011: \$99m),*

*which is included in certain subsidiaries.*

*(3)*

*Cash flow hedge reserve represents the effective portion of fair value gains or losses in respect of cash flow hedges that expired in prior*

*periods. The cash flow hedge reserve shall remain in equity and will unwind over the life of the Serra Grande mine.*

*(4)*

*Available-for-sale reserve represents fair value gains or losses on available-for-sale financial assets.*

*(5)*

*On 28 June 2012, AngloGold Ashanti Limited acquired the remaining 50% shareholding in the Serra Grande mine from Kinross Gold*

*Corporation for \$220m less \$5m for dividends declared and paid to minorities.*

*(6)*

*In early December 2012, AngloGold Ashanti Limited disposed of a 5% interest in Rand Refinery Limited, resulting in Rand Refinery Limited*

*being reported as an associate.*

*(7)*

*Includes share awards exercised and delivery of 18,140,000 shares to settle the outstanding 6% Mandatory Convertible Subordinated*

*Bonds.*

*(8)*

*Includes reassessment of estimated vesting profile related to the accelerated share options.*

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## **GROUP- NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

### **1 ACCOUNTING POLICIES**

#### **Statement of compliance**

The consolidated and company financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board (IASB) in the English language, the Financial Reporting Guides (FRG) as issued by the South African Institute of Chartered Accountants and the Companies Act.

During the current financial year, the following standards, interpretations and amendments were adopted:

#### **Regulatory publication**

#### **Title**

#### **Effective for annual periods beginning on or after**

IFRS 7

Amendment – Disclosures – Offsetting Financial Assets and  
Financial Liabilities

1 January 2013

IFRS 10

Consolidated Financial Statements

1 January 2013

IFRS 11

Joint Arrangements

1 January 2013

IFRS 12

Disclosure of Interests in Other Entities

1 January 2013

IFRS 13

Fair Value Measurement

1 January 2013

IFRSs

Annual Improvements 2009 – 2011

1 January 2013

IAS 1

Amendment – Presentation of Items of Other  
Comprehensive Income

1 July 2012

IAS 19

Employee Benefits (revised)

1 January 2013

IAS 27

Separate Financial Statements (Revised 2011)

1 January 2013

IAS 28

Investments in Associates and Joint Ventures  
(Revised 2011)

1 January 2013

IAS 36

Amendment - Recoverable Amount Disclosures for Non-Financial Assets

1 January 2014

IFRIC 20

Stripping Costs in the Production Phase of a Surface Mine

1 January 2013

Circular 2/2013

Headline Earnings

Annual periods ending 31 July 2013

The adoption of these standards, interpretations and amendments did not have any effect on the financial position or results of the group, except for IFRIC 20 and IAS 19. The adoption of IAS 1, IFRS 12 and IFRS 13 had an effect on disclosures by the group.

IAS 1 amendments were adopted which requires an entity to group other comprehensive income items by those that will be subsequently reclassified and those that will not be subsequently reclassified to profit and loss. The amendment affected presentation and had no impact on the group's financial position or performance.



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IFRIC 20 clarifies when an entity should recognise waste removal costs that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”) as an asset. The interpretation impacts the way in which the group accounts for production stripping costs (refer change in accounting policies Note 39).

IAS 19 includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation; and unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures. In the case of the group, the transition to IAS 19 had no impact on the net defined benefit plan obligations due to the difference in accounting for interest on plan assets (refer change in accounting policies Note 39).

IFRS 10 replaces the guidance on control and consolidation in IAS 27 “Consolidated and Separate Financial Statements”, and SIC-12 “Consolidation – Special Purpose Entities”. In accordance with IFRS 10, the group re-assessed the control conclusion for its investees at 1 January 2013 and concluded that the adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiaries.

Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The group has assessed the nature of its joint arrangements and identified the joint ventures and the joint operations at 1 January 2013 and concluded that the adoption of IFRS 11 did not result in any change in the method of accounting for its joint arrangements. Under IFRS 11, the group is required to account for its joint ventures using the equity method. Joint operations are accounted for by recognition of the joint operator’s interest in the assets, liabilities, revenues and expenses in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

The IAS 36 amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The group has early adopted these amendments to IAS 36 as it has adopted IFRS 13 and these amendments impact the adoption consequences.

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The following accounting standards, amendments to standards and new interpretations (as at 11 March 2014, the last practicable date), which are not yet mandatory, have not been adopted in the current year:

**Standard****or Interpretation****Title****Effective for annual periods beginning on or after**

IFRS 9

Financial Instruments: Classification and Measurement

1 January 2015

IAS 32

Amendment – Offsetting Financial Assets and Financial Liabilities

1 January 2014

IFRS 9 and IFRS 7

Mandatory Effective Date of IFRS 9 and Transition Disclosures

1 January 2015

IFRS 10, 12 and IAS 27

Investment Entities

1 January 2014

IAS 39

Amendment – Novation of Derivatives and Continuation of Hedge Accounting

1 January 2014

IFRIC 21

Levies

1 January 2014

IFRS 14

Regulatory Deferral Accounts

1 January 2016

The group is in the process of assessing the significance of these new standards, amendments to standards and new interpretations.

**1.1****BASIS OF PREPARATION**

The financial statements are prepared according to the historical cost convention, except for 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 adoption of the new and revised standards and interpretations mentioned above.

The group financial statements are presented in US dollars.

The group financial statements incorporate the financial statements of the company, its subsidiaries and its interests in joint ventures and associates. The financial statements of all material subsidiaries, the Environmental Rehabilitation Trust Fund, joint ventures and associates, are prepared using the same accounting policies as the holding company.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control would generally exist where the group owns more than 50% of the voting rights,

unless the group and other investors collectively control the entity where they must act together to direct the relevant activities. In such cases, as no investor individually controls the entity the investment is accounted for as an equity method investment or a joint operation. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases. The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are

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included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

The acquisition of non-controlling interests is reflected as an equity transaction. The entire difference between the cost of the additional interest and the non-controlling interests' share at the date of acquisition is reflected as a transaction between owners.

Disclosures for non-controlling interests are assessed by reference to consolidated non-controlling interest.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies, including any resulting tax effect are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries are accounted for at cost and are adjusted for impairments where appropriate in the company financial statements.

## **1.2**

### **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

#### **Use of estimates**

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

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

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

As a global company, the group is exposed to numerous legal risks. The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, under insurance policies and that could significantly influence the business and results of operations.

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The judgements that management has applied in the application of accounting policies, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Carrying value of goodwill and tangible assets**

The majority of mining assets are amortised using the units-of-production method where the mine operating plan calls for production from a well-defined proved and probable Ore Reserve. For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable Ore Reserve as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable Ore Reserve. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating Ore Reserve.

These factors could include:

- changes in proved and probable Ore Reserve;
- the grade of Ore Reserve may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites; and

• changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Changes in proved and probable Ore Reserve could similarly impact the useful lives of assets amortised on the straight-line method, where those lives are limited to the life of the mine.

The group has a number of surface mining operations that are in the production phase for which production stripping costs are incurred. The benefits that accrue to the group as a result of incurring production stripping costs include (a) ore that can be used to produce inventory and (b) improved access to further quantities of material that will be mined in future periods.

The production stripping costs relating to improved access to further quantities in future periods are capitalised as a stripping activity asset, if and only if, all of the following are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the group;

• The group can identify the component of the ore body for which access has been improved; and

• The costs relating to the stripping activity associated with that component or components can be measured reliably.

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Components of the various ore bodies at the operations of the group are determined based on the geological areas identified for each of the ore bodies and are reflected in the Ore Reserve reporting of the group. In determining whether any production stripping costs should be capitalised as a stripping activity asset, the group uses three operational guidance measures; two of which relate to production measures, while the third relates to an average stripping ratio measure.

Once determined that any portion of the production stripping costs should be capitalised, the group uses the average stripping ratio of the component or components to which the production stripping costs relate to determine the amount of the production stripping costs that should be capitalised. Stripping activity assets are amortised on the units-of-production method based on the Ore Reserve of the component or components of the ore body to which these assets relate. This accounting treatment is consistent with that for stripping costs incurred during the development phase of a mine, before production commences, except that stripping costs incurred during the development phase of a mine, before production commences, are amortised on the units-of-production method based on the Ore Reserve of the life of the mine as a whole. Deferred stripping costs are included in 'Mine development costs', within tangible assets. These costs form part of the total investment in the relevant cash-generating unit, which is reviewed for impairment if events or a change in circumstances indicate that the carrying value may not be recoverable. Amortisation of stripping activity assets is included in operating costs.

An individual operating mine is not a typical going-concern business because of the finite life of its reserves. The allocation of goodwill to an individual mine will result in an eventual goodwill impairment due to the wasting nature of the mine reporting unit. In accordance with the provisions of IAS 36 "Impairment of Assets", the group performs its annual impairment review of assigned goodwill during the fourth quarter of each year.

The group reviews and tests the carrying value of tangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time and impact the recoverable amounts. The cash flows and value in use are significantly affected by a number of factors including published reserves, resources, exploration potential and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure. Refer note 15 for estimates and assumptions used to calculate recoverable amounts. In addition the group considers the reversal of previously recognised impairments at each reporting date. At the reporting date the group assesses whether any of the indicators which gave rise to previously recognised impairments have changed such that the impairment loss no longer exists or may have decreased. The impairment

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loss is then assessed on the original factors for reversal and if indicated, such reversal is recognised.

The recoverable amount is estimated based on the positive indicators. If an impairment loss has decreased, the carrying amount is recorded at the recoverable amount as limited in terms of IAS 36.

The carrying amount of goodwill in the consolidated financial statements at 31 December 2013 was \$154m (2012: \$195m; 2011: \$179m). The carrying amount of tangible assets at 31 December 2013 was \$4,815m (2012: \$7,776m; 2011: \$6,545m). The impairment and derecognition of goodwill and tangible assets recognised in the consolidated financial statements for the year ended 31 December 2013 were \$15m (2012: \$nil; 2011: \$nil) and \$2,978m (2012: \$356m; 2011: \$15m) respectively. No reversals of impairment were recognised during 2013, (2012: nil; 2011:\$135m).

#### **Production start date**

The group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined by the unique nature of each mine construction project and include factors such as the complexity of a plant and its location. The group considers various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moves into the production stage. Some of the criteria would include but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce gold in saleable form (within specifications and the de minimis rule); and
- ability to sustain ongoing production of gold.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development, deferred stripping activities, or Ore Reserve development.

#### **Income taxes**

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

Carrying values of the group at 31 December 2013:

- deferred tax asset: \$177m (2012: \$97m; 2011: \$79m);

- deferred tax liability: \$579m (2012: \$1,084m; 2011: \$1,148m);

- taxation liability: \$81m (2012: \$120m; 2011: \$158m); and

- taxation asset: \$51m (2012: \$54m; 2011: \$39m).

Unrecognised value of deferred tax assets: \$414m (2012: \$89m; 2011: \$51m).

#### **Provision for environmental rehabilitation obligations**

The group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The group recognises management's best estimate for decommissioning and restoration obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates, inflation rates, foreign currency exchange rates and discount rates could affect the carrying amount of this provision. The carrying amount of the rehabilitation obligations for the group at 31 December 2013 was \$728m (2012: \$841m; 2011: \$747m).

#### **Stockpiles, metals in process and ore on leach pad**

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

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



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Estimates of the recoverable gold on the leach pads are calculated from the quantities of ore placed on the pads based on measured tonnes added to the leach pads, the grade of ore placed on the leach pads based on assay data and a recovery percentage based on metallurgical testing and ore type.

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

Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realisable value are accounted for on a prospective basis.

The carrying amount of inventories (excluding finished goods and mine operating supplies) for the group at 31 December 2013 was \$1,125m (2012: \$1,309m; 2011: \$994m).

#### **Recoverable tax, rebates, levies and duties**

In a number of countries, particularly in Continental Africa, AngloGold Ashanti Limited is due refunds of indirect tax which remain outstanding for periods longer than those provided for in the respective statutes.

In addition, AngloGold Ashanti Limited has unresolved tax disputes in a number of countries, particularly in Continental Africa and in Brazil. If the outstanding input taxes are not received and the tax disputes are not resolved in a manner favourable to AngloGold Ashanti Limited, it could have an adverse effect upon the carrying value of these assets.

The carrying value of recoverable tax, rebates, levies and duties for the group at 31 December 2013 was \$229m (2012: \$243m; 2011: \$188m).

#### **Pension plans and post-retirement medical obligations**

The determination of AngloGold Ashanti Limited's obligation and expense for pension and provident funds, as well as post-retirement health care liabilities, depends on the selection of certain assumptions used by actuaries to calculate amounts. These assumptions include, among others, the discount rate, the expected long-term rate of return of plan assets, health care inflation costs, rates of increase in compensation costs and the number of employees who reach retirement age before the mine reaches the end of its life. While AngloGold Ashanti Limited believes that these assumptions are appropriate, significant changes in the assumptions may materially affect pension and other post-retirement obligations as well as future expenses, which may result in an impact on earnings in the periods that the changes in these assumptions occur.

The carrying value of the defined benefit plans (including the net asset position disclosed under non-current assets) at 31 December 2013 was \$111m (2012: \$221m; 2011: \$192m).

**Ore Reserve estimates**

An Ore Reserve estimate is an estimate of the amount of product that can be economically and legally extracted from the group's properties. In order to calculate the Ore Reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of the Ore Reserve requires the size, shape and depth of ore bodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

The group is required to determine and report its Ore Reserve in accordance with the SAMREC code.

Because the economic assumptions used to estimate changes in the Ore Reserve from period to period, and because additional geological data is generated during the course of operations, estimates of the Ore Reserve may change from period to period. Changes in the reported Ore Reserve may affect the group's financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation, depletion and amortisation charged in the income statement may change where such charges are determined by the units-of-production method, or where the useful economic lives of assets change;
- overburden removal costs, including production stripping activities, recorded on the statement of financial position or charged in the income statement may change due to changes in stripping ratios or the units-of-production method of depreciation;
- decommissioning site restoration and environmental provisions may change where changes in the estimated Ore Reserve affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

**Development expenditure**

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having started the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the income statement.

**Share-based payments**

The group issues equity-settled share-based payments to certain employees and third parties outside the group. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes option-pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The income statement charge for the year was \$30m (2012: \$66m; 2011: \$61m).

**Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Such contingencies include, but are not limited to environmental obligations, litigation, regulatory proceedings, tax matters and losses resulting from other events and developments.

Firstly, when a loss is considered probable and reasonably estimable, a liability is recorded in the amount of the best estimate for the ultimate loss. The likelihood of a loss with respect to a contingency can be difficult to predict and determining a meaningful estimate of the loss or a range of loss may not always be practicable based on the information available at the time and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. It is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information is continuously evaluated to determine both the likelihood of any potential loss and whether it is possible to reasonably estimate a range of possible losses. When a loss is probable but a reasonable estimate cannot be made, disclosure is provided.

In determining the threshold for disclosure on a qualitative and quantitative basis, management considers the potential for a disruptive effect on the normal functioning of the group and/or whether the contingency could impact investment decisions. Such qualitative matters considered are reputational risks, regulatory compliance issues and reasonable investor considerations. For quantitative purposes an amount of \$20m, has been considered.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the unfavourable outcome of litigation.

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### **1.3**

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Equity-accounted investments**

#### **Joint ventures**

A joint venture is an entity in which the group holds a long-term interest and which the group and one or more other ventures jointly control under a contractual arrangement, that provides for strategic, financial and operating policy decisions relating to the activities requiring unanimous consent of the parties sharing control. The group's interests in joint arrangements classified as joint ventures are accounted for using the equity method.

Profits and losses realised in connection with transactions between the group and joint ventures are eliminated in proportion to share ownership. Such profits and losses are deducted from the group's equity and related statement of financial position amount and released in the group accounts when the assets are effectively realised outside the group. Dividends received from joint ventures are included in operating activities in the cash flow statement.

Joint ventures are accounted for at cost and are adjusted for impairments where appropriate in the company financial statements.

#### **Associates**

The equity method of accounting is used for an investment over which the group exercises significant influence and normally owns between 20% and 50% of the voting equity. Associates are equity-accounted from the effective date of acquisition to the effective date of disposal. If necessary, impairment losses on the equity value are reported under share of profit and loss from investments accounted for using the equity method.

Profits and losses realised in connection with transactions between the group and associated companies are eliminated in proportion to share ownership. Such profits and losses are deducted from the group's equity and related statement of financial position amount and released in the group accounts when the assets are effectively realised outside the group. Dividends received from associates are included in investing activities in the cash flow statement.

As the group only has significant influence, it is unable to obtain reliable information at reporting period on a timely basis. The results of associates are equity-accounted from their most recent audited annual financial statements or unaudited interim financial statements, all within three months of the year end of the group. Adjustments are made to the associates' financial results for material transactions and events in the intervening period.

Associates are accounted for at cost and are adjusted for impairments where appropriate in the company financial statements.

**Joint ventures and associates**

Any losses of equity-accounted investments are brought to account in the consolidated financial statements until the investment in such investments is written down to zero. Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such investees.

The carrying value of equity-accounted investments represents the cost of each investment, including goodwill, balance outstanding on loans advanced if the loan forms part of the net investment in the investee, any impairment losses recognised, the share of post-acquisition retained earnings and losses, and any other movements in reserves. The carrying value of equity-accounted investments is reviewed when indicators arise and if any impairment in value has occurred; it is recognised in the period in which the impairment arose.

**Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

**Unincorporated joint ventures – joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the use of assets and obligations for the liabilities of the arrangement. The group accounts for activities under joint operations by recognising in relation to the joint operation, the assets it controls and the liabilities it incurs, the expenses it incurs and the revenue from the sale or use of its share of the joint operations output.

**Foreign currency translation****Functional currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the approximate exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the reporting period exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for hedging derivative balances that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement".

Translation differences on these balances are reported as part of their fair value gain or loss.

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Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income within equity.

**Group companies**

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- share capital and premium are translated at historical rates of exchange at the reporting date;
- retained earnings are converted at historical average exchange rates;
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement presented are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing at the date of the transaction);
- all resulting exchange differences are recognised in other comprehensive income and presented as a separate component of equity (foreign currency translation); and
- other reserves, other than those translated above, are converted at the closing rate at each reporting date. These resulting exchange differences are recognised in retained earnings. Exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income on consolidation. For the company, the exchange differences on such monetary items are reported in the company income statement. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**Segment reporting**

An operating segment is a business activity whose results are regularly reviewed by the chief operating decision maker in order to make decisions about resources to be allocated to it and to assess its performance and for which discrete financial information is available. The chief operating decision maker has been determined to be the Executive Committee.

