



ANGLOGOLD ASHANTI LIMITED
AUDIT AND CORPORATE GOVERNANCE COMMITTEE –
TERMS OF REFERENCE
Updated – February 2006

The Audit and Corporate Governance Committee has been established as a Board committee in accordance with Article 100 of the Company's Articles of Association.

The Audit and Corporate Governance Committee ("Committee") is tasked to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, stock exchange rules and accounting standards. The Committee should not perform any management functions or assume any managerial responsibilities. The Committee provides a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board. The Committee is constituted in terms of the requirements of sound corporate governance practices and operates within that framework.

1. MEMBERSHIP AND QUORUM

- 1.1. The members of the Committee shall be appointed by the Board from amongst the independent directors.
- 1.2. The Committee shall have at least three members.
- 1.3. The Committee's chairman shall be appointed by the Board.
- 1.4. The Committee members shall be appointed annually by the Board. Removals and replacements may be made in the same way.
- 1.5. Each member of the Committee shall meet all applicable independence and financial literacy requirements. At least one member shall be a financial expert.
- 1.6. Where a member serves on more than three public company Audit Committees, the Board must determine and disclose that such concurrent service does not impair the member's ability to effectively serve the Committee.

1.7. If a member is unable to act for any reason, the Chairman of the Committee may co-opt another independent director as an additional member.

1.8. The quorum for the transaction of business shall be two members of the Committee.

2. SECRETARY

The Secretary of the Committee shall be the Managing Secretary or the Company Secretary or such other person as the Committee may appoint.

3. ATTENDANCE AT MEETINGS

3.1. The Committee may invite any person it deems appropriate to attend any of its meetings.

3.2. Any director (whether or not a member of the Committee) shall be entitled to attend a meeting of the Committee, other than any meeting with the external auditors referred to in the previous paragraph, but will not be entitled to vote. A representative of the external auditors, the Executive Director – Finance and the Group Internal Audit Manager will normally be expected to attend meetings of the Committee, other than any meeting with the external auditors referred to in the previous paragraph.

3.3. The Chairman of the Committee shall have the right to exclude from the meeting, or from any item on the agenda, any executive should in his opinion a conflict of interest become evident.

4. MEETINGS AND PROCEEDINGS

4.1. In terms of Article 110 of the Articles of Association, the meetings and proceedings of the Committee shall be governed, *mutatis mutandis*, by the provisions of the Articles regulating the meetings and proceedings of the directors, so far as they are applicable and are not superseded by any of the conditions laid down in these Terms of Reference.

4.2. At least four meetings shall be held each year. These meetings shall be convened by the Secretary of the Committee at the request of its Chairman.

4.3. The Committee shall meet with the external auditors without the Executive Director – Finance or any other executive director present and shall periodically meet separately with management, the head of legal and internal audit.

4.4. Additionally, any of the Chairman of the Committee, the Executive Director – Finance and the external auditors may ask the Secretary of the Committee to convene a meeting where this is considered necessary.

- 4.5. The Secretary of the Committee shall prepare an agenda for all meetings, to be agreed by the Chairman.
- 4.6. The minutes of all meetings of the Committee, or summaries thereof, shall be submitted to the Board at the immediate following Board meeting. The agenda for each such Board meeting shall provide an opportunity for the Chairman of the Committee to report orally on any matters of importance. The Chairman shall report on the Committee's findings and recommended actions.
- 4.7. The Committee shall conduct an annual performance self-evaluation and shall report the results to the entire Board.
- 4.8. The Committee shall assess the adequacy of their Terms of Reference on an annual basis and recommend any changes to the Board.

5. AUTHORITY

The Committee is authorised by the Board:

- 5.1. To investigate any activity within its Terms of Reference.
- 5.2. To seek any information it requires from any employee.
- 5.3. To obtain outside legal or other independent professional advice at the Company's expense.
- 5.4. To instruct external professional advisers to attend any meeting if it considers this necessary or appropriate.

6. DUTIES OF THE COMMITTEE

The duties of the Committee shall be:

- 6.1. Directly responsible for the appointment, retention, compensation and oversight of the work of the external auditor employed by the Company to audit its financial statements.
- 6.2. Have sole authority to pre-approve any non-audit services to be provided by the external auditor.
- 6.3. To oversee the external auditing function, including:
 - ↳ To evaluate the performance of the external auditor(s);
 - ↳ To discuss and review, with the external auditor(s) before the audit commences, the auditor(s) engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and to ensure co-ordination (where more than one audit firm is involved) and maintenance of a professional relationship between them;

- ↻ To negotiate procedures, subject to agreement, beyond minimum statutory and professional duties where there are certain minimum non-negotiable procedures required from the external auditor(s);
 - ↻ To agree the timing and nature of reports from the external auditor(s);
 - ↻ To consider the appropriateness and quality for all critical accounting policies and practices including any accounting treatments, significant unusual transactions, or accounting judgements, that could be contentious;
 - ↻ To consider all alternative treatments of financial information, the implications of these and the preferred treatment by the external auditor(s);
 - ↻ To consider whether any significant ventures, investments or operations are not subject to external audit;
 - ↻ To review overall audit role, to explore objectives, minimise duplication, discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money;
 - ↻ To obtain assurance from the external auditor(s) that adequate accounting records are being maintained;
 - ↻ To review other material communications between management and the external auditor(s) including the schedule of unadjusted differences;
 - ↻ To review with the external auditor(s) any problems or difficulties and management's responses.
- 6.4. To review, before submission of the relevant documents to the Board, the quarterly and half year financial results, the preliminary announcement of financial statements, the annual financial statements and the accompanying reports to shareholders and any other announcement regarding the Company's results or other financial information including the Management's Discussions and Analysis of Financial Condition and Results of Operations, focusing particularly on:
- ↻ The implementation of new systems;
 - ↻ Tax and litigation matters involving uncertainty;
 - ↻ Any changes in accounting policies and practices;
 - ↻ Significant financial estimates based on judgement which are included in the financial statements;
 - ↻ The propriety of major adjustments processed at year end;
 - ↻ Compliance with accounting standards, both local and international;
 - ↻ Compliance with relevant statutory and stock exchange requirements and good corporate governance practices;
 - ↻ Significant adjustments resulting from the audit;
 - ↻ Capital adequacy;
 - ↻ Compliance with the financial conditions of loan covenants;
 - ↻ Review of special documents such as prospectuses as and when prepared;

