Review of operations – South Africa

In South Africa, AngloGold Ashanti operates seven underground mines located in two geographical regions on the Witwatersrand Basin. These mines are:

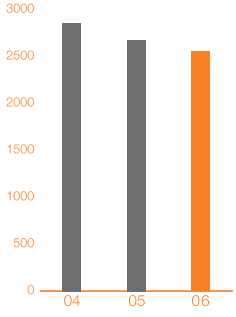
- the Mponeng, Savuka and TauTona mines which comprise the West Wits operations; and
- the Great Noligwa, Kopanang, Tau Lekoa and Moab Khotsong mines which make up the Vaal River operations.

Gold production from the South African operations declined by 5% to 2,554,000 ounces in 2006, due primarily to the reduced volumes mined at Tau Lekoa, which this year underwent a restructuring, and TauTona, where seismicity further reduced the planned lower volumes for the year. Despite decreased gold production, total cash costs improved by 2% to $285 per ounce, partly as a result of cost savings initiatives implemented in the region. Cost savings of $50 million were recorded for the year, achieved chiefly from operational efficiencies which contributed 57% to total savings, improved procurement practices (9%) and the restructuring of both the Savuka and Tau Lekoa mines (34%).

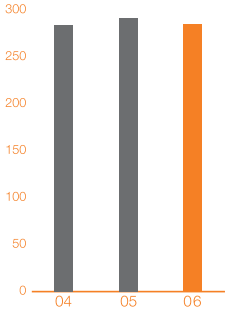
Great Noligwa, Kopanang and Tau Lekoa together produced 1.38 million pounds of uranium oxide in 2006.

In 2006, capital expenditure at the South Africa operations totalled $313 million, with ore reserve development representing 60% of this amount, expansion capital 21%, and stay-in-business capital 19%. Major components of the expansion capital included the completion and commissioning of the Moab Khotsong mine, the deepening project at Mponeng, and the acceleration of the uranium plant upgrade in Vaal River.

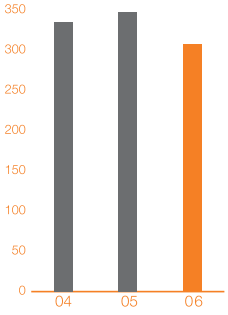
Gold production (000oz)
South Africa



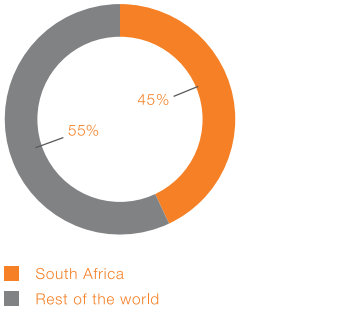
Total cash costs ($/oz)
South Africa



Capital expenditure ($m)
South Africa



Attributable contribution to AngloGold Ashanti production in 2006 (%)



South Africa	2006	2005	2004
Gold production (000oz)	2,554	2,676	2,857
Total cash costs ($/oz)	285	291	284
Capital expenditure ($ million)	313	347	335
Total number of employees, including contractors	35,968	40,754	43,282

Geology of the Witwatersrand Basin

The Witwatersrand Basin comprises a 6 kilometre-thick sequence of interbedded argillaceous and are nacreous sediments that extend laterally for some 300 kilometres north-east/south-west and 100 kilometres north-west/south-east on the Kaapvaal Craton. The upper portion of the basin, which contains the orebodies, outcrops at its northern extent near Johannesburg.

Further west, south and east the basin is overlain by up to four kilometres of Archaean, Proterozoic and Mesozoic volcanic and sedimentary rocks. The Witwatersrand Basin is late Archaean in age and is considered to be around 2.7 billion to 2.8 billion years old.

Gold occurs in laterally extensive quartz pebble conglomerate horizons or reefs, which are generally less than two metres thick, and are widely considered to represent laterally extensive braided fluvial deposits. Separate fan systems were developed at different entry points and these are preserved as distinct goldfields.

There is still much debate about the origin of the gold mineralisation in the Witwatersrand Basin. Gold was generally considered to have been deposited syngenetically with the conglomerates, but increasingly an epigenetic theory of origin is being supported.

Nonetheless, the most fundamental determinant of gold distribution in the basin remains the sedimentary features, such as facies variations and channel directions. Gold generally occurs in native form often associated with pyrite and carbon, with quartz being the main gangue mineral.