**Tangible assets**

Tangible assets are recorded at cost less accumulated amortisation and impairments/reversals. Cost includes pre-production expenditure incurred during the development of a mine and the present value of related future decommissioning costs.

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and

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borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

If there is an indication that the recoverable amount of any of the tangible assets is less than the carrying value, the recoverable amount is estimated and an allowance is made for the impairment in value.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the group, and the cost of the addition can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated costs of dismantling and removing the asset and restoring the site. A change in estimated expenditures for dismantling, removal and restoration is added to and/or deducted from the carrying value of the related asset. To the extent that the change would result in a negative carrying amount, this effect is recognised as income. The change in depreciation charge is recognised prospectively.

For assets amortised on the units-of-production method, amortisation is calculated to allocate the cost of each asset to its residual value over its estimated useful life.

For those assets not amortised on the units-of-production method, amortisation is calculated over their estimated useful life as follows:

- buildings up to life of mine;
- plant and machinery up to life of mine;
- equipment and motor vehicles up to five years;
- computer equipment up to three years; and
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leased assets over the shorter of the period of the lease and the useful life.

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

Assets are amortised to residual values. Residual values and useful lives are reviewed, and adjusted if appropriate, at the beginning of each financial year.

Gains and losses on disposals are determined by comparing net sale proceeds with the carrying amount. These are included in the income statement.

#### **Mine development costs**

Capitalised mine development costs include expenditure incurred to develop new ore bodies, to define further mineralisation in existing ore bodies and, to expand the capacity of a mine. Mine development costs include acquired proved and probable Ore Reserve at cost at the acquisition date. These costs are amortised from the date on which commercial production begins.

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Depreciation, depletion and amortisation of mine development costs are computed by the units-of-production method based on estimated proved and probable Ore Reserve. The proved and probable Ore Reserve reflects estimated quantities of reserves which can be recovered economically in the future from known mineral deposits.

Capitalised mine development costs also include stripping activity assets relating to production stripping activities incurred in the production phase of open-pit operations of the group. Once determined that any portion of the production stripping costs should be capitalised, the group uses the average stripping ratio and the average mine costs per tonne of the component to which the production stripping costs relate to determine the amount of the production stripping costs that should be capitalised. Stripping activity assets are amortised on a units-of-production method based on the Ore Reserve of the component of the ore body to which these assets relate.

The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of the component per tonne of ore mined from the component or components. The average mine cost per tonne of the component is calculated as the total expected costs to be incurred to mine the relevant component of the ore body, divided by the number of tonnes expected to be mined from the component. The average mine stripping ratio and the average mine cost per tonne of the component to which the stripping activity asset relates are recalculated annually in the light of additional knowledge and changes in estimates.

#### **Mine infrastructure**

Mine plant facilities, including decommissioning assets, are amortised using the lesser of their useful life or units-of-production method based on estimated proved and probable Ore Reserve. Other tangible assets comprising vehicles and computer equipment are depreciated by the straight-line method over their estimated useful lives.

#### **Land and assets under construction**

Land and assets under construction are not depreciated and are measured at historical cost less impairments.

#### **Mineral rights and dumps**

Mineral rights are amortised using the units-of-production method based on the estimated proved and probable Ore Reserve. Dumps are amortised over the period of treatment.

#### **Exploration and evaluation assets**

All exploration costs are expensed until it is concluded that a future economic benefit will more likely than not be realised. In evaluating if expenditures meet this criterion to be capitalised, several different sources of information are used depending on the level of exploration. While the criterion for concluding that expenditure should be capitalised is always probable, the information used to make that determination depends on the level of exploration.

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Costs on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, are expensed as incurred until the group is able



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to demonstrate that future economic benefits are probable, which generally will be the establishment of proved and probable Ore Reserve at this location.

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Costs on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, are expensed as incurred until the group is able to demonstrate that future economic benefits are probable, which generally will be the establishment of increased proved and probable Ore Reserve after which the expenditure is capitalised as a mine development cost.

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Costs relating to extensions of mineral deposits, which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, are capitalised as a mine development cost.

Costs relating to property acquisitions are capitalised within development costs.

### **Intangible assets**

#### **Acquisition and goodwill arising thereon**

Where an investment in a subsidiary, joint venture or an associate is made, any excess of the consideration transferred over the fair value of the attributable Mineral Resource including value beyond proved and probable, exploration properties and net assets is recognised as goodwill. Goodwill in respect of subsidiaries is disclosed as goodwill. Goodwill relating to equity-accounted joint ventures and associates is included within the carrying value of the investment which is tested for impairment when indicators exist.

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

#### **Royalty rate concession**

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 on 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 tested for impairment when there is an indicator of impairment.

#### **Software**

Software purchased, including direct costs associated with customisation and installation of the software, is capitalised.

Internally-developed software is capitalised when it meets the criteria for capitalisation. Other software development expenditure is charged to the income statement when incurred. Software is amortised on a straight-line basis over its useful life which is determined to be the lesser of the licence period of the software; the manufacturer's announced upgrade that management intends to implement; or 3 years. Useful lives are reviewed, and adjusted if appropriate, at the beginning of each financial year.

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**Impairment of assets**

Intangible assets that have an indefinite useful life and separately recognised goodwill are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment calculation assumptions include life of mine plans based on prospective reserves and resources, management's estimate of the future gold price, based on current market price trends, foreign exchange rates, and a pre-tax discount rate adjusted for country and project risk. It is therefore reasonably possible that changes could occur which may affect the recoverability of tangible and intangible assets.

**Leased assets**

Assets subject to finance leases are capitalised at the lower of their fair value or the present value of minimum lease payments measured at inception of the lease with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the shorter of their estimated useful lives and the lease term. Finance lease payments are allocated using the rate implicit in the lease, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor.

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

**Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as having been met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

**Exploration and research expenditure**

Pre-licence costs are recognised in profit or loss as incurred. Exploration and research expenditure is expensed in the year in which it is incurred. These expenses include: geological and geographical costs, labour, Mineral Resource and exploratory drilling costs.

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### **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:

- metals in process are valued at the average total production cost at the relevant stage of production;

- gold doré/bullion is valued on an average total production cost method;

- ore stockpiles are valued at the average moving cost of mining and stockpiling the ore.

Stockpiles are classified as a non-current asset where the stockpile exceeds current processing capacity;

- by-products, which include uranium oxide and sulphuric acid, are valued using an average total production cost method. By-products are classified as a non-current asset where the by-products on hand exceed current processing capacity;

- mine operating supplies 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 metals are expected to be recovered in a period longer 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, because 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. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset. Where the group has a joint and several liability with one or more other parties, no provision is recognised to the extent that those other parties are expected to settle part or all of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Litigation and administrative proceedings are evaluated on a case-by-case basis considering the information available, including that of legal counsel, to assess potential outcomes. Where it is considered probable that an obligation will result in an outflow of resources, a provision is recorded for the present value of the expected cash outflows if these are reasonably measurable. These provisions cover the estimated payments to plaintiffs, court fees and the cost of potential settlements.

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AngloGold Ashanti Limited does not recognise a contingent liability on its statement of financial position except in a business combination where the contingent liability represents a possible obligation. A contingent liability is disclosed when the possibility of an outflow of resources embodying economic benefits is not remote.

**Employee benefits****Pension obligations**

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension scheme under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future contribution payments is available.

The asset/liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The value of any defined benefit asset recognised is restricted to the sum of any past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are immediately recorded in other comprehensive income.

**Other post-employment benefit obligations**

Some group companies provide post-retirement health care benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology on the same basis as that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in other comprehensive income immediately. These obligations are valued annually by independent qualified actuaries.

**Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. An entity shall recognise a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

**Profit-sharing and bonus plans**

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the group's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**Share-based payments**

The group's management awards certain employee bonuses in the form of equity-settled share-based payments on a discretionary basis.

The fair value of the equity instruments granted is calculated at measurement date, for transactions with employees this is at grant date. For transactions with employees, fair value is based on market prices of the equity instruments granted, if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices of the equity instruments granted are not available, the fair value of the equity instruments granted is estimated using an appropriate valuation model. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of shares or share options at measurement date.

Over the vesting period, the fair value at measurement date is recognised as an employee benefit expense with a corresponding increase in other capital reserves based on the group's estimate of the number of instruments that will eventually vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

When options are exercised or share awards vest, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium. Where the terms of an equity settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

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In the company financial statements, share-based payment arrangements with employees of other group entities are recognised by charging that entity its share of the expense and a corresponding increase in other capital reserves. When options are exercised or share awards vest, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

**Environmental expenditure**

The group has long-term remediation obligations comprising decommissioning and restoration liabilities relating to its past operations which are based on the group's environmental management plans, in compliance with current environmental and regulatory requirements. Provisions for non-recurring remediation costs are made when there is a present obligation, it is probable that expenditure on remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts, technology expected to be available at the time of the clean-up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

Contributions for the South African operations are made to Environmental Rehabilitation Trust Funds, created in accordance with local statutory requirements where applicable, to fund the estimated cost of rehabilitation during and at the end of the life of a mine. The amounts contributed to the trust funds are accounted for as non-current assets in the company. Interest earned on monies paid to rehabilitation trust funds is accrued on a time proportion basis and is recorded as interest income. For group purposes, the trusts are consolidated.

**Decommissioning costs**

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commences. Accordingly, a provision and a decommissioning asset is recognised and included within mine infrastructure.

Decommissioning costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in the income statement. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset. Estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Gains or losses 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 start of production. Changes in the provision are recorded in the income statement as a cost of production.

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Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices and adjusted for risks specific to the liability. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

**Revenue recognition**

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the group and revenue and costs 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 and royalties are recognised when the right to receive payment is established;
- 
- interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group; and
- 
- where a by-product is not regarded as significant, revenue is credited against cost of sales, when the significant risks and rewards of ownership of the products are transferred to the buyer.

**Taxation**

Deferred taxation is provided on all qualifying temporary differences at the reporting 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 reporting date.

Deferred tax assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current and deferred tax is recognised as income or expense and included in 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 in other comprehensive income or directly in equity, or a business combination that is an acquisition.

Current tax is measured on taxable income at the applicable statutory rate enacted or substantively enacted at the reporting date.

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**Special items**

Items of income and expense that are material and require separate disclosure, in accordance with IAS 1.97, are classified as special items on the face of the income statement. Special items that relate to the underlying performance of the business are classified as operating special items and include impairment charges and reversals. Special items that do not relate to underlying business performance are classified as non-operating special items and are presented below operating profit (loss) on the income statement.

**Dividend distribution**

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

**Financial instruments**

Financial instruments are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial instruments, except financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial instruments is dealt with below.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in profit or loss.

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 is included in profit or loss.

Regular way purchases and sales of all financial assets and liabilities are accounted for at settlement date.

**Derivatives and hedge accounting**

The group enters into derivatives to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of future planned gold production. In addition, the group enters into derivatives to manage interest rate and currency risk.

The method of recognising fair value gains and losses depends on whether derivatives are classified as held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. The group designates derivatives as either hedges of the variability in highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedges); or hedges of the fair value of recognised asset or liability or a firm commitment (fair value hedges).



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For cash flow hedges, the effective portions of fair value gains or losses are recognised in other comprehensive income until the hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting or when the hedge transactions affect earnings. Any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is recognised in the income statement. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated cumulative gains and losses that were recognised directly in other comprehensive income are reclassified into earnings in the same periods during which the asset acquired or the liability assumed affects earnings for the period.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement. 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.

All other derivatives are classified as held for trading and are subsequently measured at their estimated fair value, with the changes in estimated fair value in the statement of financial position as either a derivative asset or derivative liability, including translation differences, at each reporting date being reported in earnings in the period to which it relates. Fair value gains and losses on these derivatives are included in gross profit in the income statement.

Commodity-based (normal purchase or normal sale) derivative contracts that meet the requirements of IAS 39 are recognised in earnings when they are settled by physical delivery. 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.

**Other investments**

Listed equity investments and unlisted equity investments, other than investments in subsidiaries, joint ventures, and associates, are classified as available-for-sale financial assets and subsequently measured at fair value. Listed investments' fair values are calculated by reference to the quoted selling price at the close of business on the reporting date. Fair values for unlisted equity investments are estimated using methods reflecting the economic circumstances of the investee. Equity investments for which fair value cannot be measured reliably are recognised at cost less impairment. Changes in fair value are recognised in 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 objective evidence that the asset is impaired based on a significant or prolonged decrease in the fair value of the equity instrument below its cost.

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Investments which management has the intention and ability to hold to maturity are classified as held-to-maturity financial assets and are subsequently measured at amortised cost using the effective interest rate method. If there is evidence that held-to-maturity financial assets are impaired, the carrying amount of the assets is reduced and the loss recognised in the income statement.

**Other non-current assets**

•

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. If there is evidence that loans and receivables are impaired, the carrying amount of the assets is reduced and the loss recognised in the income statement.

•

Post-retirement assets are measured according to the employee benefits policy.

**Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less accumulated impairment. Impairment of trade and other receivables is established when there is objective evidence as a result of a loss event that the group will not be able to collect all amounts due according to the original terms of the receivables. Objective evidence includes failure by the counterparty to perform in terms of contractual arrangements and agreed terms. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairments relate to specific accounts whereby the carrying amount is directly reduced. The impairment is recognised in the income statement.

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are measured at amortised cost which is deemed to be fair value as they have a short-term maturity.

**Cash restricted for use**

Cash which is subject to legal or contractual restrictions on use is classified separately as cash restricted for use.

**Financial liabilities**

Financial liabilities, other than derivatives and liabilities classified as at fair value through profit or loss, are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities permitted to be designated on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses on financial liabilities that are designated as at fair value through profit or loss are recognised in profit or loss as they arise. Fair value of a financial liability that is quoted in an active market is the current offer price times the number of units of the instrument held or issued.

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Financial guarantee contracts are accounted for as financial instruments and measured initially at estimated fair value. They are subsequently measured at the higher of the amount determined in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, and the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with IAS 18 “Revenue”.

**Convertible bonds**

Convertible bonds, except equity components, are accounted for as liabilities. Option components are treated as derivative liabilities and carried at fair value, with changes in fair value recorded in the income statement as a separate instrument and reported separately except where the host contract is carried at fair value. The bond component is carried at amortised cost using the effective interest rate. Where the fair value option is elected, the bonds are carried at fair value with changes in fair value recorded in the income statement.

**Treasury shares**

The group’s own equity instruments, which are reacquired or held by subsidiary companies (treasury shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group’s own equity instruments.

**Fair value measurements**

The group measures financial instruments at fair value at each balance sheet date where relevant. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For the purpose of the fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of the relevant observable inputs and minimising the use of unobservable inputs.

**Accounting for BEE transactions**

Where equity instruments are issued to a BEE party at less than fair value, these are accounted for as share-based payments.

Any difference between the fair value of the equity instrument issued and the consideration received is accounted for as an expense in the income statement.

A restriction on the BEE party to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**2 SEGMENTAL INFORMATION**

AngloGold Ashanti Limited's operating segments are being reported based on the financial information provided to the Chief Executive Officer and the Executive Committee, collectively identified as the Chief Operating Decision Maker (CODM). Individual members of the Executive Committee are responsible for geographic regions of the business.

Group analysis by origin is as follows:

Figures in million

Net operating assets

Total assets

(2)(3)

US Dollars

**2013**

2012

2011

**2013**

2012

2011

South Africa

(1)

**1,941**

2,619

1,834

**2,325**

3,082

2,148

Continental Africa

(4)

**1,339**

3,184

3,083

**3,391**

4,846

4,234

Australasia

(1)

**776**

684                      340

**1,108**

1,045

736

Americas

(1)

**1,627**

2,315

2,068

**2,203**

2,878

2,501  
 Other, including non-gold producing subsidiaries  
 (5)

**39**  
 60                      60

**647**  
 888

1,130  
**5,722**

8,862  
 7,385

**9,674**  
 12,739

10,749

Non-current assets considered material, by country are:

South Africa

**2,101**  
 2,790

1,930  
 DRC

**1,241**  
 Ghana

1,410  
 1,500

Tanzania  
 1,058

970  
 Australia

**878**  
 Brazil

**714**  
 1,047

990

Figures in million  
 Amortisation  
 Capital expenditure  
 US Dollars

**2013**  
 2012

2011  
**2013**

2012  
 2011

South Africa  
**253**

302 338  
**451**

583  
 532

Continental Africa  
 (2)

**254**  
285 276  
**839**  
925  
569  
Australasia  
**98**  
36 42  
**285**  
369  
102  
Americas  
(2)  
**201**  
213 169  
**410**  
409  
466  
Other, including non-gold producing subsidiaries  
**8**  
9 11  
**8**  
36  
17  
**814**  
845 836  
**1,993**  
2,322  
1,686  
Equity-accounted investments included above  
**(15)**  
(10) (9)  
**(411)**  
(303) (89)  
**799**  
835 827  
**1,582**  
2,019  
1,597

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**2 Segmental Information (continued)**

Gold production (attributable)

(000oz)

**2013**

2012

2011

South Africa

**1,302**

1,212

1,624

Continental Africa

**1,460**

1,521

1,570

Australasia

**342**

258

246

Americas

**1,001**

953

891

**4,105**

3,944

4,331

Figures in million

Gold income

US Dollars

**2013**

2012

2011

Geographical analysis of gold income by origin is as follows:

South Africa

**1,810**

2,013

2,560

Continental Africa

(2)

**2,111**

2,609

2,530

Australasia

**441**

426

385

Americas

**1,425**

1,656

1,487

**5,787**

6,704

6,962

Equity-accounted investments included above

**(290)**

(351) (392)

(note 3)

**5,497**

6,353

6,570

Foreign countries included in the above and considered material are:

Brazil

**758**

851

767

Ghana

**642**

772

802

Tanzania

**640**

906

754

Geographical analysis of gold income by destination is as follows:

South Africa

**2,944**

3,600

2,620

North America

**1,064**

1,197

1,022

Australia

**435**

426

378

Asia

**399**

387

478

Europe

**355**

404

630

United Kingdom

**590**

690

1,834

**5,787**

6,704



6,962  
 Equity-accounted investments included above  
**(290)**

(351) (392)  
 (note 3)

**5,497**

6,353

6,570

Figures in million

Gross profit (loss)

(6)

US Dollars

**2013**

2012

2011

South Africa

**510**

651

1,083

Continental Africa

(2)

**475**

959

987

Australasia

**(9)**

78

(13)

Americas

(2)

**516**

736

748

Corporate and other

-

41

27

**1,492**

2,465

2,832

Equity-accounted investments included above

**(47)**

(111) (155)

**1,445**

2,354

2,677

(1)

*Total assets includes allocated goodwill of \$10m (2012: \$13m; 2011: nil) for South Africa, \$136m (2012: \$159m; 2011: \$156m) for*

*Australasia and \$8m (2012: \$23m; 2011: \$23m) for Americas (note 16).*

(2)

*Includes equity-accounted investments.*

(3)

*During the year, pre-tax impairments, derecognition of goodwill, tangible assets and intangible assets of \$3,029m were accounted for in South Africa (\$311m), Continental Africa (\$1,776m) and the Americas (\$942m).*

(4)

*As at 31 December 2013, total assets included assets held for sale in respect of Navachab mine of \$153m (note 25).*

(5)

*As at 31 December 2011, total assets included assets held for sale in respect of the AGA-Polymetal Strategic Alliance of \$20m and properties held for sale by Rand Refinery of \$1m (note 25).*

(6)

*The group's segment profit measure is gross profit, which excludes the results of associates and joint ventures. For reconciliation of gross profit to profit before taxation, refer to the group income statement.*

*Comparative years have been restated for the adoption of IFRIC 20 and IAS 19. Refer note 39 for details.*

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**3 Revenue**

Revenue consists of the following principal categories:

Gold income (note 2)

**5,497**

6,353

6,570

By-products (note 4)

**149**

206

224

- silver income

**80**

95 99

- uranium income

**54**

90 99

- sulphuric acid income

**13**

19 22

- other

**2**

2 4

Dividends received

**5**

7

-

Royalties received (note 7)

**18**

23

79

Interest received (note 33)

**39**

43

52

- loans and receivables

(1)

**23**

13

14

- available-for-sale and held-to-maturity investments

**8**

5

7

- cash and cash equivalents

**8**

25

31

**5,708**

6,632

6,925

(1)

Interest received from loans and receivables comprises:

- related parties

**1**

1

-

- unwinding of long-term receivables

**5**

4

12

- other loans

**17**

8

2

**23**

13

14

**4**

**Cost of sales**

Cash operating costs

(1)

**3,247**

3,129                      2,871

Insurance reimbursement

-

(30)

-

By-products revenue (note 3)

**(149)**

(206)                      (224)

**3,098**

2,893                      2,647

Royalties

**129**

164

193

Other cash costs

**43**

35

30

Share scheme and related costs

**27**

43                      46

Total cash costs

**3,297**  
 3,135  
 2,916  
 Retrenchment costs  
**69**  
 10  
 15  
 Rehabilitation and other non-cash costs  
**18**  
 67  
 229  
 Production costs  
**3,384**  
 3,212  
 3,160  
 Amortisation of tangible assets (notes 15 and 33)  
**775**  
 830  
 825  
 Amortisation of intangible assets (notes 16 and 33)  
**24**  
 5  
 2  
 Total production costs  
**4,183**  
 4,047  
 3,987  
 Inventory change  
**(37)**  
 (83)  
 (95)  
**4,146**  
 3,964  
 3,892  
 (1)  
 Cash operating costs comprise:  
 - salaries and wages  
**1,231**  
 1,186  
 1,104  
 - stores and other consumables  
**747**  
 746  
 684  
 - fuel, power and water  
**641**  
 670  
 598  
 - contractors  
**632**  
 560

499		
- other		
<b>(4)</b>		
(33)	(14)	
<b>3,247</b>		
3,129	2,871	

Comparative years have been restated for the adoption of IFRIC 20.

Refer note 39 for details.

The comparatives have also been amended to separately disclose share scheme and related costs from cash operating costs for improved disclosure.

**5**

**Corporate administration, marketing and other expenses**

Corporate administration expenses

<b>183</b>	236	232
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Marketing expenses

**6**

10	9	
----	---	--

Share scheme and related costs

<b>12</b>	45	37
-----------	----	----

**201**

291

278

113

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**6****Other operating expenses**

Pension and medical defined benefit provisions

**14**

37                      10

Claims filed by former employees in respect of loss of employment, work-related accident injuries and diseases, governmental fiscal claims and care and maintenance of old tailings operations

**5**

10                      21

**19**

47                      31

Comparative years have been restated for the adoption of IAS 19. Refer note 39 for details.

**7****Special items**

Impairment (reversal) and derecognition of goodwill, tangible and intangible assets (notes 13, 15 and 16)

**3,029**

346                      (120)

Impairment of other investments (note 13)

**30**

16

21

Impairment (reversal) of other receivables

-

1

(1)

Write-down of stockpiles and heap leach to net realisable value and other stockpile adjustments (note 20)

**216**

-

-

Net inventory write-off at Geita due to fire

(1)

**1**

-

-

Write-off of a loan (Sokimo)

**7**

-

-

Net (profit) loss on disposal and derecognition of land, mineral rights,  
tangible assets and exploration properties (note 13)

(2)

15

8

Profit on disposal of subsidiary ISS International Limited (note 13)

-

-

(2)

Profit on partial disposal of Rand Refinery Limited (note 13)

-

(14)

-

BEE transaction modification costs for Izingwe (Pty) Limited (Izingwe)  
(note 11)

-

-

7

Insurance claim recovery on capital items (note 13)

-

-

(3)

Costs on early settlement of convertible bonds and transaction costs on the  
\$1.25bn bonds and standby facility

(2)

**61**

-

-

Contract termination and settlement costs

(3)

**19**

21

-

Indirect tax expenses and legal claims

(4)

**43**

40

6

Retrenchment and related costs

**24**

-

-

Royalties received (note 3)

(5)

**(18)**

(23)

(79)

**3,410**

402

(163)

(1)



*Comprises inventory write-off of \$14m and insurance proceeds received on the inventory claim of \$13m.*

(2)

*Includes costs on early settlement of convertible bonds of \$41m and transaction costs on the \$1.25bn bond and standby facility of \$20m.*

(3)

*Contract termination and settlement costs include the following:*

- the Mining & Building Contractors Limited (MBC) termination costs of \$1m (2012: \$17m; 2011:nil) at Obuasi;*
- contract settlement costs of nil (2012: \$4m; and 2011: nil) at Siguiri;*
- Mongbwalu termination costs of \$15m (2012: nil; 2011: nil); and*
- other movements of \$3m (2012: nil; 2011: nil).*

(4)

*Indirect tax expenses and legal claims include the following:*

- net impairment for non-recovery of VAT and fuel duties in Argentina, Colombia, Guinea and Tanzania of \$43m (2012: \$29m; 2011: \$1m); and*
- the Westchester/Africore Limited legal claim in Ghana of nil (2012: \$11m; 2011: \$5m).*

(5)

*Includes the Boddington royalty of \$13m (2012: \$18m; 2011: \$38m) and other royalties of \$5m (2012: \$5m; 2011: \$6m). In 2011, royalties received included the sale of Ayanfuri royalty to Franco Nevada Corporation for a pre-taxation amount of \$35m.*

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**8**

**Finance costs and unwinding of obligations**

**Finance costs**

Finance costs on rated bonds and corporate notes

**148**

74

56

Finance costs on convertible bonds

**18**

27

25

Finance costs on bank loans and overdrafts

**43**

18

10

Finance costs on mandatory convertible bonds

**26**

37

38

Amortisation of fees

**10**

15

7

Finance lease charges

**5**

6

5

Other finance costs

**2**

2

3

**252**

179

144

Amounts capitalised (note 15)

**(5)**

(12)

(3)

Total finance costs

**247**

167

141

**Unwinding of obligations, accretion of convertible bonds and other discounts**

Unwinding of decommissioning obligation (note 28)

**13**

11

12

Unwinding of restoration obligation (note 28)

**14**

17

15

Unwinding of other provisions (note 28)

**2**

1

-

Accretion of convertible bonds discount

**20**

30

28

Discounting of long-term trade and other receivables

-

5

-

Total unwinding of obligations, accretion of convertible bonds and other discounts

**49**

64

55

Total finance costs, unwinding of obligations, accretion of convertible bonds and other discounts (note 33)

**296**

231

196

**9**

**Share of associates and joint ventures' (loss) profit**

Revenue

**334**

383

409

Operating costs, special items and other expenses

**(315)**

(326) (289)

Net interest received (paid)

**4**

2

(1)

Profit before taxation

**23**

59

119

Taxation

**(21)**

(30)  
 (51)  
 Profit after taxation  
**2**  
 29  
 68  
 Impairment of investments in associates (notes 13 and 18)  
**(14)**  
 (20)  
 (5)  
 Impairment of investments in joint ventures (notes 13 and 18)  
**(181)**  
 (39)  
 (11)  
 Loss on disposal of loan to joint venture (notes 13 and 18)  
 -  
 (2)                      -  
 Reversal of impairment in associate (notes 13 and 18)  
 -  
 2  
 -  
 Reversal of impairment in joint venture (notes 13, 18 and 25)  
 (1)  
**31**  
 -  
 20  
 (note 33)  
**(162)**  
 (30)  
 72  
 (1)

*During 2013, a loan of \$31m was recovered which was impaired in 2012.*

Comparative years have been restated for the adoption of IFRIC 20. Refer note 39 for details.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**10 Employee benefits**

Employee benefits including Executive Directors' and Prescribed Officers' salaries and other benefits

**1,321**

1,298

1,232

Health care and medical scheme costs

- current medical expenses

**72**

77

78

- defined benefit post-retirement medical expenses

**13**

36

14

Pension and provident plan costs

- defined contribution

**64**

69

64

- defined benefit pension plans

**11**

9

6

Retrenchment costs

**82**

10

15

Share-based payment expense (note 11)

**30**

66

54

Included in cost of sales, other operating expenses, special items and corporate administration, marketing and other expenses

**1,593**

1,565

1,463

**Actuarial defined benefit plan expense analysis**

Defined benefit post-retirement medical

- current service cost

**1**

1

1

- interest cost

**12**

13

14

- interest income

-

-

(1)

- recognised past service cost

-

22

-

**13**

36

14

Defined benefit pension plans

- current service cost

**6**

7

7

- interest cost

**24**

27

25

- interest income

**(21)**

(25)

(26)

- recognised past service cost

**2**

-

-

**11**

9

6

Actual return on plan assets

- defined benefit pension and medical plans

**64**

45

23

Refer to note 35 for details of Directors' and Prescribed Officers' emoluments.

Comparative years have been restated for the adoption of IAS 19. Refer note 39 for details.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**11 Share-based payments****Share incentive schemes**

Two new share incentive schemes as well as amendments to the rules of the BSP and LTIP plans were approved by the shareholders of AngloGold Ashanti Limited during the current financial year. New awards were made under the amended BSP and LTIP plans. Additional ESOP awards were granted in terms of the April 2011 modification. The total cost relating to employee share incentive schemes was \$30m (2012: \$66m; 2011: \$54m) and is made up as follows:

Employee Share Ownership Plan (ESOP) - Free shares

**3**

4

5

Employee Share Ownership Plan (ESOP) - E ordinary shares to employees

**2**

4

7

Bonus Share Plan (BSP)

**24**

37

30

Long-Term Incentive Plan (LTIP)

**(1)**

21

12

Share Retention Bonus Scheme

**2**

-

-

Total employee compensation cost excluding associates and joint ventures (note 10)

**30**

66

54

Black economic empowerment transaction modification cost for Izingwe defined in note 7

-

-

7

Total share-based payment expense

**30**

66

61

Included in:

- cost of sales

**18**

33

32

- corporate administration, marketing and other expenses

-

33

22

- special items

**12**

-

7

**30**

66

61

Share based payments for comparative periods have been reclassified between cost of sales and corporate administration, marketing and other expenses.

### **Equity-settled share incentive schemes**

#### **Employee Share Ownership Plan (ESOP)**

On 12 December 2006, AngloGold Ashanti Limited announced the finalisation of the Bokamoso Employee Share Ownership Plan (Bokamoso ESOP) with the National Union of Mineworkers (NUM), Solidarity and United Association of

South Africa (UASA). The Bokamoso ESOP creates an opportunity for AngloGold Ashanti Limited and the unions to ensure a closer alignment of the interest between South African-based employees and the company, and the seeking of shared growth solutions to build partnerships in areas of shared interest. Participation is restricted to those employees not

eligible for participation in any other South African share incentive plan.

The company also undertook an empowerment transaction with a BEE investment vehicle, Izingwe, in 2006.

In order to facilitate this transaction the company established a trust to acquire and administer the ESOP shares. AngloGold Ashanti Limited allotted and issued free ordinary shares to the trust and also created, allotted and issued E ordinary shares to the trust for the benefit of employees. The company also created, allotted and issued E ordinary shares to Izingwe. The key terms of the E ordinary shares are:

•

AngloGold Ashanti Limited will have the right to cancel the E ordinary shares, or a portion of them, in accordance with

the ESOP and Izingwe cancellation formulae, respectively;

•

the E ordinary shares will not be listed;

•

the E ordinary shares which are not cancelled will be converted into ordinary shares; and

•

the E ordinary shares will each be entitled to receive a dividend equal to one-half of the dividend per ordinary share declared by the company from time to time and a further one-half is included in the strike price calculation.



On 14 April 2011, AngloGold Ashanti Limited, NUM, Solidarity, UASA, Izingwe and the Bokamoso ESOP Board of Trustees announced the modification of the empowerment transactions concluded between the company and the unions, and the company and Izingwe respectively in 2006.

This modification was motivated by the fact that share price performance since the onset of the 2008 global financial crisis led to a situation where the first two tranches of E ordinary shares vested and lapsed at no additional value to Bokamoso ESOP beneficiaries and Izingwe.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**11 Share-based payments (continued)****Equity-settled share incentive schemes (continued)****Employee Share Ownership Plan (ESOP) (continued)**

In order to remedy this situation in a manner that would ensure an element of value accruing to participants, though at a

reasonable incremental cost to AngloGold Ashanti Limited shareholders, the scheme was modified as follows:

- all lapsed E ordinary shares that vested without value were reinstated;
- the strike (base) price was fixed at R320.00 per share for the Bokamoso ESOP and R330.00 for Izingwe;
- the notional interest charge that formed part of the original cancellation formula fell away;
- as previously, 50% of any dividends declared was used to reduce the strike price;
- as previously, the remaining 50% is paid directly to participants under the empowerment transaction; and
- 

the life span of the scheme was extended by an additional one year, the last vesting being in 2014, instead of 2013. A minimum payout on vesting of the E ordinary shares has been set at R40.00 each and a maximum payout of R70.00 each per E ordinary share for Izingwe and R90.00 each for members of the Bokamoso ESOP (i.e. employees), including the impact of the 50% of dividend flow. While the floor price provides certainty to all beneficiaries of the empowerment transactions, the creation of a ceiling serves to limit the cost to AngloGold Ashanti Limited and its shareholders.

The total incremental fair value of awards granted was R29.14 per share and will be included in earnings up to the vesting date in 2014. The company recorded a charge of \$12m in 2011 to earnings as a result of the modification.

**The award of free ordinary shares to employees**

The fair value of each free share awarded on 1 November each year was as follows:

Award date

2006

2007

2008

2011

Calculated fair value

R320.00

R305.99

R188.48

R306.99

The fair value is equal to the market value at the date-of-grant. Dividends declared and paid to the trust will accrue and

be paid to ESOP members, pro rata to the number of shares allocated to them. An equal number of shares vests from 2009 and each subsequent year up to the expiry date of 1 November 2014.

Accordingly, for the awards issued, the following information is available:

Number of

shares

Weighted

average

exercise

price

ZAR	
Number of shares	
Weighted average exercise price	
ZAR	
Number of shares	
Weighted average exercise price	
ZAR	
<b>2013</b>	
2012	
2011	
Awards outstanding at beginning of year	
<b>154,757</b>	-
326,906	
-	
434,941	
-	
Awards granted during the year	
-	-
-	-
-	
48,923	
-	
Awards reallocated during the year	
<b>726</b>	
-	
10,311	
-	
15,878	
-	
Awards lapsed during the year	
<b>(726)</b>	-
(10,311)	-
(15,878)	-
Awards exercised during the year	
<b>(149,586)</b>	-
(172,149)	-
(156,958)	-
Awards outstanding at end of year	
<b>5,171</b>	
-	
154,757	
-	
326,906	

-  
Awards exercisable at end of year

-                    -                    -  
-  
-  
-

During 2013, the rights to a total of 726 (2012: 10,311; 2011: 15,878) shares were surrendered by the participants. A cumulative total of 9,720 (2012: 10,968; 2011: 21,562) shares were allotted to deceased, retired or retrenched employees. The income statement charge for the year was \$3m (2012: \$4m; 2011: \$5m).

**The award of E ordinary shares to employees**

Before the modification of the ESOP scheme the average fair value per share of the E ordinary shares awarded to employees on 1 November each year was as follows:

Award date

2006

2007

2008

Calculated fair value

R105.00

R79.00

R13.40

After the modification of the ESOP scheme during April 2011, the average fair value per share of the E ordinary shares

was R49.57.

Dividends declared in respect of the E ordinary shares will firstly be allocated to cover administration expenses of the trust, whereafter they will accrue and be paid to ESOP members, pro rata to the number of shares allocated to them.

At

each anniversary over a six-year period commencing on the third anniversary of the original 2006 award, the company will cancel the relevant number of E ordinary shares as stipulated by a cancellation formula.

