FINANCIAL REVIEW

Three-year summaries

Summarised group financial results – income statement

US dollar million	2020	2019	2018
Continuing operations			
Revenue from product sales	**4,427**	3,525	3,336
Cost of sales	**(2,699)**	(2,626)	(2,584)
(Loss) gain on non-hedge derivatives and other commodity contracts	**(19)**	5	(2)
Gross profit	**1,709**	904	750
Corporate administration, marketing and other expenses	**(68)**	(82)	(76)
Exploration and evaluation costs	**(124)**	(112)	(98)
Impairment, derecognition of assets and profit / (loss) on disposal	**(1)**	(6)	(7)
Other expenses	**(57)**	(83)	(79)
Operating profit	**1,459**	621	490
Interest income	**27**	14	8
Dividends received	**2**	-	2
Foreign exchange and other losses	**-**	(12)	(9)
Finance costs and unwinding of obligations	**(177)**	(172)	(168)
Share of associates and joint ventures' profit	**278**	168	122
Profit before taxation	**1,589**	619	445
Taxation	**(625)**	(250)	(212)
Profit after taxation from continuing operations	**964**	369	233
Discontinued operations			
Profit (loss) from discontinued operations	**7**	(376)	(83)
Profit (loss) for the year	**971**	(7)	150
Allocated as follows:			
Equity shareholders			
- Continuing operations	**946**	364	216
- Discontinued operations	**7**	(376)	(83)
Non-controlling interests			
- Continuing operations	**18**	5	17
	971	(7)	150

26% increase in **revenue** from 2019 supported by 28% higher average gold price received of $1,778/oz, with 1% lower gold sold of 2,834,000oz in 2020 largely due to COVID-19 related production impacts at Cerro Vanguardia in Argentina and Serra Grande in Brazil.

3% increase in **cost of sales** from 2019 primarily due to a 3% increase in cash operating costs ($50 million), and a 32% increase in royalties paid ($44 million) partly offset by a 40% decrease in rehabilitation and other non-cash costs ($21 million). The increase in cash operating costs are due to higher labour and contractor costs, consumable stores, COVID-19 pandemic related spend, services and other charges partly offset by lower fuel and power costs. The decrease in rehabilitation and other non-cash costs arose from the changes to restoration provision cash flows, inflation rates and discount rates compared to 2019. Inflationary increases were mostly offset by weaker local currencies in South Africa, Australia and Brazil.

Other expenses decreased during 2020 largely due to ceasing care and maintenance activities at Obuasi as the redevelopment project progressed to commercial level of production in 2020, partly offset by increased cost of indirect taxes and other duties expensed and a Brazilian power utility legal settlement received in 2019 not repeated in 2020.

Share of associates and joint ventures' profit increased by $110 million (65%) from 2019 mainly as a result of an increase in equity earnings of $95 million at Kibali. AngloGold Ashanti, together with its joint venture partner Barrick, completed the sale of the Morila gold mine in Mali to Firefinch Limited (previously named Mali Lithium Limited) on 10 November 2020. On 30 December 2020, AngloGold Ashanti together with its joint venture partner IAMGOLD, completed the sale of their entire interests in SEMOS (Sadiola) in Mali to Allied Gold Corp. Profit on sale of joint ventures during the year totalled $19 million.

A **taxation expense** of $625 million in 2020 increased by 150% ($375 million) compared to 2019. Charges for current tax in 2020 amounted to $562 million, an increase of 89% compared to 2019 mainly due to higher earnings in Australia, Ghana, Tanzania and Argentina. Charges for deferred tax in 2020 amounted to a net deferred tax expense of $63 million, compared to a net deferred tax benefit of $48 million in 2019. The increase mainly relates to the derecognition of deferred tax assets in South Africa during the fourth quarter of 2020.

Summarised group financial results – statement of financial position

US dollar million	2020	2019	2018
Assets			
Tangible, right of use and intangible assets	**3,157**	2,873	3,504
Investments	**1,839**	1,667	1,675
Inventories	**802**	725	758
Cash and cash equivalents	**1,330**	456	329
Assets held for sale	**-**	601	-
Other assets	**544**	541	377
Total assets	**7,672**	6,863	6,643
Equity and liabilities			
Total equity	**3,740**	2,676	2,694
Borrowings and lease liabilities	**2,084**	2,204	2,050
Provisions	**814**	797	927
Deferred taxation	**246**	241	315
Liabilities held for sale	**-**	272	-
Other liabilities	**788**	673	657
Total equity and liabilities	**7,672**	6,863	6,643

Tangible, right of use and intangible assets increased by $284 million from 2019 mainly due to project capital expenditure of $331 million and stay-in-business capital expenditure of $394 million incurred in 2020. $17 million of finance cost was capitalised as part of the Obuasi redevelopment project and $39 million of tangible assets were recognised as part of the Joint Operation accounting change for Gramalote in Colombia. A further increase of $66 million is due to foreign currency translations to the group reporting currency. Amortisation charges amounted to $579 million in 2020.

