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# INDEPENDENT AUDITOR'S REPORT

To the shareholders of AngloGold Ashanti Limited

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of AngloGold Ashanti Limited set out on pages 43 to 179, which comprise the statements of financial position as at 31 December 2014 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 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 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 as at 31 December 2014, 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 2014, we have read the Directors' Report, the Audit and Risk Committee's Report 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 reading 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 – Roger Hillen  
Registered Auditor  
Chartered Accountant (SA)  
102 Rivonia Road,  
Sandton, Johannesburg

19 March 2015

# GROUP – INCOME STATEMENT

For the year ended 31 December

Figures in millions	Notes	2014	2013	2012
		US Dollars		
<b>Revenue</b>	3	<b>5,378</b>	5,708	6,632
Gold income	2,3	<b>5,218</b>	5,497	6,353
Cost of sales	4	<b>(4,190)</b>	(4,146)	(3,964)
Gain (loss) on non-hedge derivatives and other commodity contracts	37	<b>15</b>	94	(35)
<b>Gross profit</b>	2	<b>1,043</b>	1,445	2,354
Corporate administration, marketing and other expenses	5	<b>(92)</b>	(201)	(291)
Exploration and evaluation costs		<b>(144)</b>	(255)	(395)
Other operating expenses	6	<b>(28)</b>	(19)	(47)
Special items	7	<b>(260)</b>	(3,410)	(402)
<b>Operating profit (loss)</b>		<b>519</b>	(2,440)	1,219
Dividends received	3	-	5	7
Interest received	3	<b>24</b>	39	43
Exchange (loss) gain		<b>(7)</b>	14	8
Finance costs and unwinding of obligations	8	<b>(278)</b>	(296)	(231)
Fair value adjustment on \$1.25bn bonds		<b>(17)</b>	(58)	-
Fair value adjustment on option component of convertible bonds		-	9	83
Fair value adjustment on mandatory convertible bonds		-	356	162
Share of associates and joint ventures' loss	9	<b>(25)</b>	(162)	(30)
<b>Profit (loss) before taxation</b>		<b>216</b>	(2,533)	1,261
Taxation	12	<b>(255)</b>	333	(346)
<b>(Loss) profit for the year</b>		<b>(39)</b>	(2,200)	915
<i>Allocated as follows</i>				
Equity shareholders		<b>(58)</b>	(2,230)	897
Non-controlling interests		<b>19</b>	30	18
		<b>(39)</b>	(2,200)	915
<b>Basic (loss) earnings per ordinary share (cents)</b>	13	<b>(14)</b>	(568)	232
<b>Diluted (loss) earnings per ordinary share (cents)</b>	13	<b>(14)</b>	(631)	177

# GROUP – STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

Figures in million	2014	2013	2012
	US Dollars		
<b>(Loss) profit for the year</b>	<b>(39)</b>	<b>(2,200)</b>	<b>915</b>
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations	(201)	(433)	(92)
Net loss on available-for-sale financial assets	-	(23)	(27)
Release on impairment of available-for-sale financial assets (note 7)	2	30	16
Release on disposal of available-for-sale financial assets	(1)	(1)	-
Cash flow hedges	-	1	-
Deferred taxation thereon	(1)	2	6
	-	9	(5)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial (loss) gain recognised	(22)	69	(14)
Deferred taxation rate change thereon	-	-	(9)
Deferred taxation thereon	6	(20)	3
	(16)	49	(20)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(217)</b>	<b>(375)</b>	<b>(117)</b>
<b>Total comprehensive (loss) income for the year, net of tax</b>	<b>(256)</b>	<b>(2,575)</b>	<b>798</b>
<i>Allocated as follows</i>			
Equity shareholders	(275)	(2,605)	780
Non-controlling interests	19	30	18
	(256)	(2,575)	798