Any E ordinary shares remaining in that tranche will be converted to ordinary shares for the benefit of employees.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**11 Share-based payments (continued)****Equity-settled share incentive schemes (continued)****The award of E ordinary shares to employees (continued)**

Accordingly, for the E ordinary shares issued, the following information is available:

Number of  
sharesWeighted  
average  
exercise  
price

ZAR

Number of  
sharesWeighted  
average  
exercise  
price

ZAR

Number of  
sharesWeighted  
average  
exercise  
price

ZAR

**2013**

2012

2011

Awards outstanding at beginning of year

**917,752**                      **313.31**

1,532,962

315.31

1,686,126

366.30

Awards granted during the year

-                                      -                                      -

-

769,164

320.00

Awards reallocated during the year

**2,664****310.30**

32,064

312.97

61,978

332.74			
Awards lapsed during the year			
<b>(2,664)</b>	<b>310.30</b>	(32,064)	312.97
(61,978)	332.74		
Awards cancelled during the year			
-	-	-	-
(408,332)			
320.39			
Awards converted during the year			
<b>(555,746)</b>			
<b>312.57</b>			
(615,210)			
313.39			
(513,996)			
315.35			
Awards outstanding at end of year			
<b>362,006</b>	<b>312.56</b>	917,752	
313.31			
1,532,962			
315.31			

The weighted average exercise price is calculated as the initial grant price of R288.00 plus an interest factor less dividend apportionment up to April 2011. After that date the exercise price is calculated at the modified price of R320.00 less dividend apportionment. The income statement charge for the year was \$2m (2012: \$4m; 2011: \$7m). During 2013, the rights to a total of 2,664 (2012: 32,064; 2011: 61,978) shares were surrendered by participants. A total of 555,746 (2012: 615,210; 2011: 513,996) E ordinary shares were converted into 145,018 (2012: 84,446; 2011: 60,695) ordinary shares during the year. A total of nil (2012: nil; 2011: 408,332) shares were cancelled as the result of the exercise price exceeding the share price on conversion date.

**The award of E ordinary shares to Izingwe**

Before the modification of the scheme the average fair value of the E ordinary shares granted to Izingwe on 13 December 2006 was R90.00 per share. After the modification the average fair value of the E ordinary shares granted to Izingwe was R44.61 per share. Dividends declared in respect of the E ordinary shares will accrue and be paid to Izingwe, pro rata to the number of shares allocated to them. At each anniversary over a six-year period commencing on the third anniversary of the award, the company will cancel the relevant number of E ordinary shares as stipulated by a cancellation formula. Any E ordinary shares remaining in that tranche will be converted to ordinary shares for the benefit of Izingwe.

Accordingly, for the awards issued, the following information is available:

Number of  
shares  
Weighted  
average  
exercise  
price  
ZAR  
Number of

shares  
 Weighted  
 average  
 exercise  
 price  
 ZAR  
 Number of  
 shares  
 Weighted  
 average  
 exercise  
 price  
 ZAR

**2013**

2012

2011

E ordinary shares outstanding at beginning of year

**700,000**                      **323.31**

1,050,000

325.31

1,120,000

366.30

E ordinary shares granted during the year

-                      -                      -

-

560,000

330.00

E Ordinary shares converted during the year

**(350,000)**

**322.56**

(350,000)

323.31

(350,000)

325.31

E ordinary shares cancelled during the year

-                      -                      -                      -

(280,000)

326.21

E ordinary shares outstanding at end of year

**350,000**                      **322.56**

700,000

323.31

1,050,000

325.31

The weighted average exercise price is calculated as the initial grant price of R288.00 plus an interest factor less dividend

apportionment up to April 2011. After that date the exercise price is calculated at the modified price of R330.00 less dividend apportionment. During 2011, the income statement charge for the period due to the modification of the

empowerment transaction was \$7m and was included in special items (note 7), \$19m was expensed at inception of the

scheme in 2006.

A total of 350,000 (2012: 350,000; 2011: 350,000) E ordinary shares were converted into 91,683 (2012: 48,532; 2011: 39,052) ordinary shares during the year. A total of nil (2012: nil; 2011: 280,000) shares were cancelled as the result

of the exercise price exceeding the share price on conversion date.

The fair value of each share granted for the ESOP and Izingwe schemes was estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option award and share price volatility. Expected volatility is based on

the historical volatility of AngloGold Ashanti Limited's shares. These estimates involve inherent uncertainties and the application of management judgement. In addition, the company is required to estimate the expected forfeiture rate and

only recognise expenses for those options expected to vest. As a result, if other assumptions had been used, the recorded share-based compensation expense could have been different from that reported.



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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**11 Share-based payments (continued)**

**Equity-settled share incentive schemes (continued)**

**The award of E ordinary shares to Izingwe (continued)**

The Black-Scholes option-pricing model used the following assumptions, at grant date:

2006

2007

2008

2011

Risk-free interest rate

7.00%

7.00%

7.00%

6.63%

Dividend yield

2.30%

2.06%

1.39%

0.99%

Volatility factor of market share price

36.00%

33.00%

35.00%

33.50%

**Bonus Share Plan (BSP)**

The BSP is intended to provide effective incentives to eligible employees. An eligible employee is one who devotes substantially the whole of his working time to the business of AngloGold Ashanti Limited, any subsidiary of AngloGold

Ashanti Limited or a company under the control of AngloGold Ashanti Limited, unless the board of directors (the board)

excludes such a company. An award in terms of the BSP may be made at any date at the discretion of the board, the only

vesting condition being three years' service for awards granted prior to 2008. For BSP awards granted between 2008 and

2012, 40% will vest after one year and the remaining 60% will vest after two years. An additional 20% of the original award will be granted to employees if the full award remains unexercised after three years. For BSP awards granted from

2013, 50% will vest after one year and the remaining 50% will vest after two years. The additional 20% retention award

for holding the shares for 36 months falls away, and is replaced by the matching shares being a 120% as opposed to a 100%. For executives, the same principal will apply but the matching will be at 150%.

The board is required to determine a BSP award value and this will be converted to a share amount based on the closing

price of AngloGold Ashanti Limited's shares on the JSE on the last business day prior to the date of grant. AngloGold Ashanti Limited's Remuneration Committee has at its discretion the right to pay dividends, or dividend equivalents, to the

participants of the BSP. Having no history of any discretionary dividend payments, the fair value includes dividends and

was used to determine the income statement expense.

Accordingly, for the awards issued, the following information is available:

Award date (unvested awards and awards vested during the year)

2010

2011

2012

**2013**

Calculated fair value

R280.90

R340.00

R 328.59

**R 226.46**

Vesting date 50% (2010, 2011, 2012 at 40%)

24 Feb 2011

21 Feb 2012

21 Feb 2013

**13 Mar 2014**

Vesting date 50% (2010, 2011, 2012 at 60%)

24 Feb 2012

21 Feb 2013

21 Feb 2014

**13 Mar 2015**

Vesting date (conditional 20%)

24 Feb 2013

21 Feb 2014

21 Feb 2015

-

Expiry date

23 Feb 2020

20 Feb 2021

20 Feb 2022

**12 Mar 2023**

Number of

shares

Weighted

average

exercise

price

ZAR

Number of

shares

Weighted

average

exercise

price

ZAR

Number of

shares

Weighted  
average  
exercise  
price  
ZAR

**2013**

2012

2011

Awards outstanding at beginning of year

**2,156,456** -

1,825,378

-

1,552,493

-

Awards granted during the year

**1,300,968** -

993,146

-

820,847

-

Awards lapsed during the year

**(212,802)**

-

(104,026)

-

(81,113)

-

Awards exercised during the year

**(645,735)**

-

(558,042)

-

(466,849)

-

Awards outstanding at end of year

**2,598,887** -

2,156,456

-

1,825,378

-

Awards exercisable at end of year

**1,217,468** -

880,774

-

681,166

-

During 2013, the rights to a total of 212,802 (2012: 104,026; 2011: 81,113) shares were surrendered by the participants.

A cumulative total of 158,408 (2012: 22,835; 2011: 30,478) shares were allotted to deceased, retired or retrenched employees. The income statement charge for the year was \$24m (2012: \$37m; 2011: \$30m).

**Long-Term Incentive Plan (LTIP)**

The LTIP is intended to provide effective incentives for executives to earn shares in the company based on the achievement of stretched company performance conditions. Participation in the LTIP will be offered to executive directors and selected senior management of participating companies. Participating companies include AngloGold Ashanti Limited, any subsidiary of AngloGold Ashanti Limited or a company under the control of AngloGold Ashanti Limited, unless the board excludes such a company.

An award in terms of the LTIP may be granted at any date during the year that the board of AngloGold Ashanti Limited determine and may even occur more than once a year. The board is required to determine an LTIP award value and this will be converted to a share amount based on the closing price of AngloGold Ashanti Limited's shares on the JSE on the last business day prior to the date of grant. AngloGold Ashanti Limited's Remuneration Committee has at its discretion the right to pay dividends, or dividend equivalents, to the participants of the LTIP. Having no history of any discretionary dividend payments, the fair value includes dividends and was used to determine the income statement expense.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**11 Share-based payments (continued)**

**Equity-settled share incentive schemes (continued)**

**Long-Term Incentive Plan (LTIP) (continued)**

The main performance conditions in terms of the LTIP issued in 2012, 2011 and 2010 are:

- up to 30% of an award will be determined by the performance of total shareholder returns (TSR) compared with that of a group of comparative gold-producing companies;

- up to 30% of an award will be determined by real growth (above US inflation) in adjusted earnings per share over the performance period;

- up to 40% of an award will be dependent on the achievement of strategic performance measures which will be set by the Remuneration Committee; and

- three-years' service is required.

The main performance conditions in terms of the LTIP issued in 2013 are:

- up to 50% of an award will be determined by the performance of total shareholder returns (TSR) compared with that of a group of comparative gold-producing companies;

- up to 35% of an award will be dependent on the achievement of strategic performance measures that has been set by the Remuneration Committee;

- up to 15% of an award will be dependent on meeting the free cash flow generated from operations (before project capital) budget; and

- three-years' service is required.

Accordingly, for the awards made, the following information is available:

Award date (unvested awards and awards vested during the year)

2010

2011

2012

**2013**

Calculated fair value

R280.90

R340.00

R328.59

**R 226.46**

Vesting date

24 Feb 2013

21 Feb 2014

21 Feb 2015

**13 Mar 2016**

Expiry date

23 Feb 2020

20 Feb 2021

20 Feb 2022

**12 Mar 2023**

Number of  
shares

Weighted  
average  
exercise

price

ZAR

Number of  
shares

Weighted  
average  
exercise

price

ZAR

Number of  
shares

Weighted  
average  
exercise

price

ZAR

**2013**

2012

2011

Awards outstanding at beginning of year

**2,330,906** -

1,982,060

-

1,599,690

-

Awards granted during the year

**1,815,497** -

983,554

-

686,305

-

Awards lapsed during the year

**(998,091)** -

(294,216)

-

(102,620)

-

Awards exercised during the year

**(275,682)**

-

(340,492)

-

(201,315)

-

Awards outstanding at end of year

**2,872,630** -

2,330,906

-

1,982,060

-

Awards exercisable at end of year

**357,880** -

250,932

-

242,145

-

The income statement credit for the year was \$1m (2012: expense of \$21m; 2011: expense of \$12m).

### **Share Retention Bonus Scheme**

This award is specifically to address the retention of executive management. Executives will receive an additional ad-hoc

incentive comprising an LTIP award in March 2013 and a deferred cash portion to be delivered in August 2014. The scheme is a performance-based share award, equivalent to 60% of the executives' base pay as at 1 January 2013.

Subject to performance criteria, these shares will vest during August 2014. The cash portion will be 40% of the executives' base pay (80% for the CFO based on the January 2013 total base pay (inclusive of off-shore payments where

applicable). The scheme will be subject to delivery on key business imperatives and on delivery of adjusted headline earnings above a threshold of 50% of the approved targeted adjusted headline earnings over the performance period. Failure to meet any of the performance criteria will result in the forfeiture of the retention bonus.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**11 Share-based payments (continued)****Equity-settled share incentive schemes (continued)****Share Retention Bonus Scheme (continued)**

Accordingly, for the awards made, the following information is available:

Award date (unvested awards and awards vested during the year)

**2013**

Calculated fair value

**R 226.46**

Vesting date

**Aug 2014**

Expiry date

**Aug 2014**

Number of

shares

Weighted

average

exercise

price

ZAR

**2013**

Awards outstanding at beginning of year

-

-

Awards granted during the year

**203,863**

-

Awards lapsed during the year

**(34,923)** -

Awards exercised during the year

(1)

**(8,956)** -

Awards outstanding at end of year

**159,984**

-

Awards exercisable at end of year

-

-

The income statement charge for the year was \$2m (2012: nil; 2011: nil).

(1)

*Mr AM O'Neill exercised his awards during the year which partially vested due to his early retirement.***Co-Investment Executive Share Plan (CIP)**

To assist executives in meeting their Minimum Shareholding Requirements (MSR's) with effect from February 2013, they

were given the opportunity, on a voluntary basis, to participate in the Co-Investment Plan (CIP), and this has been adopted on the conditions below:



.

Executives will be allowed to take up to 50% of their after tax cash bonus to participate in a further matching scheme by purchasing shares in AngloGold Ashanti, and the company will match their initial investment into the scheme at 150%, with vesting over a two-year period in two equal tranches.

Accordingly, for the awards made, the following information is available:

Award date (unvested awards and awards vested during the year)

**2013**

Calculated fair value

**R 226.46**

Vesting date

**2014 & 2015**

Expiry date

**2023**

Number of  
shares

Weighted  
average  
exercise

price

ZAR

**2013**

Awards outstanding at beginning of year

-

-

Awards granted during the year

**20,810**

-

Awards lapsed during the year

(2)

**(677)**

-

Awards exercised during the year

-

-

Awards outstanding at end of year

**20,133**

-

Awards exercisable at end of year

-

-

The income statement charge for the year was less than \$1m (2012: nil; 2011: nil).

(2)

*Mr M MacFarlane's awards lapsed during the year due to his early retirement.*

**Performance-related share-based remuneration scheme - 1 May 2003**

The options, if vested, may be exercised at the end of a three-year period commencing 1 May 2003. The share options were granted at an exercise price of R221.90. The performance condition applicable to these options was that the US dollar EPS must increase by at least 6% in real terms, after inflation, over the next three years, in order to vest. As none

of the performance criteria were met in the initial three years, the grantor decided to roll the scheme forward on a 'roll over reset' basis, in February 2006, to be reviewed annually. The performance criteria of these options was achieved during 2006. An employee would only be able to exercise his options after the date upon which he receives written notification from the directors that the previously specified performance criteria have been fulfilled.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**11 Share-based payments (continued)****Equity-settled share incentive schemes (continued)****Performance-related share-based remuneration scheme - 1 May 2003 (continued)**Number of  
sharesWeighted  
average  
exercise

price

ZAR

Number of  
sharesWeighted  
average  
exercise

price

ZAR

Number of  
sharesWeighted  
average  
exercise

price

ZAR

**2013**

2012

2011

Options outstanding at beginning of year

**34,831**                      **216.91**                      53,563

217.13

112,960

217.49

Options lapsed during the year

**(34,461)**                      **216.81**                      (1,500)                      221.90

-

-

Options exercised during the year

**(370)**                      **221.90**                      (17,232)                      217.15

(59,397)

217.82

Options expired during the year

-

-

-

-

-

-

Options outstanding at end of year

-

-

34,831

216.91  
 53,563  
 217.13  
 Options exercisable at end of year

- -

34,831  
 216.91  
 53,563  
 217.13

There was no income statement charge for the year as the total compensation cost of \$10m was expensed up to the date of vesting in 2006.

**Performance-related share-based remuneration scheme - 1 November 2004**

The options, if vested, may be exercised at the end of a three-year period commencing 1 November 2004. The share options were granted at an exercise price of R228.00. The performance condition applicable to these options was that US

dollar EPS must increase from the 2004 year by at least 6% in real terms, i.e. after inflation, over the following three years

in order to vest. The performance criteria was met during 2006. The remaining weighted average contractual life of options granted is 0.83 years. An employee would only be able to exercise his options after the date upon which he has

received written notification from the directors that the previously specified performance criteria have been fulfilled.

Number of  
 shares

Weighted  
 average  
 exercise  
 price

ZAR

Number of  
 shares

Weighted  
 average  
 exercise  
 price

ZAR

Number of  
 shares

Weighted  
 average  
 exercise  
 price

ZAR

**2013**

2012

2011

Options outstanding at beginning of year

**56,882**                      **221.49**                      78,134

221.89

150,770

221.51

Options lapsed during the year

- - -  
 -  
 -

Options exercised during the year

- - -  
 (21,252) 222.96  
 (72,636) 221.11

Options expired during the year

- - -  
 -  
 -

Options outstanding at end of year

**56,882** **221.49** 56,882  
 221.49  
 78,134  
 221.89

Options exercisable at end of year

**56,882** **221.49** 56,882  
 221.49  
 78,134  
 221.89

There was no income statement charge for the year as the total compensation cost of \$3m was expensed up to the date of vesting in 2007.

**There is currently an equity-settled share incentive scheme that falls outside the transitional provisions of IFRS 2, as the options were granted prior to 7 November 2002. The details are as follows:**

**Performance-related share-based remuneration scheme - 1 May 2002**

The share options were granted at an exercise price of R299.50 per share. The performance condition applicable to these options was that US dollar EPS must increase by 7.5% for each of the three succeeding years. On 24 December 2002, the company underwent a share split on a 2:1 basis. The EPS target was reduced accordingly. As none of the performance criteria was met in the initial three years, AngloGold Ashanti Limited decided to roll the scheme

forward on a 'roll over reset' basis, to be reviewed annually. The performance criteria of these options were achieved during 2006. An employee would only be able to exercise his options after the date upon which he receives written notification from the directors that the previously specified performance criteria have been fulfilled.