West Wits

Description: The West Wits operations – the Mponeng, Savuka and TauTona mines – are located near the town of Carletonville in North West Province, south-west of Johannesburg, straddling the boundary with the province of Gauteng. Savuka and TauTona share a processing plant, while Mponeng has its own processing plant.

Geology: Two reef horizons are exploited at the West Wits operations: the Ventersdorp Contact Reef (VCR), located at the top of the Central Rand Group, and the Carbon Leader Reef (CLR) near the base. The separation between the two reefs increases from east to west, from 400 metres to 900 metres, owing to non-conformity in the VCR. TauTona and Savuka exploit both reefs, while Mponeng only mines the VCR. The structure is relatively simple, with rare instances of faults greater than 70 metres.

The CLR consists of one or more conglomerate units and varies from several centimetres to more than three metres in thickness. Regionally, the VCR dips at approximately 21°, but may vary between 5° and 50°, accompanied by changes in thickness of the conglomerate units. Where the conglomerate has the attitude of the regional dip, it tends to be thick, well-developed and accompanied by higher gold accumulations. Where the attitude departs significantly from the regional dip, the reef is thin, varying from several centimetres to more than 3 metres in thickness.

Review of operations – South Africa *cont.*

Operating review

During 2006, production at Mponeng increased by 16% to 596,000 ounces as a result of higher volumes and an improved yield. Total cash costs consequently declined by 15% to $237 per ounce, also aided by the benefit of the cost savings initiatives undertaken in the beginning of the year. In local terms, total cash costs were 10% lower at R51,524/kilogram.

Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts was considerably higher year-on-year at $156 million, primarily as a result of both increased gold production and an improved price received.

Capital expenditure was marginally higher year-on-year at $48 million.

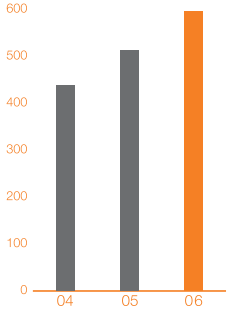
At TauTona, production declined to 474,000 ounces due to the planned lower volume mined, as well as seismicity concerns in the first and fourth quarters of the year.

Total cash costs, in local currency terms, consequently increased by 12% to R58,419/kilogram and in dollar terms by 5% to $269 per ounce, although the continued implementation of cost-savings initiatives at the mine helped offset the effect of reduced ounces.

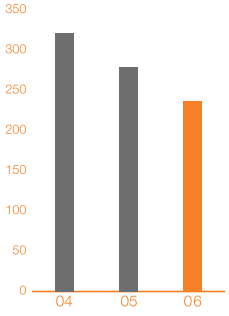
Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts improved significantly to $101 million, as a considerably higher price received helped mitigate the effect of a decline in production and increased total cash costs.

Mponeng	2006	2005	2004
Pay limit (oz/t)	0.23	0.34	0.41
Pay limit (g/t)	7.74	11.53	13.71
Recovered grade (oz/t)	0.290	0.267	0.237
Recovered grade (g/t)	9.93	9.15	8.14
Gold production (000oz)	596	512	438
Total cash costs ($/oz)	237	279	322
Total production costs ($/oz)	338	363	386
Capital expenditure ($ million)	48	47	62
Total number of employees	5,284	5,574	5,876
Employees	4,760	4,897	5,164
Contractors	524	677	712

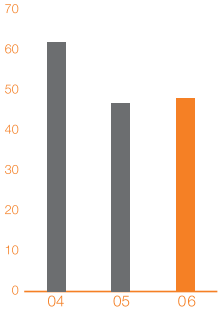
Gold production (000/oz)
Mponeng



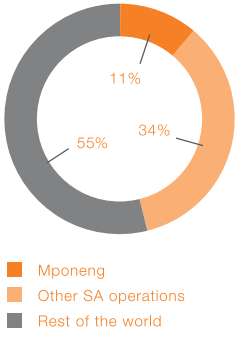
Total cash costs ($/oz)
Mponeng



Capital expenditure ($m)
Mponeng



Attributable contribution to AngloGold Ashanti production in 2006 (%)



TauTona	2006	2005	2004
Pay limit (oz/t)	0.53	0.72	0.73
Pay limit (g/t)	18.25	24.43	24.47
Recovered grade (oz/t)*	0.297	0.281	0.317
Recovered grade (g/t)*	10.18	9.62	10.88
Gold production (000oz)	474	502	568
Total cash costs ($/oz)	269	256	245
Total production costs ($/oz)	384	364	311
Capital expenditure ($ million)	70	74	65
Total number of employees	5,166	5,455	5,498
Employees	4,164	4,459	4,673
Contractors	1,002	996	825

* Excluding surface (2005 and 2006).