# GROUP – STATEMENT OF FINANCIAL POSITION

As at 31 December

Figures in millions	Notes	2014	2013	2012
US Dollars				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	15	4,863	4,815	7,776
Intangible assets	16	225	267	315
Investments in associates and joint ventures	18	1,427	1,327	1,047
Other investments	19	126	131	167
Inventories	20	636	586	610
Trade and other receivables	22	20	29	79
Deferred taxation	30	127	177	97
Cash restricted for use	23	36	31	29
Other non-current assets	21	25	41	7
		<b>7,485</b>	<b>7,404</b>	<b>10,127</b>
<b>Current assets</b>				
Other investments	19	-	1	-
Inventories	20	888	1,053	1,213
Trade and other receivables	22	278	369	472
Cash restricted for use	23	15	46	35
Cash and cash equivalents	24	468	648	892
		<b>1,649</b>	<b>2,117</b>	<b>2,612</b>
Non-current assets held for sale	25	-	153	-
		<b>1,649</b>	<b>2,270</b>	<b>2,612</b>
<b>Total assets</b>		<b>9,134</b>	<b>9,674</b>	<b>12,739</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital and premium	26	7,041	7,006	6,742
Accumulated losses and other reserves		(4,196)	(3,927)	(1,269)
Shareholders' equity		<b>2,845</b>	<b>3,079</b>	<b>5,473</b>
Non-controlling interests		26	28	21
<b>Total equity</b>		<b>2,871</b>	<b>3,107</b>	<b>5,494</b>
<b>Non-current liabilities</b>				
Borrowings	27	3,498	3,633	2,724
Environmental rehabilitation and other provisions	28	1,052	963	1,238
Provision for pension and post-retirement benefits	29	147	152	221
Trade, other payables and deferred income	31	15	4	10
Derivatives	37	-	-	10
Deferred taxation	30	567	579	1,084
		<b>5,279</b>	<b>5,331</b>	<b>5,287</b>
<b>Current liabilities</b>				
Borrowings	27	223	258	859
Trade, other payables and deferred income	31	695	820	979
Bank overdraft	24	-	20	-
Taxation	32	66	81	120
		<b>984</b>	<b>1,179</b>	<b>1,958</b>
Non-current liabilities held for sale	25	-	57	-
		<b>984</b>	<b>1,236</b>	<b>1,958</b>
<b>Total liabilities</b>		<b>6,263</b>	<b>6,567</b>	<b>7,245</b>
<b>Total equity and liabilities</b>		<b>9,134</b>	<b>9,674</b>	<b>12,739</b>

# GROUP – STATEMENT OF CASH FLOWS

For the year ended 31 December

Figures in millions	Notes	2014	2013	2012
US Dollars				
<b>Cash flows from operating activities</b>				
Receipts from customers		5,351	5,709	6,523
Payments to suppliers and employees		(3,978)	(4,317)	(4,173)
Cash generated from operations	33	1,373	1,392	2,350
Dividends received from joint ventures		-	18	72
Taxation refund	32	41	23	54
Taxation paid	32	(194)	(187)	(507)
Net cash inflow from operating activities		1,220	1,246	1,969
<b>Cash flows from investing activities</b>				
Capital expenditure				
- project capital		(289)	(594)	(779)
- stay-in-business capital		(724)	(907)	(1,146)
Interest capitalised and paid		(1)	(5)	(12)
Expenditure on intangible assets		(5)	(68)	(79)
Proceeds from disposal of tangible assets		31	10	5
Other investments acquired		(79)	(91)	(97)
Proceeds from disposal of other investments		73	81	86
Investments in associates and joint ventures		(65)	(472)	(349)
Proceeds from disposal of associates and joint ventures		-	6	20
Loans advanced to associates and joint ventures		(56)	(41)	(65)
Loans repaid by associates and joint ventures		20	33	1
Dividends received		-	5	7
Proceeds from disposal of subsidiary	25, 34	105	2	6
Cash in subsidiary acquired	34	-	-	5
Cash in subsidiary disposed	34	-	-	(31)
Cash balances in assets held for sale		2	(2)	-
Acquisition of subsidiary and loan	34	-	-	(335)
Decrease (increase) in cash restricted for use		24	(20)	(3)
Interest received		21	23	36
Loans advanced		-	-	(45)
Net cash outflow from investing activities		(943)	(2,040)	(2,775)
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital		-	-	2
Proceeds from borrowings		611	2,344	1,432
Repayment of borrowings		(761)	(1,486)	(217)
Finance costs paid		(245)	(200)	(145)
Acquisition of non-controlling interest		-	-	(215)
Revolving credit facility and bond transaction costs		(9)	(36)	(30)
Dividends paid		(17)	(62)	(236)
Net cash (outflow) inflow from financing activities		(421)	560	591
Net decrease in cash and cash equivalents		(144)	(234)	(215)
Translation		(16)	(30)	(5)
Cash and cash equivalents at beginning of year		628	892	1,112
Cash and cash equivalents at end of year	24	468	628	892