Number of shares

Weighted average exercise price

ZAR

Number of shares

Weighted average exercise price

ZAR

Number of  
shares

Weighted  
average  
exercise

price

ZAR

**2013**

2012

2011

Options outstanding at beginning of year

**1,254**

**229.00**

39,447

283.37

128,202

286.18

Options lapsed during the year

**(1,254)**                      **229.00**                      (29,570)

298.18

-

-

Options exercised during the year

-                      -

(8,623)                      240.49

(88,755)                      287.43

Options expired during the year

-                      -                      -

-

-

-

Options outstanding at end of year

-                      -

1,254

229.00

39,447

283.37

Options exercisable at end of year

-                      -

1,254

229.00

39,447

283.37

123

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**12 Taxation**

South African taxation

Mining tax

**7**

54

113

Non-mining tax

(1)

**1**

18

12

(Over) under provision prior year

**(26)**

(3) 4

Deferred taxation

Temporary differences

(2)

**(39)**

65

221

Unrealised non-hedge derivatives and other commodity contracts

**25**

(10)

-

Change in estimated deferred tax rate

(3)

-

(9) 9

Change in statutory tax rate

(1) (4)

-

(131) -

**(32)**

(16)

359

Foreign taxation

Normal taxation

**160**

354

275

(Over) under provision prior year

**(8)**

(9) 3

Deferred taxation  
 Temporary differences  
 (2)  
**(453)**  
 (21)  
 100  
 Change in statutory tax rate  
 (1)  
 -  
 38  
 -  
**(301)**  
 362  
 378  
**(333)**  
 346  
 737

**Tax rate reconciliation**

A reconciliation of the effective tax rate in the income statement to the prevailing estimated corporate tax rate is set out in the following table:

%	
%	
%	
Effective tax rate	<b>13</b>
	27
	31
Disallowable items	
Derivative and other commodity contracts losses and fair value gains	<b>(3)</b>
	6
	3
Transaction and finance costs	
	-
	-
	(1)
Share of associates and joint ventures' (loss) profit	<b>2</b>
(1)	1
Exploration, corporate and other disallowable expenses	<b>7</b>
	(11)
	(3)
Foreign income tax allowances and rate differentials	<b>(2)</b>
(6)	2
Exchange variation and translation adjustments	
	-
(1)	(2)
Derecognition of deferred tax assets	<b>13</b>

-  
 -  
 Current unrecognised tax assets  
 (1)  
 1  
 4  
 Change in estimated deferred tax rate  
 (3)  
 -  
 1  
 -  
 Change in statutory tax rate  
 (1) (4)  
 -  
 8  
 -  
 Other  
 (1)  
 4  
 -  
 Estimated corporate tax rate

(1)  
**28**  
 28  
 35  
 (1)

*The South African and Ghanaian statutory tax rates are as follows:*

**South Africa**

*Non-mining statutory tax rate 28% (2012: 28%; 2011: 35%); and  
 Maximum statutory mining tax rate 34% (2012: 34%; 2011: 43%) - refer mining formula in footnote 4.*

**Ghana**

*Statutory company tax rate 35%, however limited to 30% as AngloGold Ashanti Limited has a special tax rate concession under its*

*Stability Agreement (2012: 30%; 2011: 25%).*

(2)

*Included in temporary differences in South African taxation is a tax credit on the impairment, derecognition and disposal of tangible assets of \$86m (2012: \$16m; 2011: \$11m). Included in temporary differences of foreign taxation is a net tax credit on the impairment and disposal of tangible assets of \$499m and write-down of inventories of \$68m (2012: tax credit of \$90m; 2011: tax charge of \$42m).*

(3)

*In South Africa, 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 group'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 a tax credit of nil (2012: tax credit of \$9m; 2011: tax charge of \$9m).*



(4)

*Mining tax on mining income in South Africa is determined according to a formula based on profit and revenue from mining operations.*

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**12 Taxation (continued)**

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

The formula for determining the South African mining tax rate is:

$$Y = 34 - 170/X \text{ (2012: } Y = 34 - 170/X; \text{ 2011: } Y = 43 - 215/X)$$

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.

Comparative years have been restated for the adoption of IFRIC 20 and IAS 19. Refer note 39 for details.

Figures in million

**2013**

2012

2011

US Dollars

**Analysis of unrecognised tax losses**

Tax losses available to be utilised against future profits

- utilisation required within one year

-

5

-

- utilisation required between two and five years

**171**

-

5

- utilisation in excess of five years

**1,221**

263

149

**1,392**

268

154

**Unrecognised tax losses utilised**

Assessed losses utilised during the year

-

-

236

**13****(Loss) earnings per ordinary share**

US Cents

**Basic (loss) earnings per ordinary share**

The calculation of basic (loss) earnings per ordinary share is based on

(losses) profits attributable to equity shareholders of (\$2,230m)

(2012: \$897m; 2011: \$1,587m) and 392,625,264 (2012: 386,766,345;

2011: 385,961,613) shares being the weighted average number of ordinary shares in issue during the financial year.

**(568)**

232

411

**Diluted (loss) earnings per ordinary share**

The calculation of diluted (loss) earnings per ordinary share is based on (losses) profits attributable to equity shareholders of (\$2,560m)

(2012: \$747m; 2011: \$1,493m) and 405,546,908 (2012: 422,131,159;

2011: 421,058,243) shares being the diluted number of ordinary shares.

**(631)**

177

355

In calculating the basic and diluted number of ordinary shares outstanding for the year, the following were taken into consideration:

Number of shares

Ordinary tshares

**389,184,639**

382,757,790                      381,621,687

E ordinary shares

(1)

**1,460,705**

2,392,316

2,950,804

Fully vested options

(2)

**1,979,920**

1,616,239

1,389,122

Weighted average number of shares

**392,625,264**

386,766,345                      385,961,613

Dilutive potential of share options

-

1,840,199

1,572,015

Dilutive potential of convertible bonds

**12,921,644**

33,524,615

33,524,615

Diluted number of ordinary shares

**405,546,908**

422,131,159                      421,058,243

Figures in million

US Dollars

In calculating the diluted (loss) earnings attributable to equity shareholders, the following were taken into consideration:

(Loss) profit attributable to equity shareholders

**(2,230)**

897

1,587

Interest expense of convertible bonds, where dilutive

26

63 63

Amortisation of issue cost and discount of convertible bonds

-

32 31

Fair value adjustment on convertible bonds included in income

**(356)**

(245) (188)

(Loss) profit attributable to equity shareholders used to calculate diluted earnings per share

**(2,560)**

747 1,493

The mandatory convertible bonds issued during 2010 (note 27) are not included in basic earnings per ordinary share as they contain features that could result in their settlement in cash and therefore do not meet the definition of an equity instrument. As they converted in 2013, they are partially included in that year.

(1)

*As E ordinary shares participate in the profit available to ordinary shareholders, these shares were included in basic earnings per share.*

(2)

*Employee compensation awards are included in basic earnings per share from the date that all necessary conditions have been satisfied and it is virtually certain that shares will be issued as a result of employees exercising their options.*

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**13****(Loss) earnings per ordinary share (continued)****Headline (loss) earnings**

The (loss) profit attributable to equity shareholders was adjusted by the following to arrive at headline earnings:

(Loss) profit attributable to equity shareholders

**(2,230)**

897 1,587

Impairment (reversal) and derecognition of goodwill, tangible and intangible assets (notes 7, 15 and 16)

**3,029**

346 (120)

Tax on item above

**(915)**

(103) 36

Net amount

**2,114**

243 (84)

Net (profit) loss on disposal and derecognition of land, mineral rights, tangible assets and exploration properties (note 7)

**(2)**

15 8

Tax on item above

-

(4) (5)

Net amount

**(2)**

11 3

Impairment of other investments (notes 7 and 19)

**30**

16 21

Profit on disposal of subsidiary ISS International Limited (note 7)

-

- (2)

Profit on partial disposal of Rand Refinery Limited (note 7)

-

(14) -

Impairment of investments in associates and joint ventures (notes 9 and 18)

**195**

59 16

Reversal of impairment in associates and joint ventures (notes 9, 18 and 25)

**(31)**

(2) (20)

Loss on disposal of loan to joint venture (notes 9 and 18)

-  
2

Special items of associates and joint ventures

2  
(4)

Insurance claim recovery on capital items (note 7)

-  
- (3)

Tax on item above

-  
- 1

Net amount

-  
- (2)

**78**

1,208 1,519

Headline earnings is calculated in accordance with Circular 2/2013 (2012: Circular 3/2012; 2011: Circular 3/2009) issued by the South African Institute of Chartered Accountants (SAICA).

Headline earnings is a requirement of the JSE Limited and is not a recognised measure under IFRS. Headline earnings as defined in Circular 2/2013 issued by SAICA, separates from earnings all separately identifiable remeasurements. It is not necessarily a measure of sustainable earnings.

US Cents

**Basic headline earnings per share**

The calculation of basic headline earnings per ordinary share is based on basic headline earnings of \$78m (2012: \$1,208m; 2011: \$1,519m) and 392,625,264 (2012: 386,766,345; 2011: 385,961,613) shares being the weighted average number of ordinary shares in issue during the year.

**20**

312 394

**Diluted headline (loss) earnings per share**

The calculation of diluted headline (loss) earnings per ordinary share is based on diluted headline (losses) profits of (\$252m) (2012: \$1,058m; 2011: \$1,425m) and 405,546,908 (2012: 422,131,159; 2011: 421,058,423) shares being the weighted average number of ordinary shares in issue during the year.

**(62)**

251 338

US Dollars

In calculating diluted headline earnings, the following were taken into consideration:

Headline earnings

**78**

1,208 1,519

Interest expense of convertible bonds, where dilutive

**26**

63 63

Amortisation of issue cost and discount of convertible bonds

-

32 31

Fair value adjustment on convertible bonds included in income

**(356)**

(245) (188)

Diluted headline (loss) earnings

**(252)**

1,058 1,425

Comparative years have been restated for the adoption of IFRIC 20 and IAS 19. Refer note 39 for details.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in million

**2013**

2012

2011

US Dollars

**14 Dividends**

**Ordinary shares**

No. 109 of 80 SA cents per share was declared on 15 February 2011 and paid on 18 March 2011 (11 US cents per share).

-

-

43

No. 110 of 90 SA cents per share was declared on 2 August 2011 and paid on 9 September 2011 (12 US cents per share).

-

-

46

No. 111 of 90 SA cents per share was declared on 7 November 2011 and paid on 9 December 2011 (11 US cents per share).

-

-

42

No. 112 of 200 SA cents per share was declared on 14 February 2012 and paid on 16 March 2012 (26 US cents per share).

-

101

-

No. 113 of 100 SA cents per share was declared on 8 May 2012 and paid on 8 June 2012 (12 US cents per share).

-

45

-

No. 114 of 100 SA cents per share was declared on 3 August 2012 and paid on 14 September 2012 (12 US cents per share).

-

47

-

No. 115 of 50 SA cents per share was declared on 6 November 2012 and paid on 14 December 2012 (6 US cents per share).

-

22

-

No. 116 of 50 SA cents per share was declared on 18 February 2013 and paid on 28 March 2013 (5 US cents per share).

**21**

-

-



No. 117 of 50 SA cents per share was declared on 10 May 2013 and paid on 14 June 2013 (5 US cents per share).

**19**

-  
-

**E ordinary shares**

No. E9 of 40 SA cents per share was declared on 15 February 2011 and paid on 18 March 2011 (5.5 US cents per share).

-  
-  
-

No. E10 of 45 SA cents per share was declared on 2 August 2011 and paid on 9 September 2011 (6 US cents per share).

-  
-  
-

No. E11 of 45 SA cents per share was declared on 7 November 2011 and paid on 9 December 2011 (5.5 US cents per share).

-  
-  
-

No. E12 of 100 SA cents per share was declared on 14 February 2012 and paid on 16 March 2012 (13 US cents per share).

-  
-  
-

No. E13 of 50 SA cents per share was declared on 8 May 2012 and paid on 8 June 2012 (6 US cents per share).

-  
-  
-

No. E14 of 50 SA cents per share was declared on 3 August 2012 and paid on 14 September 2012 (6 US cents per share).

-  
-  
-

No. E15 of 25 SA cents per share was declared on 6 November 2012 and paid on 14 December 2012 (3 US cents per share).

-  
-  
-

No. E16 of 25 SA cents per share was declared on 18 February 2013 and paid on 28 March 2013 (2.5 US cents per share).

-  
-  
-

No. E17 of 25 SA cents per share was declared on 10 May 2013 and paid on 14 June 2013 (2.5 US cents per share).

-  
-  
-

**40**  
215  
131

127

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**15 Tangible assets**

Figures in million

Mine

development

costs

Mine

infra-

structure

Mineral

rights

and

dumps

Exploration

and

evaluation

assets

Assets

under

construction

Land

and

buildings

Total

US Dollars

**Cost**

Balance at 1 January 2011 - restated

7,211

3,222

1,065

34

502

74

12,108

Additions

- project capital

74

2

-

-

377

3

456

- stay-in-business capital

660

279

-

-

182  
 3  
 1,124  
 Disposals  
 (7)  
 (20)  
 -  
 -  
 -  
 -  
 (27)  
 Transfers and other movements  
 (1)  
 193  
 276  
 -  
 -  
 (493)  
 -  
 (24)  
 Finance costs capitalised (note 8)  
 (2)  
 -  
 -  
 -  
 -  
 3  
 -  
 3  
 Translation  
 (699)  
 (156)  
 (15)  
 -  
 (40)  
 (8)  
 (918)  
**Balance at 31 December 2011 -  
 restated**  
 7,432  
 3,603  
 1,050  
 34  
 531  
 72  
 12,722  
**Accumulated amortisation and  
 impairments**  
 Balance at 1 January 2011 - restated  
 3,719  
 1,678

532  
31  
58  
9  
6,027  
Amortisation for the year  
(notes 4 and 33)  
586  
227  
9  
1  
-  
2  
825  
Impairment and derecognition of  
assets (notes 7 and 13)  
(3)  
9  
6  
-  
-  
-  
-  
15  
Impairment reversal (notes 7 and 13)  
(3)  
(76)  
-  
(59)  
-  
-  
-  
(135)  
Disposals  
(6)  
(19)  
-  
-  
-  
-  
(25)  
Transfers and other movements  
(1)  
(12)  
(27)  
-  
-  
-  
-  
(39)  
Translation

(391)  
 (82)  
 (8)

-

(9)  
 (1)  
 (491)

**Balance at 31 December 2011 - restated**

3,829  
 1,783  
 474  
 32  
 49  
 10  
 6,177

**Net book value at 31 December 2011 - restated**

3,603  
 1,820  
 576  
 2  
 482  
 62  
 6,545

**Cost**

Balance at 1 January 2012 - restated

7,432  
 3,603  
 1,050  
 34  
 531  
 72  
 12,722

Additions

- project capital

133  
 51

-

-

601  
 6  
 791

- stay-in-business capital

624  
 328

-

2  
 192  
 3  
 1,149

Acquisition of subsidiary (note 34)  
-  
603  
8  
-  
-  
5  
616  
Disposals  
(1)  
(26)  
-  
-  
-  
-  
(27)  
Disposal of subsidiary (note 34)  
-  
(72)  
-  
-  
-  
(3)  
(75)  
Transfers and other movements  
(1)  
111  
243  
(110)  
-  
(239)  
(1)  
4  
Finance costs capitalised (note 8)  
(2)  
-  
-  
-  
-  
12  
-  
12  
Translation  
(165)  
(53)  
(3)  
(1)  
(13)  
(2)  
(237)

**Balance at 31 December 2012 - restated**

8,134

4,677

945

35

1,084

80

14,955

**Accumulated amortisation and impairments**

Balance at 1 January 2012 - restated

3,829

1,783

474

32

49

10

6,177

Amortisation for the year

(notes 4 and 33)

541

279

8

-

-

2

830

Impairment and derecognition of

assets (notes 7 and 13)

(3)

254

87

-

-

15

-

356

Disposals

(1)

(25)

-

-

-

-

(26)

Disposal of subsidiary (note 34)

-

(22)

-

-



-  
-  
(22)  
Transfers and other movements  
(1)  
32  
(8)  
(41)  
-  
-  
-  
(17)  
Translation  
(95)  
(19)  
(2)  
(1)  
(1)  
(1)  
(119)  
**Balance at 31 December 2012 -  
restated**  
4,560  
2,075  
439  
31  
63  
11  
7,179  
**Net book value at 31 December 2012 -  
restated**  
3,574  
2,602  
506  
4  
1,021  
69  
7,776

128

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**15 Tangible assets**

Figures in million

Mine

development

costs

Mine

infra-

structure

Mineral

rights

and

dumps

Exploration

and

evaluation

assets

Assets

under

construction

Land

and

buildings

Total

US Dollars

**Cost**

Balance at 1 January 2013

**8,134**

**4,677**

**945**

**35**

**1,084**

**80**

**14,955**

Additions

- project capital

**60**

**61**

-

-

**483**

**9**

**613**

- stay-in-business capital

**530**

**255**

-

-

	<b>119</b>
	<b>3</b>
	<b>907</b>
Disposals	
	(2)
	(57)
	-
	-
	(82)
	-
	(141)
Transfers and other movements	
	(1)
	(494)
	<b>310</b>
	<b>17</b>
	-
	(748)
	(1)
	(916)
Finance costs capitalised (note 8)	
	(2)
	-
	-
	-
	-
	<b>5</b>
	-
	<b>5</b>
Translation	
	(800)
	(280)
	(24)
	(1)
	(112)
	(8)
	(1,225)
<b>Balance at 31 December 2013</b>	
	<b>7,428</b>
	<b>4,966</b>
	<b>938</b>
	<b>34</b>
	<b>749</b>
	<b>83</b>
	<b>14,198</b>
<b>Accumulated amortisation and impairments</b>	
Balance at 1 January 2013	
	<b>4,560</b>
	<b>2,075</b>
	<b>439</b>

<b>31</b>
<b>63</b>
<b>11</b>
<b>7,179</b>
Amortisation for the year (notes 4 and 33)
<b>483</b>
<b>282</b>
<b>8</b>
-
-
<b>2</b>
<b>775</b>
Impairment and derecognition of assets (notes 7 and 13)
(3)
<b>1,357</b>
<b>964</b>
<b>451</b>
-
<b>196</b>
<b>10</b>
<b>2,978</b>
Disposals
(1)
(31)
-
-
-
-
(32)
Transfers and other movements
(1)
(885)
<b>79</b>
<b>12</b>
-
(126)
(3)
(923)
Translation
(496)
(75)
(14)
<b>1</b>
(7)
(3)
(594)
<b>Balance at 31 December 2013</b>
<b>5,018</b>
<b>3,294</b>

896  
32  
126  
17  
9,383  
**Net book value at 31 December**  
2013  
2,410  
1,672  
42  
2  
623  
66  
4,815

Included in the amounts for mine infrastructure are assets held under finance leases with a net book value of nil (2012: \$40m; 2011: \$45m). Included in the amounts for land and buildings are assets held under finance leases with a net book value of \$14m (2012: \$19m; 2011: \$22m).

The majority of the leased assets are pledged as security for the related finance leases.

No assets are encumbered by project finance.