Capital expenditure, at $70 million, was 5% lower year-on-year.

At **Savuka**, the strength of the gold price led to a revision of the closure plans reported in the Annual Report 2005, and the operation's life has now been extended, although at a lower rate of production. Management of Savuka now falls under that of the neighbouring Mponeng mine.

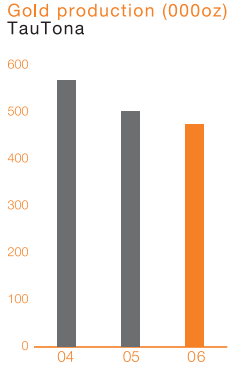
Production for the year therefore totalled 89,000 ounces which, although 29% less than that produced in 2005, was 535% more than had been planned. Total cash costs decreased by 16% in local currency terms to R72,865/kilogram and by 22% in dollar terms to $336 per ounce.

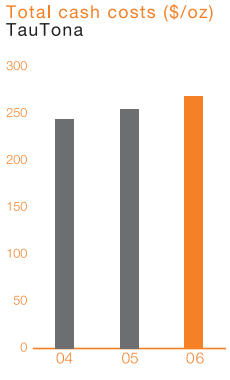
Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts increased to $21 million from a loss in 2005 of $8 million, owing to better cost control and a significantly higher price received for the year.

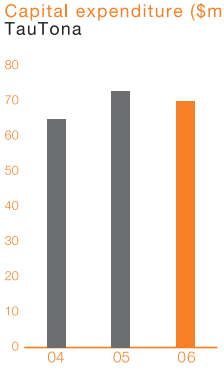
Capital expenditure for the year was minimal at $2 million, compared with $6 million in 2005.

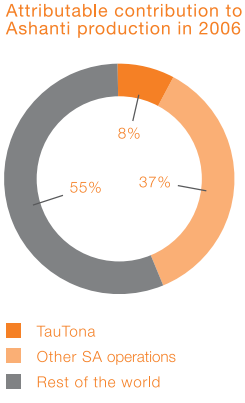
Growth prospects

Mponeng VCR below 120 project: This project consists of four parallel declines which are to be sunk from the 120 level to gain access to the VCR reef on levels 123 and 126. The declines will be equipped with a conveyor belt, monorail and chairlift to service the new mining areas. The project, from which production will start in 2013, is expected to produce 2.5 million ounces of gold over a period of 10 years, at a capital cost of $252 million, and will extend









the life of mine by approximately eight years. Construction is scheduled to begin in early 2007.

TauTona CLR below 120 level project: The CLR reserve block below 120 level is being accessed via a twin decline system into its geographical centre, down to 128 level. The project, from which production will begin in 2008, is expected to produce 2.6 million ounces of gold over a period of nine years (2009 to 2017), at a capital cost of $168 million. Of this, $56 million has been spent to date.

TauTona CLR shaft pillar extraction project: This project allows for stoping operations up to the infrastructural zone of influence. The project, from which production began in 2004, is expected to produce 534,000 ounces of gold over a period of six years (2004 to 2009), at a capital cost of $45 million (converted at the 2005 closing exchange rate), most of which has been committed. The expected average project cash cost is $118 per ounce.

VCR pillar project: This project aims to access the VCR pillar area situated outside the zone of influence (top and eastern block). The project, from which production began in 2005, is expected to produce 200,000 ounces of gold over a period of eight years (2005 to 2012), at a capital cost of $19 million (at the 2005 closing exchange rate). Of this, $11 million has been spent to date. The expected average project cash cost is $158 per ounce.