Investments includes investments in associates and joint ventures which increased by $70 million from $1,581 million in 2019 to $1,651 million in 2020 is largely due to the continued slow cash repatriation from Kibali joint venture located in the Democratic Republic of the Congo (DRC). Cumulative cash receipts from the DRC in 2020 totalled $140 million.

At 31 December 2020, AngloGold Ashanti's attributable share of the outstanding cash balances awaiting repatriation from the DRC amounted to $424 million. Barrick Gold Corporation, the operator of the Kibali joint venture, continues to engage with the DRC Government regarding the 2018 Mining Code and the cash repatriation. Since the third quarter of 2020, VAT offsets and refunds have also been impacted by the COVID-19 pandemic in the DRC.

Cash and cash equivalents increased by $874 million from 2019 supported by the highest free cash flow generation since 2011, aided by the improved gold price, but partly offset by lower gold output, higher operating costs, royalties and taxation, and further impacted by the continued slow cash repatriation from the Democratic Republic of the Congo (DRC). Free cash flow was impacted by unfavourable working capital movements, related mainly to inventories, the VAT lock-up at Geita and increased export-duty receivables at Cerro Vanguardia. On 1 July 2020, the Finance Act, 2020 (No. 8) became effective in Tanzania, amending the Value Added Tax Act, 2014 (No. 5), without retrospective effect, specifically by deleting the disqualification of refunds due to exporters of 'raw minerals'. This allows for the recovery of VAT refunds for mineral exporters from July 2020 onwards. Cerro Vanguardia had a cash balance of $137 million equivalent as at 31 December 2020, of which $50 million is currently eligible to be declared as dividends. Application has been made to the Central Argentine Bank to approve $11 million of this eligible amount to be paid offshore to AngloGold Ashanti, however, approval remains pending. The cash is fully available for Cerro Vanguardia's operational requirements.

Borrowings and lease liabilities decreased by $120 million from 2019 and together with the increased cash balance resulted in adjusted net debt of $597 million at 31 December 2020, down from $1,581 million at 31 December 2019.

During 2020, we concluded a 10-year $700 million bond offering, priced at 3.75% per annum - the lowest coupon achieved by the Company for a bond offering - with the net proceeds directed to repaying a portion of outstanding borrowings. The initial proceeds of $200 million received from the sale of the South African producing assets were used to further reduce debt. The balance sheet remains robust, with strong liquidity comprising the $1.4bn multi-currency Revolving Credit Facility (RCF) which is undrawn, the $150m Geita RCF of which $41 million is undrawn, the $65 million Siguiri RCF which is fully drawn, the South African R500 million ($34 million) RMB corporate overnight facility which is undrawn, and cash and cash equivalents of $1.3bn at 31 December 2020. The South African R1.4bn RCF, R2.5bn RCF and R1bn RCF facilities were cancelled voluntarily in 2020. The $1bn standby facility that was put in place at the onset of the COVID-19 pandemic in order to provide additional liquidity was cancelled on 1 October 2020.

FINANCIAL REVIEW CONTINUED

Summarised group financial results – statement of cash flows

US dollar million	2020	2019	2018
Cash flows from operating activities			
Cash generated from operations	**1,828**	1,102	931
Dividends received from joint ventures	**148**	77	91
Net taxation paid	**(431)**	(221)	(166)
Net cash inflow from operating activities from continuing operations	**1,545**	958	856
Net cash inflow from discontinued operations	**109**	89	1
Net cash inflow from operating activities	**1,654**	1,047	857
Cash flows from investing activities			
Capital expenditure	**(701)**	(703)	(575)
Net receipts (payments) from acquisition and disposal of subsidiaries, associates and joint ventures	**2**	(5)	(8)
Net proceeds (payments) from disposal and acquisition of investments, associate loans, and acquisition and disposal of tangible assets	**241**	17	21
Interest received	**27**	14	5
Increase in cash restricted for use	**(9)**	-	(6)
Other	**(8)**	(6)	2
Net cash outflow from investing activities from continuing operations	**(448)**	(683)	(561)
Net cash (outflows) inflows from discontinued operations	**(31)**	(54)	226
Cash in subsidiaries sold and transferred to held for sale	**3**	(6)	-
Net cash outflow from investing activities	**(476)**	(743)	(335)
Cash flows from financing activities			
Net (repayments) proceeds from borrowings and lease liabilities	**(131)**	3	(214)
Finance costs and lease finance costs paid	**(118)**	(137)	(130)
Dividends paid	**(47)**	(43)	(39)
Other	**(33)**	-	(10)
Net cash outflow from financing activities from continuing operations	**(329)**	(177)	(393)
Net cash outflows from discontinued operations	**-**	-	-
Net cash outflow from financing activities	**(329)**	(177)	(393)
Net increase in cash and cash equivalents	**849**	127	129
Translation	**25**	-	(5)
Cash and cash equivalents at beginning of year	**456**	329	205
Cash and cash equivalents at end of year	**1,330**	456	329

