

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 68 to 191, which comprise the statements of financial position as at 31 December 2012, 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, and the executive contract disclosure on page 52 and tables, including related footnotes, on page 54, and pages 61 to 66 of the remuneration report.

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 2012, 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.

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 2012, 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)
Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg, South Africa
19 March 2013

GROUP – INCOME STATEMENT

For the year ended 31 December

Figures in million (US dollars)	Notes	2012	2011
Revenue	3	6,632	6,925
Gold income	2,3	6,353	6,570
Cost of sales	4	(4,062)	(3,946)
Loss on non-hedge derivatives and other commodity contracts	36	(35)	(1)
Gross profit	2	2,256	2,623
Corporate administration, marketing and other expenses		(291)	(278)
Exploration and evaluation costs		(395)	(279)
Other operating expenses	5	(41)	(27)
Special items	6	(402)	163
Operating profit		1,127	2,202
Dividends received	3	7	–
Interest received	3	43	52
Exchange gain		8	2
Finance costs and unwinding of obligations	7	(231)	(196)
Fair value adjustment on option component of convertible bonds		83	84
Fair value adjustment on mandatory convertible bonds		162	104
Share of equity-accounted investments' (loss) profit	8	(28)	73
Profit before taxation	9	1,171	2,321
Taxation	12	(322)	(723)
Profit for the year		849	1,598
<i>Allocated as follows</i>			
Equity shareholders		830	1,552
Non-controlling interests		19	46
		849	1,598
Basic earnings per ordinary share (cents)	13	215	402
Diluted earnings per ordinary share (cents)	13	161	346

GROUP – STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

Figures in million (US dollars)	2012	2011
Profit for the year	849	1,598
Exchange differences on translation of foreign operations	(93)	(365)
Share of equity-accounted investments' other comprehensive loss	–	(1)
Net loss on available-for-sale financial assets	(27)	(81)
Release on impairment of available-for-sale financial assets (note 6)	16	21
Release on disposal of available-for-sale financial assets	–	1
Deferred taxation thereon	6	(8)
	(5)	(67)
Actuarial loss recognised	(20)	(39)
Deferred taxation rate change thereon	(9)	–
Deferred taxation thereon	5	14
	(24)	(25)
Other comprehensive loss for the year, net of tax	(122)	(458)
Total comprehensive income for the year, net of tax	727	1,140
<i>Allocated as follows</i>		
Equity shareholders	708	1,094
Non-controlling interests	19	46
	727	1,140

GROUP – STATEMENT OF FINANCIAL POSITION

As at 31 December

Figures in million (US dollars)	Notes	2012	2011
ASSETS			
Non-current assets			
Tangible assets	15	7,648	6,525
Intangible assets	16	315	210
Investments in equity-accounted associates and joint ventures	17	1,060	702
Other investments	18	167	186
Inventories	19	610	410
Trade and other receivables	21	79	76
Deferred taxation	29	96	79
Cash restricted for use	22	29	23
Other non-current assets	20	7	9
		10,011	8,220
Current assets			
Inventories	19	1,287	1,064
Trade and other receivables	21	470	350
Cash restricted for use	22	35	35
Cash and cash equivalents	23	892	1,112
		2,684	2,561
Non-current assets held for sale	24	–	21
		2,684	2,582
Total assets		12,695	10,802
EQUITY AND LIABILITIES			
Share capital and premium	25	6,742	6,689
Accumulated losses and other reserves		(1,295)	(1,660)
Shareholders' equity		5,447	5,029
Non-controlling interests		22	137
Total equity		5,469	5,166
Non-current liabilities			
Borrowings	26	2,724	2,456
Environmental rehabilitation and other provisions	27	1,238	782
Provision for pension and post-retirement benefits	28	221	195
Trade, other payables and deferred income	30	10	14
Derivatives	36	10	93
Deferred taxation	29	1,068	1,158
		5,271	4,698
Current liabilities			
Borrowings	26	859	32
Trade, other payables and deferred income	30	979	751
Taxation	31	117	155
		1,955	938
Total liabilities		7,226	5,636
Total equity and liabilities		12,695	10,802