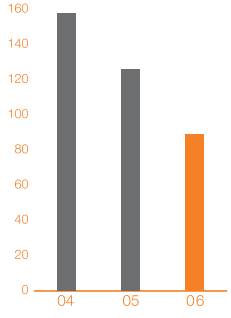
Savuka	2006	2005	2004
Pay limit (oz/t)	0.31	0.45	0.44
Pay limit (g/t)	10.75	15.18	14.89
Recovered grade (oz/t)	0.224	0.198	0.181
Recovered grade (g/t)	7.68	6.80	6.19
Gold production (000oz)	89	126	158
Total cash costs ($/oz)	336	430	455
Total production costs ($/oz)	359	517	523
Capital expenditure ($ million)	2	6	8
Total number of employees	1,040	2,325	3,229
Employees	975	2,178	3,001
Contractors	65	147	228

Outlook

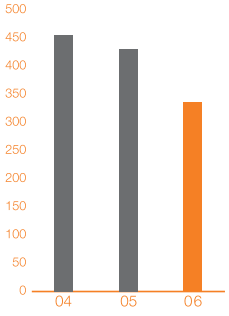
The 2007 projections for the West Wits operations are as follows:

- Production at Mponeng is expected to decrease to 550,000

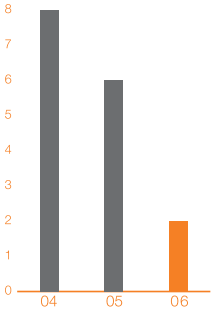
Gold production (000oz)
Savuka



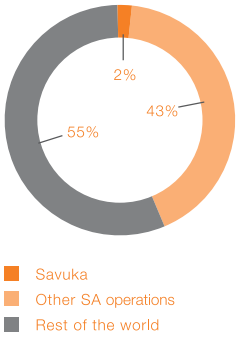
Total cash costs ($/oz)
Savuka



Capital expenditure ($m)
Savuka



Attributable contribution to AngloGold Ashanti production in 2006 (%)



ounces at a total cash cost of approximately $249 per ounce. Capital expenditure is expected to be $87 million, with the bulk of this to be spent on the project to expand the mine to below the 120 level.

- Production at TauTona should decline to 470,000 ounces and total cash costs are expected to improve to $252 per ounce as a result of anticipated higher volumes. Capital expenditure will remain relatively high at $79 million, most of which will be spent on a project to expand the mine below the 120 level, as well as on ore reserve development.
- At Savuka, production will decline to 70,000 ounces, although the life of mine has been extended for at least another three years in terms of the restructuring programme. Total cash costs are expected to be $372 per ounce as a result of lower grades, while capital expenditure will be minimal at about $4 million, and will be used primarily for ore reserve development and the maintenance of infrastructure.

Vaal River

Description: AngloGold Ashanti's Vaal River operations – Great Noligwa, Kopanang, Moab Khotsong and Tau Lekoa – are located near the towns of Klerksdorp and Orkney in the North West and Free State provinces.

The Vaal River complex also has four gold plants, one uranium plant and one sulphuric acid plant. Although these operations produce uranium oxide as a by-product, the value is not significant relative to the value of gold produced.

Geology: In order of importance, the reefs mined at the Vaal River operations are the Vaal Reef, the VCR and the C Reef:

- the Vaal Reef contains approximately 85% of the reserve tonnage with mining grades of between 10g/t and 20g/t and comprises a series of oligomictic conglomerates and quartzite packages developed on successive non-conformities. Several distinct facies have been identified, each with its own unique gold distribution and grade characteristic;
- the VCR has a lower grade than the Vaal Reef, and contains approximately 15% of the estimated reserves. The economic portion is concentrated in the western part of the lease area and can take the form of a massive conglomerate, a pyritic sand unit with intermittent pebble layers, or a thin conglomerate horizon. The reef is located at the contact between the overlying Kliprivierberg Lavas of the Ventersdorp Super Group and the underlying sediments of the Witwatersrand Super Group, which creates a distinctive seismic reflector. The VCR is located up to one kilometre above the Vaal Reef; and
- the C Reef is a thin, small-pebble conglomerate with a carbon-rich basal contact, located approximately 270 metres above the Vaal Reef. It has less than 1% of the estimated reserves with grades similar to those of the Vaal Reef, but more erratic. The most significant structural features are the north-east striking normal faults which dip to the north-west and south-east, resulting in zones of fault loss.

Operating review

At Great Noligwa, production in 2006 decreased by 11% to 615,000 ounces owing primarily to a 13% decline in yield from 9.30g/t to 8.08g/t. Total cash costs in local currency terms were R56,390/kilogram, an increase of 5% due to the lower gold production. Continued focus on cost savings helped limit the effect of reduced production on the operation's costs and, in dollar terms, total cash costs were 1% better at $261 per ounce.