Comparative years have been restated for the adoption of IFRIC 20. Refer note 39 for details.

(1)

*Transfers and other movements include amounts from deferred stripping, change in estimates of decommissioning assets, asset*

*reclassifications and amounts written off.*

*Transfers to non-current asset held for sale comprise assets with a net book value of \$80m relating to Navachab which were*

*transferred to non-current assets held for sale.*

(2)

*The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 5.06%*

*(2012: 6.54%; 2011: 6.86%). Interest capitalised relates to the Tropicana project in Australia.*

129

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**15****Tangible assets (continued)**

(3)

*Impairment and derecognition of assets and impairment reversal include the following:***Impairment of cash generating units***South Africa**Moab Khotsong***293**

-

-

The Moab cash generating unit impairment is the result of changes to the mine plan following a revision to capital expenditure and from factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, Moab's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$290m and for mine infrastructure of \$3m.

The recoverable amount was determined using a real pre-tax discount rate of 11.2% and was based on the impairment assumptions detailed in this note.

*Great Noligwa*

-

31

-

In 2012, the Great Noligwa cash generating unit impairment resulted from a revised mine plan. Factors such as reduction in Ore Reserve resulting from resource model changes, abandonment of certain areas, grade factors and an increase in the cost of extraction affected the mine plan. As a result, Great Noligwa's recoverable amount did not support its carrying value and an impairment loss was recognised for mine development of \$25m and mine infrastructure of \$6m. The recoverable amount was determined using a real pre-tax discount of 13% and was based on the impairment assumptions detailed in this note.

*Ghana**Iduapriem***74**

-

-

The Iduapriem cash generating unit impairment is the result of factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, Iduapriem's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$74m. The recoverable amount was determined using a real pre-tax discount rate of 9.6% and was based on the impairment assumptions detailed in this note.

*Obuasi***993**

-

-

The Obuasi cash generating unit impairment is the result of factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, Obuasi's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$377m, mine infrastructure of \$383m, mineral rights and dumps of \$231m and assets under construction of \$2m. The recoverable amount was determined using a real pre-tax discount rate of 8% and was based on the impairment assumptions detailed in this note.

***Guinea***

***Siguiri***

**25**

-

-

The Siguiri cash generating unit impairment is the result of factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, Siguiri's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$25m. The recoverable amount was determined using a real pre-tax discount rate of 18.1% and was based on the impairment assumptions detailed in this note.

***Tanzania***

***Geita***

**555**

-

-

The Geita cash generating unit impairment is the result of factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, Geita's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$187m, mine infrastructure of \$153m and mineral rights and dumps of \$215m. The recoverable amount was determined using a real pre-tax discount rate of 13.4% and was based on the impairment assumptions detailed in this note.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**15****Tangible assets (continued)****Impairment of cash generating units (continued)***Americas**Cripple Creek and Victor***445**

-

The Cripple Creek and Victor cash generating unit impairment is the result of factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, Cripple Creek and Victor's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$203m, mine infrastructure of \$122m, mineral rights and dumps of \$5m, assets under construction of \$105m and land \$10m. The recoverable amount was determined using a real pre-tax discount rate of 6.2% and was based on the impairment assumptions detailed in this note.

*AngloGold Ashanti Mineração***332**

-

The AngloGold Ashanti Mineração cash generating unit impairment is the result of factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, AngloGold Ashanti Mineração's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$150m and mine infrastructure of \$182m. The recoverable amount was determined using a real pre-tax discount rate of 9.1% and was based on the impairment assumptions detailed in this note.

*Cerro Vanguardia***132**

-

The Cerro Vanguardia cash generating unit impairment is the result of factors such as declining gold price, an increasing discount rate and reduction in market capitalisation. As a result, Cerro Vanguardia's recoverable amount did not support its carrying value in 2013 and an impairment loss was recognised for mine development of \$45m, mine infrastructure of \$86m and assets under construction of \$1m. The recoverable amount was determined using a real pre-tax discount rate of 13.5% and was based on the impairment assumptions detailed in this note.

**Derecognition of assets***South Africa**Vaal River Surface operations - mine infrastructure and assets under construction***14**



-

-

In 2013, due to changes in the mine plan the SX Replacement Project (South Uranium Plant) has been abandoned and will not generate future cash flows resulting in the derecognition of mine infrastructure of \$10m and assets under construction of \$4m.

***Kopanang - mine development costs***

-

14

-

In 2012, due to changes in the mine plan, certain areas were abandoned and were not expected to generate future cash flows.

***TauTona VCR shaft pillar and ore pass - mine development costs and mine infrastructure***

In 2011, due to a change in the mine plan resulting from safety-related concerns following seismic activity, the VCR shaft pillar and ore pass development were abandoned.

-

-

9

***Savuka - mine development costs***

In 2011, due to a change in the mine plan, the Savuka assets were abandoned.

-

-

1

***Guinea***

***Siguiri - mine development costs***

-

14

-

In 2012, due to depleted reserves in Sintroko, Kozan and Kintinia pits, exploration and pit dewatering costs previously capitalised were not expected to generate future economic value. Certain areas were also abandoned due to safety-related concerns.

***Ghana***

***Obuasi - mine development costs, mine infrastructure, mineral rights and dumps and assets under construction***

-

296

-

In 2012, due to a change in the mine plan, certain areas were abandoned mainly due to depletion of reserves and assets in poor physical condition or considered obsolete were also derecognised. A loss was recognised for mine development of \$201m, mine infrastructure \$80m and assets under construction \$15m.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**15**

**Tangible assets (continued)**

**Derecognition of assets (continued)**

*Democratic Republic of the Congo*

*Mongbwalu - mine infrastructure and assets under construction*

**105**

-  
-

In 2013, the Mongbwalu project in the Democratic Republic of the Congo was discontinued and will not generate future cash flows. A loss was recognised for mine infrastructure of \$21m and assets under construction \$84m.

*Other*

Derecognition of other mine development and mine infrastructure.

**10**

1  
5

**2,978**

356

15

**Impairment reversal of cash generating unit**

*Tanzania*

*Geita mine - cash generating unit*

-  
-

135

In 2011, the Geita mine impairment recognised in 2008 was reversed. The impairment reversal was largely due to an increase in the long-term real gold price, improved production, higher grades and lower unit costs, resulting in increased future discounted cash flows. The recoverable amount was determined using a real pre-tax discount rate of 12.3% and was based on the impairment assumptions detailed below.

**Impairment calculation assumptions - tangible assets and goodwill**

Management assumptions for the value in use of tangible assets and goodwill include:

- the gold price assumption represents management's best estimate of the future price of gold. In arriving at the estimated long-term gold price, management considered all available market information, including current prices, historical averages, and forward-pricing curves. A long-term real gold price of \$1,269/oz (2012: \$1,584/oz; 2011: \$1,530/oz) is based on a range of economic and market conditions that are expected to exist over the remaining useful life of the assets.

Annual life of mine plans take into account the following:

- proved and probable Ore Reserve;

•

value beyond proved and probable reserves (including exploration potential) determined using the gold price assumption referred to above;

- In determining the impairment, the real pre-tax discount rate, per cash generating unit ranged from 6.2% to 18.1% which was derived from the group's weighted average cost of capital (WACC) and risk factors consistent with the basis used in 2012 and 2011. At 31 December 2013, the group WACC was 7.3% (real post-tax) which is 204 basis points higher than in 2012 of 5.3% (2011: 5.3%), and is based on the average capital structure of the group and three major gold companies considered to be appropriate peers. In determining the WACC for each cash generating unit, sovereign and mining risk factors are considered to determine country specific risks. The country risk factor is based on the group's internal assessment of country risk relative to the issues experienced in the countries in which it operates and explores. Project risk has been applied to cash flows relating to certain mines that are deep level underground mining projects below infrastructure in South Africa and Continental Africa region;

- foreign currency cash flows translated at estimated forward exchange rates and then discounted using appropriate discount rates for that currency;

- cash flows used in impairment calculations are based on life of mine plans which range from 3 years to 47 years; and

- variable operating cash flows are increased at local Consumer Price Index rates.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each cash generating unit. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. The cash flows are significantly affected

by a number of factors including reserves and production estimates, together with economic factors such as spot gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

Should management's estimate of the future not reflect actual events, further impairments may be identified. Factors affecting the estimates include:

- changes in proved and probable Ore Reserve as well as value beyond proved and probable reserves;

- the grade of Ore Reserve as well as value beyond proved and probable reserves may vary significantly from time to time;

- differences between actual commodity prices and commodity price assumptions;

- unforeseen operational issues at mine sites; and

- changes in capital, operating mining, processing and reclamation costs and foreign exchange rates.

There were no impairment indicators for cash generating units during 2011.

132

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**16 Intangible assets**

Figures in million

Goodwill

Software

and

licences

Royalty,

tax rate

concession

and other

Total

US Dollars

**Cost**

Balance at 1 January 2011

433

-

50

483

Additions

-

16

-

16

Translation

2

-

-

2

**Balance at 31 December 2011**

435

16

50

501

**Accumulated amortisation and impairments**

Balance at 1 January 2011

256

-

33

289

Amortisation for the year (notes 4 and 33)

-

-

2

2

**Balance at 31 December 2011**

256

-

35

291

**Net book value at 31 December 2011**

(1)

179

16

15

210

**Cost**

Balance at 1 January 2012

435

16

50

501

Additions

-

78

1

79

Acquisition of subsidiary (note 34)

14

-

-

14

Transfers and other movements

-

-

7

7

Translation

2

(2)

-

-

**Balance at 31 December 2012**

451

92

58

601

**Accumulated amortisation and impairments**

Balance at 1 January 2012

256

-

35

291

Amortisation for the year (notes 4 and 33)

-

-

5

5

Impairment reversal (notes 7 and 13)

(2)

-			
-			
(10)			
(10)			
<b>Balance at 31 December 2012</b>			
256			
-			
30			
286			
<b>Net book value at 31 December 2012</b>			
<b>(1)</b>			
195			
92			
28			
315			
<b>Cost</b>			
Balance at 1 January 2013			
<b>451</b>	<b>92</b>	<b>58</b>	
<b>601</b>			
Additions			
-	<b>67</b>	<b>1</b>	<b>68</b>
Disposals			
-	-		
(1)			
(1)			
Transfers and other movements			
-	<b>(3)</b>	<b>2</b>	<b>(1)</b>
Transfer to asset held for sale			
<b>(2)</b>	<b>(2)</b>	-	<b>(4)</b>
Translation			
<b>(33)</b>	<b>(13)</b>		
-	<b>(46)</b>		
<b>Balance at 31 December 2013</b>			
<b>416</b>			
<b>141</b>			
<b>60</b>			
<b>617</b>			
<b>Accumulated amortisation and impairments</b>			
Balance at 1 January 2013			
<b>256</b>	-		
<b>30</b>			
<b>286</b>			
Amortisation for the year (notes 4 and 33)			
-	<b>19</b>	<b>5</b>	<b>24</b>
Impairment (notes 7 and 13)			
<b>15</b>	<b>33</b>	<b>3</b>	<b>51</b>
Disposals			
-	-		
(1)			
(1)			
Transfer and other movements			

-	-	1	1
Transfer to asset held for sale			
(2)	-	-	
(2)			
Translation			
(7)	(2)	-	(9)
<b>Balance at 31 December 2013</b>			
<b>262</b>			
<b>50</b>			
<b>38</b>			
<b>350</b>			
<b>Net book value at 31 December 2013</b>			
<b>(1)</b>			
<b>154</b>			
<b>91</b>			
<b>22</b>			
<b>267</b>			

133

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**16 Intangible assets (continued)**

(1)

Net book value of goodwill allocated to each of the cash generating units (CGUs):

- Sunrise Dam

**136**

159

156

- AngloGold Ashanti Córrego do Sítio Mineração

(3)

-

15

15

- First Uranium (Pty) Limited

**10**

13

-

- Serra Grande

**8**

8

8

(note

2)

**154**

195

179

Real pre-tax discount rates applied in impairment calculations on CGUs for which the carrying amount of goodwill is significant are as follows:

Sunrise Dam

(4)

**7.1%**

6.1%

8.4%

(2)

*As part of the stability agreement entered into in 2004, the Government of Ghana agreed to a concession on the royalty payments*

*by maintaining a rate of 3% for 15 years from 2004. The impairment reversal during 2012 relates to the corporate tax rate*

*concession which was granted at a rate of 30% for the Ashanti business combination in 2004. During 2005, the corporate tax rate in*

*Ghana decreased to 25% and the tax rate concession, which expires in 2019, was fully impaired. During 2012, the corporate tax*

*rate on mining companies was increased from 25% to 35% resulting in an impairment reversal.*

(3)



*Goodwill has been allocated to its respective CGU's where it is tested for impairment as part of the CGU (note 15).*

*The group*

*reviews and tests the carrying value of goodwill on an annual basis for impairment. Following the impairment review, goodwill to the value of \$15m at AngloGold Ashanti Córrego do Sítio Mineração was impaired utilising a real pre-tax discount rate of 9.1% during*

*2013.*

*(4)*

*The discount rates for 2013 were determined on a basis consistent with the 2012 and 2011 discount rates. The value in use*

*recoverable amount of the CGU is \$476m (2012: \$1,543m; 2011: \$821m).*

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**17**

**Material partly-owned subsidiaries**

Name

Non-controlling interest % holding

Country of incorporation and operation

**2013**

2012

2011

Cerro Vanguardia S.A. (CVSA)

**7.50**

7.50                      7.50

Argentina

Société AngloGold Ashanti de Guinée S.A. (Siguri)

**15.00**

15.00

15.00

Republic of Guinea

Mineração Serra Grande S.A. (MSG)

(1)

-

-

50.00                      Brazil

Rand Refinery Limited (Rand Refinery)

(2)

-

-

46.97                      South Africa

(1)

*On 28 June 2012, AngloGold Ashanti Limited acquired the remaining 50% stake in the Serra Grande mine.*

(2)

*In early December 2012, AngloGold Ashanti Limited disposed of a 5% interest in Rand Refinery Limited, with the remaining interest*

*being accounted for as an associate (note 18).*

**Financial information of subsidiaries that have material non-controlling interests are provided below:**

Figures in millions

**2013**

2012

2011

US Dollars

**Profit allocated to material non-controlling interest**

Cerro Vanguardia S.A.

**1**

12

10

Société AngloGold Ashanti de Guinée S.A.

**6**

8

15

Minera ão Serra Grande S.A.

-

9

13

Rand Refinery Limited

-

16

9

**Accumulated balances of material non-controlling interests**

Cerro Vanguardia S.A.

7

15

14

Société AngloGold Ashanti de Guinée S.A.

24

31

30

Minera ão Serra Grande S.A.

-

-

63

Rand Refinery Limited

-

-

30

Summarised financial information of material partly-owned subsidiaries is as follows. The information is based on amounts including inter-company balances.

Figures in millions

CVSA

Sigüiri

MSG

Rand

Refinery

US Dollars

**Statement of profit or loss for 2013**

Revenue

425

452

-

-

Profit for the year

14

39

-

-

Other comprehensive income for the year, net of tax

-

-

-

-

**Total comprehensive income for the year, net of tax**

14

39

-

-

Attributable to non-controlling interests

1

6

-

-

Dividends paid to non-controlling interests

(8)

(14)

-

-

**Statement of profit or loss for 2012**

Revenue

485

457

108

2

Profit (loss) for the year

150

72

19

(14)

Other comprehensive income for the year, net of tax

-

-

-

1

**Total comprehensive income (loss) for the year, net of tax**

150

72

19

(13)

Attributable to non-controlling interests

12

8

9

16

Dividends paid to non-controlling interests

(10)

(6)

(5)

-

**Statement of profit or loss for 2011**

Revenue

385

479

203

3
Profit for the year
130
98
25
18
Other comprehensive income for the year, net of tax
-
-
-
-
<b>Total comprehensive income for the year, net of tax</b>
130
98
25
18
Attributable to non-controlling interests
10
15
13
9
Dividends paid to non-controlling interests
(7)
(14)
(17)
-

135	
<b>GROUP – NOTES TO THE FINANCIAL STATEMENTS</b>	
For the year ended 31 December	
<b>17</b>	
<b>Material partly-owned subsidiaries (continued)</b>	
Summarised financial information of subsidiaries is as follows. The information is based on amounts before inter-company eliminations.	
Figures in million	
CVSA	
Siguirí	
MSG	
Rand	
Refinery	
US Dollars	
<b>Statement of financial position as at 31 December 2013</b>	
Non-current assets	
<b>192</b>	<b>151</b>
-	-
-	-
Current assets	
<b>175</b>	<b>165</b>
-	-
-	-
Non-current liabilities	
<b>(74)</b>	<b>(76)</b>
-	-
-	-
Current liabilities	
<b>(181)</b>	<b>(51)</b>
-	-
-	-
<b>Total equity</b>	
<b>112</b>	<b>189</b>
-	-
-	-
<b>Statement of financial position as at 31 December 2012</b>	
Non-current assets	
298	
181	
-	
-	
Current assets	
207	
211	
-	
-	
Non-current liabilities	
(102)	
(86)	
-	
-	

Current liabilities

(181)

(66)

-

-

**Total equity**

222

240

-

-

**Statement of financial position as at 31 December 2011**

Non-current assets

237

180

180

36

Current assets

117

179

42

47

Non-current liabilities

(83) (82) (49) (6)

Current liabilities

(76) (69) (43) (14)

**Total equity**

195

208

130

63

**Statement of cash flows for the year ended 31 December 2013**

Cash inflow from operating activities

**116**

**94**

-

-

Cash outflow from investing activities

**(69) (30)**

-

-

Cash outflow from financing activities

**(107) (92)**

-

-

**Net decrease in cash and cash equivalents**

**(60)**

**(28)**

-

-

**Statement of cash flows for the year ended 31 December 2012**

Cash inflow from operating activities

300  
 72  
 26  
 49  
 Cash outflow from investing activities  
 (137)  
 (33)  
 (14)  
 (54)  
 Cash outflow from financing activities  
 (123)  
 (40)  
 (1)  
 -

**Net increase (decrease) in cash and cash equivalents**

40                    (1)                    11  
 (5)

**Statement of cash flows for the year ended 31 December 2011**

Cash inflow from operating activities  
 119  
 132  
 64  
 4  
 Cash outflow from investing activities  
 (87)  
 (18)  
 (43)  
 (8)  
 Cash (outflow) inflow from financing activities  
 (63)  
 (89)  
 (40)  
 1

**Net (decrease) increase in cash and cash equivalents**

(31)                    25  
 (19)                    (3)



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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**18**

**Investments in associates and joint ventures**

**Carrying value**

Investments in associates

**62**

92

47

Investments in joint ventures

**1,265**

955

644

**1,327**

1,047

691

**Investments in associates include:**

Name

Effective %

Description

Country of incorporation and operation

**2013**

2012

2011

**Listed associates**

Trans-Siberian Gold plc

**31.17**

31.17

30.90

Exploration and mine development

United Kingdom operating in Russia

**Unlisted associates**

Rand Refinery Limited

(2)

**42.43**

48.03

-

Smelting and refining of gold

South Africa

Figures in millions

**2013**

2012

2011

US Dollars

**Carrying value of associates**

Trans-Siberian Gold plc

(1)

7

22

35

Rand Refinery Limited (note 34)

**46**

57

-

Other

**9**

13                      12

**62**

92

47

Equity accounting of Trans-Siberian Gold plc is based on results to 30 September.