# GROUP – STATEMENT OF CHANGES IN EQUITY

Figures in million	Equity holders of the parent							Total	Non-controlling interests	Total equity
	Share capital and premium	Other capital reserves <sup>(1)</sup>	Accumulated losses <sup>(2)</sup>	Cash flow hedge reserve <sup>(3)</sup>	Available-for-sale reserve <sup>(4)</sup>	Actuarial (losses) gains	Foreign currency translation reserve			
US Dollars										
<b>Balance at 31 December 2011</b>	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 <sup>(5)</sup>			(144)					(144)	(71)	(215)
Disposal of subsidiary <sup>(6)</sup>								-	(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</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			(2,230)					(2,230)	30	(2,200)
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 <sup>(7)</sup>	264							264		264
Share-based payment for share awards net of exercised <sup>(8)</sup>		(13)						(13)		(13)
Dividends paid (note 14)			(40)					(40)		(40)
Dividends of subsidiaries								-	(23)	(23)
Translation		(28)	15		(3)	16		-		-
<b>Balance at 31 December 2013</b>	<b>7,006</b>	<b>136</b>	<b>(3,061)</b>	<b>(1)</b>	<b>18</b>	<b>(25)</b>	<b>(994)</b>	<b>3,079</b>	<b>28</b>	<b>3,107</b>
Loss for the year			(58)					(58)	19	(39)
Other comprehensive loss						(16)	(201)	(217)		(217)
Total comprehensive loss	-	-	(58)	-	-	(16)	(201)	(275)	19	(256)
Shares issued	35							35		35
Share-based payment for share awards net of exercised		6						6		6
Dividends of subsidiaries								-	(21)	(21)
Translation		(10)	10		(1)	1		-		-
<b>Balance at 31 December 2014</b>	<b>7,041</b>	<b>132</b>	<b>(3,109)</b>	<b>(1)</b>	<b>17</b>	<b>(40)</b>	<b>(1,195)</b>	<b>2,845</b>	<b>26</b>	<b>2,871</b>

<sup>(1)</sup> Other capital reserves includes a surplus on disposal of company shares held by companies prior to the formation of AngloGold Ashanti Limited of \$12m (2013: \$14m; 2012: \$17m), surplus on equity transaction of joint venture of \$36m (2013: \$36m; 2012: \$36m), share of associates and joint ventures' other comprehensive loss of \$1m (2013: \$2m; 2012: \$1m), equity items for share-based payments of \$82m (2013: \$85m; 2012: \$123m) and other reserves.

<sup>(2)</sup> Included in accumulated losses are retained earnings totaling \$184m (2013: \$83m; 2012: \$181m) arising at equity accounted investments which may not be remitted without third party consent.

<sup>(3)</sup> 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 Serra Grande mine.

<sup>(4)</sup> Available-for-sale reserve represents fair value gains or losses on available-for-sale financial assets.

<sup>(5)</sup> 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.

<sup>(6)</sup> In early December 2012, AngloGold Ashanti Limited disposed of a 5% interest in Rand Refinery (Pty) Limited, resulting in Rand Refinery (Pty) Limited being reported as an associate.

<sup>(7)</sup> Includes share awards exercised and delivery of 18,140,000 shares to settle the outstanding 6% Mandatory Convertible Subordinated Bonds.

<sup>(8)</sup> Includes reassessment of estimated vesting profile related to the accelerated share options.