Assisted by lower total cash costs, gross profit adjusted for the effect of unrealised non-hedge derivatives and other

Review of operations – South Africa *cont.*

Great Noligwa	2006	2005	2004
Pay limit (oz/t)	0.28	0.39	0.43
Pay limit (g/t)	9.57	13.24	14.36
Recovered grade (oz/t)	0.236	0.271	0.303
Recovered grade (g/t)	8.08	9.30	10.38
Gold production (000oz)	615	693	795
Total cash costs ($/oz)	261	264	231
Total production costs ($/oz)	342	329	260
Capital expenditure ($ million)	49	43	36
Total number of employees	6,579	6,856	7,100
Employees	5,883	5,704	6,192
Contractors	696	1,152	908

commodity contracts increased by 79% to $156 million. This was also as a result of the increase in the price received for the year.

Capital expenditure of $49 million was 14% higher than that of 2005, largely as a consequence of the acceleration of the plan to upgrade the operation's uranium plant.

At **Kopanang**, a lower mine call factor and 5% decline in yield resulted in a decrease in production of 7% to 446,000 ounces for the year. As a result, total cash costs, at R62,908/kilogram, were 11% higher than those of the previous year. In dollar terms, total cash costs increased by 5% to $291 per ounce.

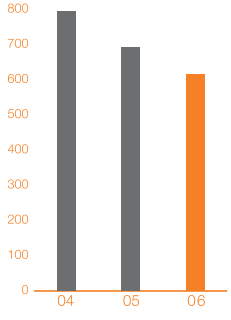
Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts at $109 million was double that of 2005. This increase was mainly the consequence of a 32% improvement in the price received.

Capital expenditure was steady year-on-year at $41 million.

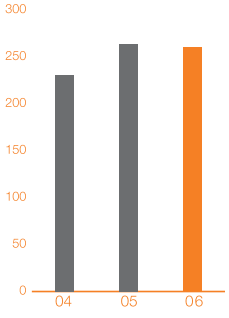
Tau Lekoa was downscaled in 2006 in order to return the operation to profitability in a rising gold price environment. As a result, production declined by 34% to 176,000 ounces, and total cash costs, at R94,730/kilogram, were 13% higher year-on-year. In dollar terms, total cash costs were $440 per ounce, 7% higher year-on-year.

Gross loss adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts improved to $4 million from a loss of $14 million in 2005.

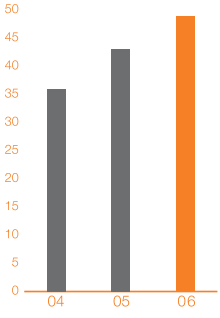
Gold production (000oz)
Great Noligwa



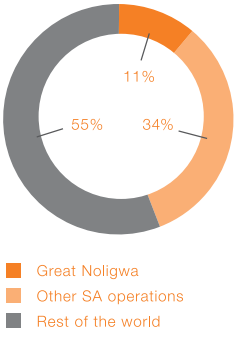
Total cash costs ($/oz)
Great Noligwa



Capital expenditure ($m)
Great Noligwa



Attributable contribution to AngloGold Ashanti production in 2006 (%)



Kopanang	2006	2005	2004
Pay limit (oz/t)	0.32	0.39	0.43
Pay limit (g/t)	10.92	13.25	14.52
Recovered grade (oz/t)	0.204	0.215	0.215
Recovered grade (g/t)	7.01	7.38	7.37
Gold production (000oz)	446	482	486
Total cash costs ($/oz)	291	277	281
Total production costs ($/oz)	355	341	317
Capital expenditure ($ million)	41	41	38
Total number of employees	5,815	6,030	6,312
Employees	5,360	5,506	5,758
Contractors	455	524	554

Capital expenditure declined by 27% to $11 million.

Moab Khotsong began commercial production in January 2006 and the operation was marked by the high total cash costs and low volumes typical of a deep-level underground operation's start-up phase. For the year, production was 44,000 ounces and total cash costs were $655 per ounce or R141,574/kilogram. In 2007, production is expected to increase by 82%. Total cash costs will decline as this operation builds up to full production which is currently scheduled for 2012.

Gross loss adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts was $22 million.

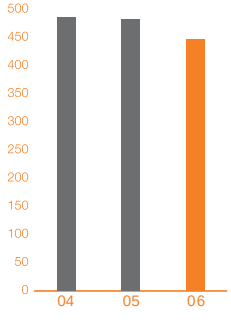
Capital expenditure declined by 12% to $83 million.

