

Argentina

AngloGold Ashanti has a single operation in Argentina, the Cerro Vanguardia mine. In 2005 the mine produced 211,000 attributable ounces of gold at a total cash cost of \$171 per ounce.

Description: Cerro Vanguardia is located to the north-west of Puerto San Julian in the province of Santa Cruz. AngloGold Ashanti has a 92.5% interest in the mine with the province of Santa Cruz holding the remaining 7.5%. Cerro Vanguardia consists of multiple small open pits with high stripping ratios.

Geology: The oldest rocks in this part of Patagonia are of Precambrian-Cambrian age. These are overlain by Permian and Triassic continental clastic rocks which have been faulted into a series of horsts and grabens, and are associated with both limited basaltic sills and dykes and with calc-alkaline granite and granodiorite intrusions. Thick andesite flows of Lower Jurassic age occur above these sedimentary units. A large volume of rhyolitic ignimbrites was emplaced during the Middle and Upper Jurassic age over an area of approximately 100,000 square kilometres. These volcanic rocks include the Chon Aike formation ignimbrite units that host the gold-bearing veins at Cerro Vanguardia. Post-mineral units include Cretaceous and Tertiary rocks of both marine and continental origin, the Quaternary La Avenida formation, the Patagonia gravel and the overlying La Angelita basalt flows. These flows do not cover the area of the Cerro Vanguardia veins.

Gold and silver mineralisation at Cerro Vanguardia occurs within a vertical range of about 150 metres to 200 metres, in a series of narrow, banded quartz veins that occupy structures within the Chon Aike ignimbrites. These veins form a typical structural pattern related to major north-south (Concepcion) and east-west (Vanguardia) shears. Two sets of veins have formed in response to this shearing:

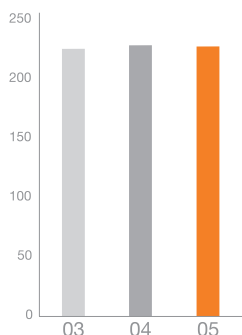
- one set strikes about N40W and generally dips 65 to 90 degrees to the east; while
- the other set strikes about N75W and the veins dip 60 to 80 degrees to the south.

They are typical of epithermal, low-temperature, adularia-sericite character and consist primarily of quartz in several forms as massive quartz, banded chalcedonic quartz and quartz-cemented breccias. Dark bands in the quartz are due to

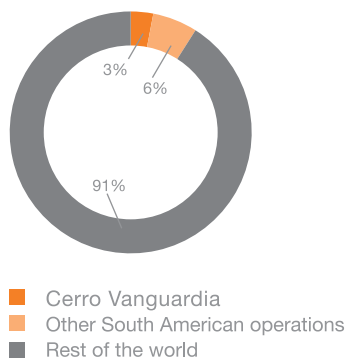


finely disseminated pyrite, now oxidised to limonite. The veins show sharp contacts with the surrounding ignimbrite, which hosts narrow stockwork zones that are weakly mineralised, and appear to have been cut by a sequence of north-east trending faults that have southerly movement with no appreciable lateral displacement.

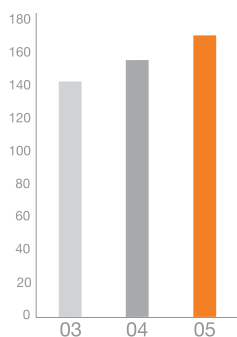
Gold production (000oz)
Cerro Vanguardia
(attributable)



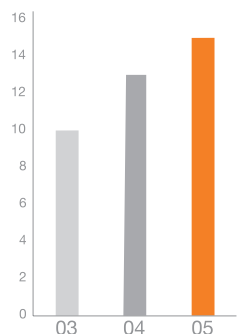
Attributable contribution to AngloGold
Ashanti production in 2005 (%)



Total cash costs (\$/oz)
Cerro Vanguardia



Capital expenditure (\$m)
Cerro Vanguardia
(attributable)



Operating review

At **Cerro Vanguardia** attributable gold production was maintained year-on-year at 211,000 ounces. This was despite a decrease in volumes and grade and a maintenance-related mill stoppage in May. Overall, the yield rose by 1% to 7.7g/t.

Total cash costs rose by 10% to \$171 per ounce, mainly as a result of higher levels of local inflation, higher wages (with effect from the second quarter), increased plant maintenance costs and lower silver by-product credit (as a result of lower production). These costs were partially offset by cost management initiatives and reduced mine equipment rental costs.

Gross profit, adjusted for the effect of unrealised non-hedge derivatives, rose to \$31 million (attributable) on the back of higher revenues.

Capital expenditure was up by 15% to \$15 million, and was spent mainly on mining equipment.

Growth prospects

During 2005, drilling was conducted on under-explored veins. In 2006, Cerro Vanguardia will start an accelerated four-year exploration programme to explore the veins within the greater Cerro Vanguardia licence area with emphasis on high-grade targets.

Cerro Vanguardia	2005	2004	2003
Pay limit oz/t	0.12	0.12	0.12
Pay limit g/t	4.02	4.05	4.28
Recovered grade oz/t	0.225	0.222	0.208
Recovered grade g/t	7.70	7.60	7.15
Gold production			
000oz (100%)	228	229	226
000oz (92.5%)	211	211	209
Total cash costs \$/oz	171	156	143
Total production costs \$/oz	277	274	261
Capital expenditure			
\$ million (100%)	15	13	10
\$ million (92.5%)	14	12	10
Total number of employees	946	791	690
Employees	487	389	339
Contractors	459	402	351

A scoping study to treat leachable low-grade ores was concluded. During 2006, Cerro Vanguardia will construct a pilot heap-leach plant to confirm the viability of an industrial-size heap-leach project to treat low-grade ore. The construction of the pilot plant has received the necessary environmental approvals.

Outlook

Looking forward, Cerro Vanguardia is expected to have attributable production of between 207,000 ounces and 215,000 ounces in 2006, at a total cash cost of between \$181 per ounce and \$189 per ounce. Attributable capital expenditure is expected to be between \$14 million and \$16 million.