Free cash flow reconciliation:

US dollar million	2020	2019	2018
Net cash inflow from operating activities	**1 654**	1 047	857
Net cash outflow from investing activities	**(476)**	(743)	(335)
Finance costs	**(138)**	(143)	(140)
Other borrowing costs	**(33)**	-	-
Repayment of lease liabilities	**(47)**	(42)	-
Movement in restricted cash	**9**	-	6
Acquisitions, disposals and other	**3**	2	(12)
Proceeds from sale of assets	**(226)**	-	(309)
Cash in subsidiaries disposed and transferred to held for sale	**(3)**	6	-
Free cash flow	**743**	127	67

Movements in working capital:

US dollar million	2020	2019	2018
Increase in inventories	**(83)**	(67)	(2)
Increase in trade, other receivables and other assets	**(163)**	(138)	(74)
Increase (decrease) in trade, other payables and provisions	**8**	40	(46)
	(238)	(165)	(122)

Inventory grew as a result of ramp up to commercial production at Obuasi during the year, transition to underground owner mining at Geita's Star and Comet mine and increased safety stocks of consumables and reagents as a COVID-19 preventative measure.

The increase in **Trade, other receivables and other assets** is mainly due to the delay in recovery of reimbursable indirect taxes and duties in Tanzania, Ghana and Argentina.

Capital expenditure remained in line with the prior year at $701 million in 2020. This included growth capital expenditure of $256 million relating to Obuasi, Siguiri, Geita, Tropicana, Sunrise Dam and Quebradona in 2020, compared to $313 million invested in growth projects in the prior year. Sustaining capital expenditure was 14% higher in 2020 at $445 million, compared with $390 million in 2019 as the Company steadily progressed its reinvestment programme, focusing on Ore Reserve development and Ore Reserve conversion at sites with high geological potential. A further $112 million was spent on exploration, of which $67 million was spent on greenfields exploration and study costs, largely in Colombia and North America while $45 million was spent on non-sustaining exploration drilling to improve Mineral Resource at current operations.

Net proceeds from disposal of investments, associated loans and tangible assets includes $200 million cash proceeds received on the disposal of the South African assets and associated liabilities as well as $25 million proceeds received on the disposal of the investment in Sadiola and $4 million proceeds received on the disposal of the investment in Morila.

Three-year summaries *(continued)*

Ratios and statistics

	Units	2020	2019	2018
Operating review - gold				
Production from continuing operations [(1)]	000oz	**2,806**	2,862	2,913
Gold sold from continuing operations [(1)]	000oz	**2,834**	2,854	2,922
Continuing operations				
Closing spot price at year-end	$/oz	**1,896**	1,517	1,268
Average gold price received	$/oz	**1,778**	1,394	1,266
Total cash costs	$/oz	**790**	746	729
All-in sustaining costs	$/oz	**1,037**	978	942
All-in costs	$/oz	**1,185**	1,151	1,034
Earnings				
Gross profit	$m	**1,709**	904	750
Gross margin	%	**40**	26	23
Interest cover	times	**16**	11	10
Asset and debt management				
Adjusted net debt	$m	**597**	1,581	1,659
Adjusted net debt to adjusted EBITDA [(2)]	times	**0.2**	1.0	1.2
Profit attributable to equity shareholders	$m	**946**	364	216
Profit attributable to equity shareholders	US cents	**225**	87	52
Capital expenditure [(3)]	$m	**757**	754	646
Net cash inflow from operating activities	$m	**1,545**	958	856
Asset and debt management				
Equity	$m	**3,740**	2,676	2,694
Net capital employed	$m	**4,424**	4,422	4,657
Net asset value - per share	US cents	**897**	644	653
Market capitalisation	$m	**9,430**	9,278	5,180
Return on net capital employed	%	**31**	11	8
Adjusted net debt to equity	%	**16**	59	62
Other				
Weighted average number of shares	million	**419**	418	417
Issued shares at year-end	million	**417**	415	413
Exchange rates				
Rand/dollar average		**16.45**	14.44	13.25
Rand/dollar closing		**14.69**	13.99	14.35
Australian dollar/dollar average		**1.45**	1.44	1.34
Australian dollar/dollar closing		**1.30**	1.42	1.42
Brazilian real/dollar average		**5.15**	3.94	3.66
Brazilian real/dollar closing		**5.20**	4.03	3.87
Argentinean peso/dollar average		**70.71**	48.29	28.14
Argentinean peso/dollar closing		**84.15**	59.90	37.81

[(1)] *Includes pre-production ounces.*

[(2)] *The Adjusted EBITDA calculation is based on the formula included in the revolving credit agreements for compliance with the debt covenant formula.*

[(3)] *Includes attributable share of equity-accounted investments.*