- ↪ Earnings press releases;
 - ↪ Discuss with management and consult with any independent professionals considered appropriate, the effectiveness of disclosure controls and procedures and also important trends and developments in financial reporting practices and requirements and their effect on the financial statements.
 - ↪ Submissions to the Securities and Exchange Commission (SEC).
- 6.5. To review the risk policies with respect to risk identification and the risk management process.
- 6.6. To review the annual report and financial statements taken as a whole to ensure they fairly present a balanced and understandable assessment of the Company's position, performance and prospects.
- 6.7. To review such significant transactions not directly related to the Company's normal business as the Committee might deem appropriate.
- 6.8. To review the "going concern" assumptions of the Group and report the findings to the Board.
- 6.9. To follow up on actions taken where weaknesses in control were previously identified.
- 6.10. To consider other topics, as may be requested by the Board.
- 6.11. To review the activities of the internal auditing department, including:
- ↪ To review and approve the internal auditing department's Terms of Reference;
 - ↪ To ensure that the internal audit function has appropriate standing in the Company;
 - ↪ To ensure that the internal audit function is adequately resourced;
 - ↪ To consider the appointment and/or removal of the head of the internal audit function;
 - ↪ To consider whether the objectives and goals, staffing plans, financial budgets and audit plans of the internal audit function provide adequate support for the goals and objectives of the Committee;
 - ↪ To review summary results of work performed by the internal audit function in relation to financial reporting, corporate governance and corporate control;
 - ↪ To consider the major findings of any internal audit investigation and management's response thereto;
 - ↪ To review the scope of internal audit activities; and
 - ↪ To review significant differences of opinion between management and the internal audit function.
- 6.12. To ensure that the head of the internal audit function has unrestricted access to the Chairman of the Committee and, where necessary, the Chairman of the Board of Directors.

7. COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

- 7.1. The Committee shall review with management, and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies.
- 7.2. The Committee shall review with the head of legal the adequacy and effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities. The Committee shall also review the legal and compliance function's organisation, responsibilities, plans, results, budget and staffing.
- 7.3. The Committee shall establish procedures for:
- ↳ the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or potential violation of law; and
 - ↳ the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters or potential violations of law.
- 7.4. The Committee shall obtain reports from management, the internal auditor and the external auditor regarding compliance with all applicable legal and regulatory requirements.

8. INTERNAL CONTROL

- 8.1. The Committee shall review the process followed for sign off of the certificates required by the SEC in terms of the Sarbanes-Oxley Act of 2002 and report to the Board any issues of significance.
- 8.2. Review the Company's statement on internal control systems prior to endorsement by the Board, and in particular to review:
- ↳ management's responsibility for establishing and maintaining adequate internal control over financial reporting for the company;
 - ↳ the effectiveness of the company's system of internal control, including internal financial control, business process control and business risk management, over financial reporting at the end of the company's most recent fiscal year;
 - ↳ the framework used by management to evaluate the effectiveness of the company's internal control over financial reporting;
 - ↳ management's evaluation of any change in the company's internal control over financial reporting that occurred during a fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;

- ↪ The Company's policies for preventing or detecting fraud.
- ↪ The operational effectiveness of the policies and procedures.
- ↪ The co-ordination between the internal audit function and the external auditors and deal with any issues of material or significant dispute or concern.
- ↪ To approve the control report required by the SEC to be included in the Company's 20-F submission.

8.3. The Committee, in carrying out its duties under these Terms of Reference, will have due regard to the principles of governance and code of best practice as contained in the King Report on Corporate Governance for South Africa 2002.

9. ETHICS

9.1. The Committee will be required to:

- ↪ Monitor the ethical conduct of the Company, its executives and senior officials;
- ↪ Review any statements on ethical standards or requirements for the Company;
- ↪ Review compliance with the requirements of the Articles of Association;
- ↪ Review any identified violation of ethical conduct;
- ↪ Review environmental and social issues identified.

9.2. The Committee will also give recommendations on any potential conflict of interest or questionable situations of a material nature.

10. REMUNERATION

10.1 Having regard to the functions performed by the members of the Committee in addition to their function as directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the Board by the Articles of Association of the Company, members of the Committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

10.2 The Chairman of the Committee shall, in addition to his/her remuneration as member, receive a further sum as determined by the Board.

10.3 Such special remuneration in terms hereof shall be in addition to the annual fees payable to directors.

11. REPORTING

- 11.1. The Secretary of the Committee shall circulate the minutes of each meeting of the Committee to all members of the Board and to the external auditors. The Chairman of the Committee shall report, at Board meetings, on any matters of importance.
- 11.2. The Chairman of the Committee or, in his absence, any other member of the Committee, shall be in attendance at annual general meetings of members of the Company to respond to any questions relating to the work of the Committee.