GROUP – STATEMENT OF CASH FLOWS

For the year ended 31 December

Figures in million (US dollars)	Notes	2012	2011
Cash flows from operating activities			
Receipts from customers		6,523	6,796
Payments to suppliers and employees		(4,340)	(3,873)
Cash generated from operations	32	2,183	2,923
Dividends received from equity-accounted joint ventures		72	111
Taxation refund	31	54	98
Taxation paid	31	(507)	(477)
Net cash inflow from operating activities		1,802	2,655
Cash flows from investing activities			
Capital expenditure			
– project capital		(779)	(459)
– stay-in-business capital		(979)	(934)
Interest capitalised and paid		(12)	–
Expenditure on intangible assets		(79)	(16)
Proceeds from disposal of tangible assets		5	19
Other investments acquired		(97)	(147)
Proceeds from disposal of investments		86	91
Investments in equity-accounted associates and joint ventures		(349)	(115)
Proceeds from disposal of equity-accounted joint venture		20	–
Loans advanced to equity-accounted associates and joint ventures		(65)	(25)
Loans repaid by equity-accounted associates and joint ventures		1	–
Dividends received		7	–
Proceeds from disposal of subsidiary	33	6	9
Cash in subsidiary acquired	33	5	–
Cash in subsidiary disposed	33	(31)	(11)
Acquisition of subsidiary and loan	33	(335)	–
Increase in cash restricted for use		(3)	(19)
Interest received		36	39
Loans advanced		(45)	–
Repayment of loans advanced		–	4
Net cash outflow from investing activities		(2,608)	(1,564)
Cash flows from financing activities			
Proceeds from issue of share capital		2	10
Share issue expenses		–	(1)
Proceeds from borrowings		1,432	109
Repayment of borrowings		(217)	(268)
Finance costs paid		(145)	(144)
Acquisition of non-controlling interest		(215)	–
Revolving credit facility and bond transaction costs		(30)	–
Dividends paid		(236)	(169)
Net cash inflow (outflow) from financing activities		591	(463)
Net (decrease) increase in cash and cash equivalents		(215)	628
Translation		(5)	(102)
Cash and cash equivalents at beginning of year		1,112	586
Cash and cash equivalents at end of year	23	892	1,112

GROUP – STATEMENT OF CHANGES IN EQUITY

Figures in million (US dollars)	Equity holders of the parent							Total	Non-controlling interests	Total equity
	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			
Balance at 31 December 2010	6,627	194	(2,750)	(2)	86	(62)	(104)	3,989	124	4,113
Profit for the year			1,552					1,552	46	1,598
Other comprehensive loss		(1)			(67)	(25)	(365)	(458)		(458)
Total comprehensive (loss) income	–	(1)	1,552	–	(67)	(25)	(365)	1,094	46	1,140
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)	29		(1)	9		6	(6)	–
Balance at 31 December 2011	6,689	171	(1,300)	(2)	18	(78)	(469)	5,029	137	5,166
Profit for the year			830					830	19	849
Other comprehensive loss					(5)	(24)	(93)	(122)		(122)
Total comprehensive income (loss)	–	–	830	–	(5)	(24)	(93)	708	19	727
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)	6			4		1	(1)	–
Balance at 31 December 2012	6,742	177	(823)	(2)	13	(98)	(562)	5,447	22	5,469

⁽¹⁾ Other capital reserves comprise a surplus on disposal of company shares held by companies prior to the formation of AngloGold Ashanti Limited of \$17m (2011: \$18m), surplus on equity transaction of joint venture of \$36m (2011: \$37m), share of equity-accounted investments' other comprehensive loss of \$1m (2011: \$1m), equity items for share-based payments of \$123m (2011: \$115m) and other transfers.

⁽²⁾ Included in accumulated losses are retained earnings totalling \$556m (2011: \$305m) arising at the joint venture operations and certain subsidiaries which may not be remitted without third party consent.

⁽³⁾ Cash flow hedge reserve represents the effective portion of fair value gains or losses in respect of cash flow hedges.

⁽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. At year-end AngloGold Ashanti Limited held a remaining interest of 48.03%.