Equity accounting of Rand Refinery is based on results from the management accounts to 30 November.

**Net impairment of investments in associates**

Trans-Siberian Gold plc

**(13)**

(17)

(2)

Other

**(1)**

(1)                      (3)

(Notes 9 and 13)

**(14)**

(18)

(5)

The impairment indicators considered the quoted share price where available, current financial position and operating results. Impairments of \$14m (2012: \$20m; 2011: \$5m) were recorded and an impairment reversal of nil (2012: \$2m; 2011: nil) was recognised in the income statement relating to Trans-Siberian Gold plc due to the increase in the listed share price.

(1)

*At 31 December 2013, the fair value of the group's investment in Trans-Siberian Gold plc was \$14m (2012: \$22m; 2011: \$35m).*

(2)

*During the year the group disposed of 5.6% of Rand Refinery Limited for an amount of \$6m.*

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**18**

**Investments in associates and joint ventures (continued)**

Summarised financial information of associates is as follows (not attributable):

Figures in million

Trans-

Siberian Gold

plc

Rand

Refinery

Limited

US Dollars

**Statement of profit or loss for 2013**

Revenue

-

**84**

Operating costs and expenses

1

**(67)**

Finance costs and unwinding of obligations

**(7)**

-

Interest received

-

**1**

Taxation

**(2)**                                 **(4)**

(Loss) profit for the year

**(8)**                                 **14**

Other comprehensive income for the year, net of tax

-

-

**Total comprehensive (loss) income for the year, net of tax**

**(8)**

**14**

**Statement of profit or loss for 2012**

Revenue

33

-

Operating costs and expenses

**(19)**

-

Finance costs and unwinding of obligations

**(2)**

-

Taxation

2

-

Profit for the year  
 14  
 -  
 Other comprehensive loss for the year, net of tax  
 -  
 (1)  
**Total comprehensive income (loss) for the year, net of tax**

14

(1)

**Statement of profit or loss for 2011**

Revenue

-

-

Operating costs and expenses

(3)

-

Taxation

(1)

-

Loss for the year

(4)

-

Other comprehensive income for the year, net of tax

-

-

**Total comprehensive loss for the year, net of tax**

(4)

-

Figures in millions

**2013**

2012

2011

US Dollars

**Aggregate statement of profit or loss for immaterial associates (attributable)**

Revenue

7

13

13

Operating costs and expenses

**(8)**

(14) (13)

Loss for the year

**(1)**

(1)

-

Other comprehensive income for the year, net of tax

-

-

-

**Total comprehensive loss for the year, net of tax**

**(1)**

(1)

-

Dividends received from associates

-

1

-

138

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**18**

**Investments in associates and joint ventures (continued)**

Summarised financial information of associates is as follows (not attributable):

Figures in million

Trans-

Siberian Gold

plc

Rand

Refinery

Limited

US Dollars

**Statement of financial position as at 31 December 2013**

Non-current assets

**104**

**73**

Current assets

**21**

**19**

Cash and cash equivalents

-

**19**

Total assets

**125**

**111**

Non-current financial liabilities

**1**

-

Other non-current liabilities

-

**6**

Current financial liabilities

**36**

-

Other current liabilities

-

**18**

Total liabilities

**37**

**24**

Net assets

**88**

**87**

Group's share of net assets **27**

**37**

Goodwill

-

**9**

Impairment of investment in associate

(19)

-

Other

(1) -

**Carrying amount of interest in associates**

7

**46**

**Statement of financial position as at 31 December 2012**

Non-current assets

120

57

Current assets

15

35

Cash and cash equivalents

4

31

Total assets

139

123

Non-current financial liabilities

24

-

Other non-current liabilities

-

7

Current financial liabilities

22

23

Total liabilities

46

30

Net assets

93

93

Group's share of net assets

29

45

Goodwill

-

12

Impairment of investment in associate

(6)

-

Other

(1) -

**Carrying amount of interest in associates**

22

57

**Statement of financial position as at 31 December 2011**

Non-current assets

129

-

Current assets

4

-

Cash and cash equivalents

3 -

Total assets

136

-

Non-current financial liabilities

53

-

Current financial liabilities

7

-

Total liabilities

60

-

Net assets

76

-

Group's share of net assets

23

-

Goodwill

8

-

Other

4

-

**Carrying amount of interest in associates**

35

-



139

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**18**

**Investments in associates and joint ventures (continued)**

**Investments in joint ventures include:**

Name

Effective %

Description

Country of incorporation and operation

**2013**

2012

2011

Kibali Goldmines s.p.r.l.

(1)

**45**

45

45

Exploration and mine  
development

The Democratic Republic of the Congo

Société des Mines de Morila S.A.

(Morila)

**40**

40

40

Commercial exploitation of  
gold

Mali

Société d'Exploitation des Mines

d'Or de Sadiola S.A. (Sadiola)

**41**

41

41

Commercial exploitation of  
gold

Mali

(1)

*AngloGold Ashanti Limited has a 50% interest in the Kibali (Jersey) Limited (Kibali) which holds our effective 45% interest in Kibali*

*Goldmines s.p.r.l.*

Figures in millions

**2013**

2012

2011

US Dollars

**Carrying value of joint ventures**

Kibali

**1,241**

797	
497	
Morila	
<b>8</b>	
19	
41	
Sadiola	
-	
136	
85	
Immaterial joint ventures	
<b>16</b>	
3	
21	
<b>1,265</b>	
955	
644	
<b>(Impairment) reversal of investments in joint ventures</b>	
Sadiola	
<b>(166)</b>	
-	
-	
Morila	
<b>(13)</b>	
-	
-	
Other	
<b>(2)</b>	
(39)	9
<b>(181)</b>	
(39)	
9	
<b>Loss on disposal of loan to joint venture</b>	
-	
(2)	
-	
<b>Recovery of a loan previously impaired</b>	
<b>31</b>	
-	
-	
(Notes 9 and 13)	
<b>(150)</b>	
(41)	
9	

The impairment indicators considered the current financial position and operating results. Impairments of \$181m (2012: \$39m; 2011: \$11m) were recorded and an impairment reversal of \$31m (2012: nil; 2011: \$20m) was recognised in the income statement. During 2011, the AGA-Polymetal Strategic Alliance impairment of \$20m was reversed to increase the carrying amount of the investment to fair value less costs to sell (note 25).

Comparative years have been restated for the adoption of IFRIC 20. Refer to changes in accounting policies (note 39)

for details.

The unrecognised share of losses of the joint ventures for 2013 is \$29m (2012: nil; 2011: nil).

Summarised financial information of joint ventures is as follows (not attributable):

Figures in millions

Kibali

Morila

Sadiola

US Dollars

**Statement of profit or loss for 2013**

Revenue

**109**

**199**

**295**

Other operating costs and expenses

**(44)**

**(113)**

**(344)**

Amortisation of tangible and intangible assets

**(15)**

**(4)**

**(5)**

Finance costs and unwinding of obligations

**(1)**

**(1)**

**(1)**

Interest received

**4**

-

**1**

Taxation

**5**

**(34)**

**(14)**

Profit (loss) for the year

**58**

**47**

**(68)**

Other comprehensive income for the year, net of tax

-

-

-

**Total comprehensive income (loss) for the year, net of tax**

**58**

**47**

**(68)**

Dividends received from joint ventures

-

**45**

-

140

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**18****Investments in associates and joint ventures (continued)**

Summarised financial information of associates is as follows (not attributable):

Figures in million

Kibali

Morila

Sadiola

US Dollars

**Statement of profit or loss for 2012**

Revenue

-

337

411

Other operating costs and expenses

(2)

(156)

(297)

Amortisation of tangible and intangible assets

(2)

(10)

(6)

Finance costs and unwinding of obligations

-

(1)

(2)

Interest received

1

-

-

Taxation

-

(44)

(29)

(Loss) profit for the year

(3)

126

77

Other comprehensive income for the year, net of tax

-

-

-

**Total comprehensive (loss) income for the year, net of tax**

(3)

126

77

Dividends received from joint ventures

-

180

41

**Statement of profit or loss for 2011**

Revenue

-

392

460

Other operating income (costs and expenses)

1

(205)

(265)

Amortisation of tangible and intangible assets

(2)

(11)

(5)

Finance costs and unwinding of obligations

-

(1)

(2)

Interest received

1

-

-

Taxation

-

(60)

(63)

Profit for the year

-

115

125

Other comprehensive income for the year, net of tax

-

-

-

**Total comprehensive income for the year, net of tax**

-

115

125

Dividends received from joint ventures

-

190

87

Figures in million

**2013**

2012

2011

US Dollars

**Aggregate statement of profit or loss for immaterial joint ventures  
(attributable)**

Revenue

	<b>42</b>
	55
	50
Other operating costs and expenses	
	<b>(87)</b>
	(110)
	(77)
Amortisation of tangible and intangible assets	
	<b>(2)</b>
	(3)
	(1)
Taxation	
	<b>(2)</b>
	-
	(1)
Loss for the year	
	<b>(49)</b>
	(58)
	(29)
Other comprehensive income for the year, net of tax	
	-
	-
	-

**Total comprehensive loss for the year, net of tax**

**(49)**

(58)

(29)

Figures in million

Kibali

Morila

Sadiola

US Dollars

**Statement of financial position as at 31 December 2013**

Non-current assets

**2,353**

**39**

**360**

Current assets

**258**

**70**

**165**

Cash and cash equivalents

**5**

**3**

**4**

Total assets

**2,616**

**112**

**529**

Non-current financial liabilities

**54**

**5**

-	
Other non-current liabilities	
<b>8</b>	
<b>12</b>	
<b>67</b>	
Current financial liabilities	
<b>6</b>	
-	
<b>182</b>	
Other current liabilities	
<b>91</b>	
<b>44</b>	
<b>105</b>	
Total liabilities	
<b>159</b>	
<b>61</b>	
<b>354</b>	
Net assets	
<b>2,457</b>	
<b>51</b>	
<b>175</b>	
Group's share of net assets <b>1,229</b>	
<b>20</b>	
<b>72</b>	
Loans advanced to the joint venture	
-	
-	
<b>74</b>	
Impairment of investment in the joint venture	
-	
<b>(12)</b>	
<b>(166)</b>	
Other	
<b>12</b>	-
<b>20</b>	
<b>Carrying amount of interest in joint ventures</b>	
<b>1,241</b>	
<b>8</b>	
-	



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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**18 Investments in associates and joint ventures (continued)**

Summarised financial information of associates is as follows (not attributable):

Figures in million

Kibali

Morila

Sadiola

US Dollars

**Statement of financial position as at 31 December 2012**

Non-current assets

1,599

27

311

Current assets

83

57

133

Cash and cash equivalents

12

23

29

Total assets

1,694

107

473

Non-current financial liabilities

53

5

-

Other non-current liabilities

5

12

64

Current financial liabilities

18

-

88

Other current liabilities

50

41

77

Total liabilities

126

58

229

Net assets

1,568

49

244
Group's share of net assets
784
19
100
Loans advanced to the joint venture
-
-
36
Other
13
-
-
<b>Carrying amount of interest in joint ventures</b>
797
19
136
<b>Statement of financial position as at 31 December 2011</b>
Non-current assets
978
31
213
Current assets
12
77
140
Cash and cash equivalents
2
63
4
Total assets
992
171
357
Non-current financial liabilities
-
5
-
Other non-current liabilities
-
14
60
Current financial liabilities
9
-
-
Other current liabilities
7
49
90
Total liabilities

16
68
150
Net assets
976
103
207
Group's share of net assets
488
41
85
Other
9
-
-
<b>Carrying amount of interest in joint ventures</b>
497
41
85

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**19 Other investments**

**Non-current investments**

**Listed investments**

**Available-for-sale**

Balance at beginning of year

**69**

82

124

Additions

**9**

6

47

Acquisition of subsidiary (note 34)

-

3

-

Disposals

**(2)**

-

(2)

Fair value adjustments

**4**

(12)

(59)

Impairments (notes 7 and 13)

(1)

**(26)**

(8)

(21)

Transfer to current investments

**(1)**

-

-

Translation

**(5)**

(2) (7)

Balance at end of year

**48**

69

82

The available-for-sale non-current investments consist of ordinary shares and collective investment schemes and primarily comprise:

International Tower Hill Mines Limited (ITH)

<b>4</b>	
24	
43	
Corvus Gold Corporation	
<b>13</b>	
9	
2	
Various listed investments held by Environmental Rehabilitation Trust Fund	
<b>22</b>	
22	
18	
Other	
<b>9</b>	
14	
19	
<b>48</b>	
69	82
<b>(1)</b>	
<b>Impairment of investments due to a significant decline in fair value</b>	
International Tower Hill Mines Limited	
<b>21</b>	
-	
-	
Corvus Gold Corporation	
<b>2</b>	
-	
-	
First Uranium Corporation	
-	
5	
19	
Other	
<b>3</b>	
3	2
<b>26</b>	
8	
21	
<b>Current investments</b>	
<b>Listed investments</b>	
<b>Available-for-sale</b>	
Balance at beginning of year	
-	
-	
-	
Transfer from non-current investments	
<b>1</b>	
-	
-	
Balance at end of year	
<b>1</b>	
-	

-  
The available-for-sale current investments consist of ordinary shares and collective investment schemes and primarily comprise:

RoxGold Inc.

**1**

-  
-

The group's listed available-for-sale equity investments are susceptible to market price risk arising from uncertainties about the future values of the investments.

At the reporting date, the majority of equity investments were listed on the Toronto Stock Exchange and the JSE.

Based on the share price of ITH over the past year and carrying value at 31 December 2013 of \$4m, if ITH achieved the high that it achieved during 2013 of C\$2.48 per share, other comprehensive income (OCI) would increase by \$21m.

If it achieved the low of C\$0.31 per share, OCI would decrease by \$1m. If the decrease was significant or prolonged, an impairment would be recorded.

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

**19 Other investments (continued)**

Based on the share price of Corvus Gold Corporation over the past year and carrying value at 31 December 2013 of \$13m, if Corvus Gold Corporation achieved the high that it achieved during 2013 of C\$1.70 per share, other comprehensive income (OCI) would increase by \$6m. If it achieved the low of C\$0.51 per share, OCI would decrease by \$7m. If the decrease was significant or prolonged, an impairment would be recorded.

The exposure to listed shares held by the Environmental Rehabilitation Trust Fund at fair value on the JSE was \$22m. An analysis based on the assumption that the equity index (ALSI on the JSE) had increased/decreased by 10% with all other variables held constant and all the group's JSE listed equity investments moved according to the ALSI, would impact OCI by \$2.2m. If the decrease was significant or prolonged, an impairment would be recorded.

Figures in millions

**2013**

2012

2011

US Dollars

**Non-current investments****Listed investments****Held-to-maturity**

Balance at beginning of year

7

8

13

Additions

5

-

-

Maturities

**(6)**

-

(3)

Amortisation of bonds

1

-

-

Translation

**(1)**

(1) (2)

Balance at end of year

**6**

7

8

The held-to-maturity investment consists of government bonds held by the Environmental Rehabilitation Trust Fund administered by RMB Private Bank. The market value of bonds held-to-maturity is \$8m (2012: \$11m; 2011: \$11m) and has a sensitivity of less than \$1m (2012: less than \$1m; 2011: \$1m) for a 1% change in interest rates.

Book value of listed investments

<b>55</b>
76
90
Market value of listed investments
<b>57</b>
80
93
<b>Non-current investments</b>
<b>Unlisted investments</b>
<b>Available-for-sale</b>
Balance at beginning of year
<b>2</b>
9
9
Impairment (notes 7 and 13)
<b>(2)</b>
(7)
-
Balance at end of year
-
2
9
<b>Held-to-maturity</b>
Balance at beginning of year
<b>89</b>
87
91
Additions
<b>77</b>
91
101
Maturities
<b>(72)</b>
(85)
(87)
Translation
<b>(17)</b>
(4)
(18)
Balance at end of year
<b>77</b>
89
87



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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**19**

**Other investments (continued)**

**Non-current investments (continued)**

**Held-to-maturity investments (continued)**

**Unlisted investments**

The held-to-maturity investments include:

Negotiable Certificates of Deposit - Environmental Rehabilitation Trust Fund  
administered by RMB Private Bank

**71**

81

80

Nufcor Uranium Trust Fund

**3**

5

5

Other

**3**

3

2

**77**

89

87

Book value of unlisted investments

**77**

91

96

Fair value of unlisted investments

(2)

**77**

91

87

Total book value of other investments (note 37)

**132**

167

186

Total fair value of other investments (note 37)

(2)

**134**

171

180

(2)

*In 2011, there was no market for the unlisted equity investments and therefore fair value could not be measured reliably. The unlisted*

*equity investments were carried at cost and were not included in the fair value calculations.*

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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**20 Inventories**

**Non-current**

Raw materials

- heap-leach inventory

**479**

436

386

- ore stockpiles

(1)

**107**

174

24

Total metal inventories

**586**

610

410

**Current**

Raw materials

- ore stockpiles

**335**

432

394

- heap-leach inventory

**111**

128

99

Work in progress

- metals in process

**93**

139

91

Finished goods

- gold doré/bullion

**87**

91

94

- by-products

**8**

11

24

Total metal inventories

**634**

801

702  
 Mine operating supplies  
**419**  
 412  
 296  
**1,053**  
 1,213  
 998

Total inventories

(2)  
**1,639**

1,823  
 1,408

(1)  
*Includes non-current ore stockpiles of First Uranium SA acquired during July 2012, as disclosed in note 34.*

(2)  
*The amount of the write-down of ore stockpiles, metals in process, gold doré/ bullion, by-products and mine operating supplies to net realisable value, and recognised as an expense in special items and cost of sales is \$291m (2012: \$5m; 2011: \$4m).*

Comparative years have been restated for the adoption of IFRIC 20. Refer to note 39 for details.