Outlook

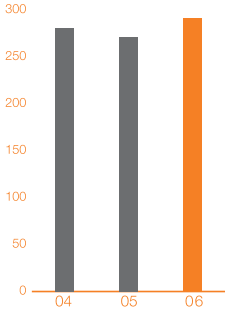
The 2007 projections for the Vaal River operations are as follow:

- At **Great Noligwa**, mining into lower grade areas will continue and production is expected to decline to 580,000 ounces, at a total cash cost of $295 per ounce. Capital expenditure during 2007 is anticipated to be $40 million, to be spent mostly on ore reserve development and infrastructure maintenance.
- At **Kopanang**, grade is expected to increase in 2007 and production is scheduled to improve accordingly to approximately 470,000 ounces. Total cash costs are expected to decline to $260 per ounce, while capital expenditure is anticipated to increase to $59 million, and will

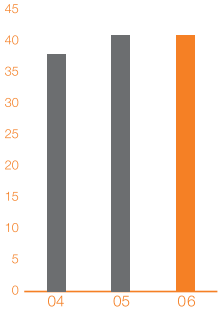
Gold production (000oz)
Kopanang



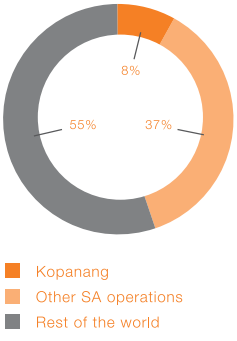
Total cash costs ($/oz)
Kopanang



Capital expenditure ($m)
Kopanang



Attributable contribution to AngloGold Ashanti production in 2006 (%)



Tau Lekoa	2006	2005	2004
Pay limit (oz/t)	0.14	0.19	0.20
Pay limit (g/t)	4.85	6.23	6.81
Recovered grade (oz/t)	0.110	0.116	0.113
Recovered grade (g/t)	3.76	3.96	3.87
Gold production (000oz)	176	265	293
Total cash costs ($/oz)	440	410	370
Total production costs ($/oz)	614	509	432
Capital expenditure ($ million)	11	15	25
Total number of employees	2,893	4,105	4,252
Employees	2,514	3,021	3,398
Contractors	379	1,084	854

Moab Khotsong	2006	2005*	2004*
Recovered grade (oz/t)	0.185		
Recovered grade (g/t)	6.35		
Gold production (000oz)	44		
Total cash costs ($/oz)	655		
Total production costs ($/oz)	1,107		
Capital expenditure ($ million)	83	94	80
Total number of employees	2,904	2,521	1,874
Employees	1,539	1,320	1,066
Contractors	1,365	1,201	808

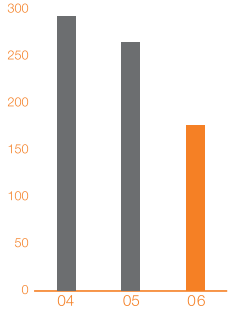
* Commercial production began on 1 January 2006.

be spent primarily on the construction of a new uranium leach plant as well as on ore reserve development.

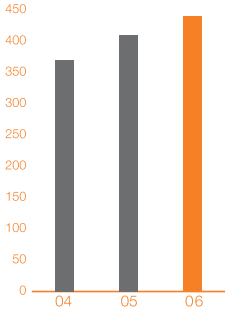
- Production at **Tau Lekoa** is expected to decline next year to 160,000 ounces, at which level it will remain relatively steady for the next several years. Total cash costs are anticipated to be in the region of $426 per ounce. Capital expenditure will increase to around $15 million in 2007.

- **Moab Khotsong's** production is expected to nearly double in 2007 to 80,000 ounces. Consequently, total cash costs are expected to decline to $470 per ounce. Capital expenditure, to be spent mostly on ore reserve development, is anticipated to remain steady at about $80 million.

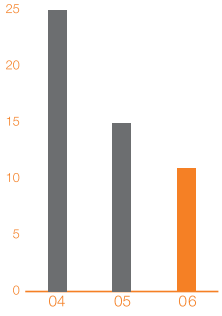
Gold production (000oz)
Tau Lekoa



Total cash costs ($/oz)
Tau Lekoa



Capital expenditure ($m)
Tau Lekoa



Attributable contribution to AngloGold Ashanti production in 2006 (%)