Figures in millions

**2013**

2012

2011

US Dollars

**21 Other non-current assets**

Post-retirement medical scheme for Rand Refinery employees (note 29)

-

-

2

Ashanti Retired Staff Pension Fund (note 29)

-

-

1

AngloGold Ashanti Limited Pension Fund (note 29)

**41**

-

-

**Loans and receivables**

Loan receivable bearing interest at 8% per annum

-

6

6

Other non-interest bearing loans and receivables - receivable on various dates

-

1

-

**41**

7



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**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**22**

**Trade and other receivables**

**Non-current**

Prepayments and accrued income

**10**

31

22

Recoverable tax, rebates, levies and duties

(1)

**14**

20

14

Reclamation sites trust fund

-

22

30

Deferred loan fees

**5**

6

9

Other receivables

-

-

1

**29**

79

76

**Current**

Trade and loan receivables

**73**

149

46

Prepayments and accrued income

**73**

86

80

Recoverable tax, rebates, levies and duties

**215**

223

174

Amounts due from related parties

-

2

3	Interest receivable
-	
1	
3	Royalties receivable
-	
-	
14	Deferred loan fees
<b>2</b>	
2	
5	Other receivables
<b>6</b>	
9	
29	
<b>369</b>	
472	
354	Total trade and other receivables
<b>398</b>	
551	
430	

Current trade and loan receivables are generally on terms less than 90 days.

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

There is a concentration of risk in respect of recoverable value added tax, fuel duties and appeal deposits from the Tanzanian government.

The recoverable value added tax, fuel duties and appeal deposits are summarised as follows:

Recoverable value added tax

**49**

16

Recoverable fuel duties

(2)

**18**

35

Appeal deposits

**4**

4

(1)

*The outstanding amounts have been discounted to their present value at a rate of 7.92%.*

(2)

*Fuel duty claims are required to be submitted after consumption of the related fuel and are subject to authorisation by the Customs and Excise authorities.*

Comparative years have been restated for the adoption of IFRIC 20. Refer note 39 for details.

Figures in millions

**2013**

2012

2011

US Dollars

**23**

**Cash restricted for use**

**Non-current**

Cash restricted by prudential solvency requirements

**1**

1

1

Cash balances held by Environmental Rehabilitation Trust Funds

**30**

28

22

**31**

29

23

**Current**

Cash restricted by prudential solvency requirements

**11**

11

9

Cash balances held by the Tropicana joint venture

**34**

23

22

Other

**1**

1

4

**46**

35

35

Total cash restricted for use (notes 37 and 38)

**77**

64

58



147

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**24****Cash and cash equivalents**

Cash and deposits on call

**431**

595

499

Money market instruments

**217**

297

613

(notes 37 and 38)

**648**

892

1,112

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

Cash and deposits on call

**431**

595

499

Money market instruments

**217**

297

613

Bank overdraft

**(20)**

-

-

**628**

892

1,112

**25****Non-current assets and liabilities held for sale****Navachab gold mine**

Effective 30 April 2013, AngloGold Ashanti announced its plan to sell the Navachab mine in Namibia. The Navachab gold mine is situated close to Karibib, about 170 kilometres northwest of the Namibian capital, Windhoek. It is included in the Continental Africa reporting segment. The open-pit mine, which began operations in 1989, has a processing plant that handles 120,000 metric tons a month. The mine produced 63,000 ounces of gold in 2013 (2012: 74,000 ounces).

On 10 February 2014, AngloGold Ashanti announced that it signed a binding agreement to sell Navachab to a wholly-owned subsidiary of QKR Corporation Ltd (QKR). The agreement provides for an upfront consideration based on an enterprise

value of \$110 m which will be adjusted to take into account Navachab's net debt and working capital position on the closing date of the transaction. The upfront consideration is payable in cash on the closing date. In addition, AngloGold Ashanti will receive deferred consideration in the form of a net smelter return (NSR). The NSR is to be paid quarterly for a period of seven years following the second anniversary of the closing date and will be determined at 2% of ounces sold by Navachab during a relevant quarter subject to a minimum average gold price of US\$1,350 per ounce being achieved and capped at a maximum of 18,750 ounces sold per quarter. The transaction is subject to fulfilment of a number of conditions precedent, including Namibian and South African regulatory and third party approvals, which are expected to be obtained over the next several months. Navachab is not a discontinued operation and is not viewed as part of the core assets of the company.

The carrying amount of major classes of assets and liabilities of Navachab include:

Tangible assets

**72**

-

-

Intangible assets

**2**

-

-

Inventories

**75**

-

-

Trade and other receivables

**2**

-

-

Cash and cash equivalents

**2**

-

-

Non-current assets held for sale (note 2)

**153**

-

-

Borrowings

**10**

-

-

Provisions

**4**

-

-

Deferred taxation

**35**

-

-

Trade and other payables

**8**

-  
-  
Non-current liabilities held for sale  
**57**

-  
-  
Net non-current assets held for sale  
**96**

-  
-

148

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**25****Non-current assets and liabilities held for sale (continued)****Rand Refinery Limited**

-

-

1

Effective December 2007, Rand Refinery allocated parts of its premises that were no longer utilised, to assets held for sale. On 1 April 2008, a sale agreement was concluded subject to the suspensive condition regarding rezoning of the land and transfer of title deeds.

**AGA-Polymetal Strategic Alliance**

-

-

20

Effective 2 December 2011, the AGA-Polymetal Strategic Alliance consisting of AGA-Polymetal Strategic Alliance Management Company Holdings Limited, Amikan Holding Limited, AS APK Holdings Limited, Imitzoloto Holdings Limited and Yeniseiskaya Holdings Limited were classified as held for sale. AngloGold Ashanti Holdings plc, a wholly owned subsidiary entered into a contractual agreement with Polyholding Limited relating to the disposal of these entities. A reversal of previous impairment losses recognised of \$20m was recognised in share of associates and joint ventures' profit to increase the carrying amount of the investment to fair value less costs to sell (notes 9, 13 and 18). The transaction was completed on 8 February 2012.

Total non-current assets held for sale

**96**

-

21

149

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**26**

**Share capital and premium**

**Share capital**

Authorised

600,000,000 ordinary shares of 25 SA cents each

**23**

23

23

4,280,000 E ordinary shares of 25 SA cents each

-

-

-

2,000,000 A redeemable preference shares of 50 SA cents each

-

-

-

5,000,000 B redeemable preference shares of 1 SA cent each

-

-

-

**23**

23

23

Issued and fully paid

402,628,406 (2012: 383,320,962; 2011: 382,242,343) ordinary shares of 25 SA cents each

**16**

16

16

712,006 (2012: 1,617,752; 2011: 2,582,962) E ordinary shares of 25 SA cents each

-

-

-

2,000,000 (2012: 2,000,000; 2011: 2,000,000) A redeemable preference shares of 50 SA cents each

-

-

-

778,896 (2012: 778,896; 2011: 778,896) B redeemable preference shares of 1 SA cent each

-

-

-  
**16**  
 16  
 16  
 Treasury shares held within the group:  
 2,778,896 (2012: 2,778,896; 2011: 2,778,896) A and B redeemable preference shares  
 -  
 -  
 -  
 5,171 (2012: 154,757; 2011: 326,906) ordinary shares  
 -  
 -  
 -  
 362,006 (2012: 917,752; 2011: 1,532,962) E ordinary shares  
 -  
 -  
 -  
**16**  
 16  
 16  
**Share premium**  
 Balance at beginning of year  
**6,805**  
 6,766  
 6,718  
 Ordinary shares issued  
 (1)  
**259**  
 46  
 57  
 E ordinary shares issued and cancelled  
**(6)**  
 (7) (9)  
**7,058**  
 6,805  
 6,766  
 Less: held within the group  
 Redeemable preference shares  
**(53)**  
 (53)  
 (53)  
 Ordinary  
 shares  
**(6)**  
 (10)  
 (17)  
 E ordinary shares  
**(9)**  
 (16)  
 (23)  
 Balance at end of year

**6,990**

6,726

6,673

**Share capital and premium**

**7,006**

6,742

6,689

(1)

*Includes share awards exercised and delivery of 18,140,000 shares to settle the outstanding 6% Mandatory Convertible*

*Subordinated Bonds.*

The rights and restrictions applicable to the A and B redeemable preference shares:

A redeemable preference shares are entitled to:

.

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 Mining Right 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 Mining Right Area, after redemption in full of the B preference shares and payment of the nominal value of the A preference shares.

B redeemable preference shares are entitled to:

.

an annual dividend limited to a maximum of 5% of their issue price from the period that profits are generated from the Moab Mining Right 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 Mining Right Area.

The Moab Mining Right Area consists of the Moab Khotsonq mine operations.

The B preference shares will only be redeemed from any net proceeds remaining after the disposal of the Moab Mining

Right Area following permanent cessation of mining activities. The maximum redemption price will be R250 per share.

In the event of any surplus remaining after the redemption in full of the B preference shares, the A preference shares will be redeemable at such value as would cover the outstanding surplus.

150

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**27 Borrowings****Non-current****Unsecured****Debt carried at fair value**

Mandatory convertible bonds - issued September 2010 (note 38)

(1)

-

588

760

Quarterly coupons were paid at 6% per annum and the conversion of the mandatory convertible bonds into ADSs was subject to shareholder approval, which was granted in October 2010. The bonds were US dollar-based.

On 16 September 2013, AngloGold Ashanti Holdings Finance plc paid and discharged the 6% mandatory convertible bonds (which matured on 15 September 2013) by delivering 18,140,000 American Depository Shares, or ADSs, which represent an equivalent number of shares of the company's common stock, and the cash equivalent of 177,859 shares of AngloGold Ashanti Limited as determined in the manner set out in the indenture governing the mandatory convertible bonds.

\$1.25bn bonds - issued July 2013

(2)

**1,353**

-

-

Semi-annual coupons are paid at 8.5% per annum. The bonds were issued on 30 July 2013, and unless the company redeems the bonds earlier they are repayable on 30 July 2020 and are US dollar-based.

**Debt carried at amortised cost**

Rated bonds - issued July 2012

(3)

**755**

753

-

Semi-annual coupons are paid at 5.125% per annum. The bonds were issued on 30 July 2012, are repayable on 1 August 2022 and are US dollar-based.

Rated bonds - issued April 2010

(4)

**997**

996

996

Semi-annual coupons are paid at 5.375% per annum on \$700m 10-year bonds and at 6.5% per annum on \$300m 30-year bonds. The \$700m bonds are repayable in April 2020 and the \$300m bonds are repayable in April 2040. The bonds are US dollar-based.



3.5% Convertible bonds - issued May 2009

(5)

-

685

652

Semi-annual coupons were paid at 3.5% per annum. The bonds were convertible into ADSs up to May 2014 and are US dollar-based.

On 25 July 2013, AngloGold Ashanti Holdings plc commenced a cash tender offer to purchase any and all of the outstanding \$732.5m 3.5% convertible bonds due May 2014 of AngloGold Ashanti Holdings Finance plc at a purchase price of \$1,015 for each \$1,000 principal amount of bonds validly tendered. The offer expired on 21 August 2013 and AngloGold Ashanti Holdings plc purchased \$725.9m in aggregate principal amount of the bonds, representing 99.1% of the total issuance. In addition, holders received, in respect of their bonds that were accepted for purchase, accrued and unpaid interest on such bonds up to, but excluding, the settlement date of the tender offer. On 8 November 2013, AngloGold Ashanti Holdings Finance plc completed the redemption of all its outstanding 3.5% convertible bonds.

Syndicated revolving credit facility(A\$600m)

(6)

**489**

261

-

Interest charged at BBSY plus 2.6% per annum. The applicable margin is subject to a ratings grid. Loan is repayable in December 2015 and is Australian dollar-based. The loan is subject to debt covenant arrangements for which no default event occurred.

R750m bonds - issued December 2013

(7)

**72**

-

-

Quarterly coupons are paid at 3 month JIBAR plus 1.75% on R750m bonds and they are repayable on 9 December 2016. The bonds are SA rand-based.

Grupo Santander Brasil

-

1

2

Interest charged at 8.11% per annum. Loans are repayable in monthly instalments terminating in April 2014 and are Brazilian real-based.

Brazilian Economic and Social Development Bank

-

1

1

Interest charged at a rate of 2.3% plus delta exchange rate on individual instalments per annum. Loans are repayable in monthly instalments terminating in April 2014 and are Brazilian real-based.

Banco de Desenvolvimento de Minas Gerais

**2**

1

1

Interest charged at a rate of 4.5% per annum. Loans are repayable in monthly instalments terminating in June 2020 and are Brazilian real-based.

151

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**27 Borrowings (continued)**

**Non-current (continued)**

**Secured**

**Finance leases**

Turbine Square Two (Pty) Limited

**25**

31

33

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 SA rand-based. The buildings financed are used as security for these loans (note 38).

Caterpillar Financial Services Corporation

**4**

8

10

Interest charged at an average rate of 5.5% per annum. Loans are repayable in monthly instalments terminating in 2015 and are US dollar-based. The equipment financed is used as security for these loans.

Mazuma Capital Corporation

-

-

2

Interest charged at an average rate of 5.6% per annum. Loans were repaid in monthly instalments and terminated in November 2012 and were US dollar-based. The equipment financed was used as security for these loans.

CSI Latina Arrendamiento Mercantil S.A.

**1**

1

2

Interest charged at a rate of 10.4% per annum. Loans are repayable by December 2016 and are Brazilian real-based. The equipment financed is used as security for these loans.

Navachab Lewcor Mining Contract

-

22

29

Interest charged at a rate of 8.4% per annum. Loans are repayable by April 2015 and are Namibian dollar-based. The equipment financed is used as security for these loans. Navachab has been reclassified as held for sale during 2013.

California First National Bank

**16**

11

-

Interest charged at an average rate of 2.4% per annum. Loans are repayable in monthly instalments terminating in December 2019 and are US dollar-based. The equipment financed is used as security for these loans.

Total non-current borrowings including current portion

**3,714**

3,359

2,488

Current portion of non-current borrowings included in current liabilities

**(81)**

(635)

(32)

Total non-current borrowings

**3,633**

2,724

2,456

**Current**

Current portion of non-current borrowings included above

**81**

635

32

**Unsecured**

Senior floating rate notes - DMTNP

**54**

84

-

Senior fixed rate notes - DMTNP

**62**

36

-

FirstRand Bank Limited demand facility

-

59

-

Standard Bank Argentina

**15**

-

-

Other loans

**46**

45

-

Total current borrowings

**258**

859

32

Total borrowings (notes 37 and 38)

**3,891**

3,583

2,488

**Amounts falling due**

Within one year

**258**

859

32

Between one and two years

**494**

699

773

Between two and five years

**88**

277

672

After five years

**3,051**

1,748

1,011

(notes 37 and 38)

**3,891**

3,583

2,488

152

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**27 Borrowings (continued)**

**Currency**

The currencies in which the borrowings are denominated are as follows:

US dollar

**3,186**

3,086

2,420

Australian dollar

**489**

261

-

SA rand

**213**

210

33

Brazilian real

**3**

4

6

Namibian dollar

-

22

29

(notes 37 and 38)

**3,891**

3,583

2,488

**Undrawn facilities**

Undrawn borrowing facilities as at 31 December are as follows:

Syndicated revolving credit facility (\$1bn) - US dollar

**1,000**

1,000

1,000

Syndicated revolving credit facility (A\$600m) - Australian dollar

**45**

359

617

Syndicated revolving credit facility (R1.5bn) - SA rand

**144**

-

-

FirstRand Bank Limited - US dollar

-

-	
50	
Absa Bank Limited - US dollar	
-	
-	
42	
Nedbank Limited - US dollar	
-	
-	
2	
FirstRand Bank Limited - SA rand	
<b>48</b>	
30	
14	
Standard Bank of South Africa Limited - SA rand	
-	
-	
23	
Nedbank Limited - SA rand	
-	
-	
13	
Absa Bank Limited - SA rand	
-	
-	
4	
<b>1,237</b>	
1,389	
1,765	
(1)	
<b>Mandatory convertible bonds - issued September 2010</b>	
Senior unsecured fixed-rate bonds	
-	
586	
758	
Accrued interest	
-	
2	
2	
-	
588	
760	
(2)	
<b>\$1.25bn bonds - issued July 2013</b>	
Senior unsecured fixed-rate bonds	
<b>1,308</b>	
-	
-	
Accrued interest	
<b>45</b>	
-	

-

**1,353**

-

-

(3)

**Rated bonds - issued July 2012**

Senior unsecured fixed-rate bonds

**750**

750

-

Unamortised discount and bond issue costs

**(11)**

(13)

-

**739**

737

-

Accrued interest

**16**

16

-

**755**

753

-

(4)

**Rated bonds - issued April 2010**

Senior unsecured fixed-rate bonds

**1,000**

1,000

1,000

Unamortised discount and bond issue costs

**(15)**

(15)

(16)

**985**

985

984

Accrued interest

**12**

11

12

**997**

996

996

(5)

**3.5% Convertible bonds - issued May 2009**

Senior unsecured fixed-rate bonds

-

733

733

Unamortised discount and bond issue costs

-  
(51)  
(84)  
-  
682  
649  
Accrued interest  
-  
3  
3  
-  
685  
652



153

**GROUP – NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December

Figures in millions

**2013**

2012

2011

US Dollars

**27 Borrowings (continued)**

(6)

**Syndicated revolving credit facility (A\$600m)**

Drawn down

**492**

266

-

Unamortised loan issue costs

**(3)**

(5)

-

**489**

261

-

(7)

**R750 ZAR Bonds - issued December 2013**

Senior unsecured floating-rate bonds

**72**

-

-

Unamortised discount and bond issue costs

-

-

-

**72**

-

-

Accrued interest

-

-

-