ANGLOGOLD ASHANTI LTD
Form 6-K
October 26, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
Report on Form 6-K dated
OCTOBER 26, 2005

AngloGold Ashanti Limited
_
(Name of Registrant)

11 Diagonal Street
Johannesburg, 2001
(P O Box 62117)
Marshalltown, 2107
South Africa____
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F: Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes:
No:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes:
No:

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes:
No:

Enclosures:
AngloGold Ashanti report for the quarter and nine months ended September 30, 2005
prepared in accordance with IFRS

Quarter 3 2005
Report
for the quarter and nine months ended 30 September 2005
Group results ...

- Gold production down 2% to 1.534Moz, due to anticipated decline in grades at Sunrise Dam and Geita, and a reduction in heap leach ounces at Siguiri.
- Strong recovery in the South Africa region following the four-day strike, which saw local production up 2% to 677,000oz and total cash costs 2% lower at R59,053/kg.
- Group total cash costs increase 2% to $284/oz.
- Adjusted headline earnings decline to $1m, due in part to a negative $21m fair value (non-cash) movement on the convertible bond.

Quarter
Nine months
Quarter
Nine months
ended
Sept
2005
ended
Jun
2005
ended
Sept
2005
ended
Sept
2004
ended
Sept
2005
ended
Jun
2005
ended
Sept
2005
ended
Sept
2004
Restated
Restated
SA rand / Metric
US dollar / Imperial
Operating review
Gold
Produced
- kg / oz (000)
47,723
48,792 145,323 129,951
1,534
1,569

4,672
4,178
Price received
1
- R/kg / $/oz
90,440
87,314 86,613 82,775
433
422
427
393
Total cash costs
- R/kg / $/oz
59,453
57,351 57,177 54,663
284
278
282
260
Total production costs
- R/kg / $/oz
78,082
74,728 74,456 68,338
373
363
367 325
Financial review
Gross profit
- R / $ million
243
931 1,429 1,582
29
154
240
239
Gross profit adjusted
for the effect of unrealised non-
hedge derivatives
2
- R / $ million
678
765 2,119 2,234
105
117
334
339
(Loss) profit attributable to equity
shareholders
- R / $ million
(415)
566 201 493

(73)
96
45
74
Headline (loss) earnings
- R / $ million
(384)
665 383 658
(68)
112
75
99
Headline earnings adjusted for
the effect of unrealised non-
hedge derivatives
3
- R / $ million
9
604 1,078 1,072
1
92
170
162
Capital expenditure
- R / $ million
1,385
1,068 3,317 2,583
215
167
525
393
(Loss)earnings per ordinary share-cents/share
Basic
(157)
214 76 200
(28)
36
17
30
Diluted
(156)
214 76 199
(28)
36
17
30
Headline
(145)
251 145 266
(26)
42

28
40
Headline earnings adjusted
for the effect of unrealised non-
hedge derivatives
3
- cents/share
3
228 407 434
–
35
64
66
Dividends
- cents/share
170
170
26
26
Notes: *1.*
Price received includes realised non-hedge derivatives.
2.
Refer to note 7 of Notes for the definition.
3.
Refer to note 6 of Notes for the definition.
$ represents US dollar, unless otherwise stated.
Rounding of figures may result in computational discrepancies.

Operations **at a glance**
for the quarter ended 30 September 2005
Price received
1
Production
Total cash costs **Cash gross profit**
2
Gross profit (loss)
adjusted for the
effect of
unrealised non-
hedge derivatives
3
$/oz
%
Variance
4
oz (000)
%
Variance
4
$/oz
%
Variance
4
$m
%
Variance
4
$m
%
Variance
4
Great Noligwa
452
4
170
(2)
269
–
27
8
21
–
TauTona
449
2
124
3
259

7
21
(9)
12
33
Mponeng
453
2
127
(1)
272
(2)
19
(10)
9
(18)
Kopanang
450
3
126
7
254
(10)
19
12
14
8
Morila
5
443
3
69
3
194
12
17
6
7
(36)
Cripple Creek & Victor
383
7
92
30
231
2
15
25
4
100
AngloGold Ashanti Mineração

422
1
65
7
173
7
15
–
12
9
Sunrise Dam
447
(7)
101
(23)
323
31
12
(60)
5
(76)
Cerro Vanguardia
5
400
5
52
2
202
18
12
–
5
(29)
Geita
407
16
137
(17)
353
7
9
200
(1)
89
Sadiola
5
439
3
44
2
240

(6)
9
29
7
75
Siguiri
5
415
(3)
61
(24)
310
46
7
(50)
1
(89)
Serra Grande
5
417
–
24
–
159
4
5
(29)
4
(33)
Navachab
440
3
21
17
268
(26)
5
–
4
500
Obuasi
412
(3)
98
(4)
341
5
4
(20)
(5)
–

Yatela
5
438
2
21
(9)
285
(5)
3
–
2
100
Tau Lekoa
450
3
71
4
374
(7)
3
–
(2)
–
Savuka
450
2
36
9
379
(18)
1 200
– 100
Iduapriem
5
411
(3)
44
10
369
9
1
(75)
(2)
(200)
Bibiani
430
1
28
(7)
308
4 –

(100)
(4)
(300)
Other
24
14 – –
17
13
11
(10)
AngloGold Ashanti
433
3
1,534
(2)
284
2
221
(6)
105
(10)
1
Price received includes realised non-hedge derivatives.
2
Gross profit adjusted for the effect of unrealised non-hedge derivatives plus amortisation of tangible and intangible assets, less non-cash revenues.
3
Refer to note 7 of Notes for the definition.
4
Variance September 2005 quarter on June 2005 quarter – increase (decrease).
5
Attributable.
Rounding of figures may result in computational discrepancies.

Financial and **operating review**

OVERVIEW OF THE QUARTER

AngloGold Ashanti recorded adjusted headline earnings of $1m for the third quarter compared with adjusted headline earnings of $92m in the previous quarter. At a financial level, the decline was due to the non-recurrence of the $47m tax credit recorded in the previous quarter, together with a negative $34m fair value (non-cash) movement on the convertible bond, which arose on account of the share price appreciation and associated increased volatility during the quarter. At an operating level, the adjusted headline earnings reduction was primarily due to the anticipated decline in grades at Sunrise Dam and Geita as well as a reduction in the heap leach ounces at Siguiri.

The loss attributable to equity shareholders amounted to $73m as compared to a profit of $96m in the prior quarter. This is primarily as a result of the same factors that drove the decrease in adjusted headline earnings referred to above and an unrealised non-hedge derivative loss relating to the negative marked-to-market movement of the hedge book following the rally in the gold price, as compared to the gain recorded in the previous quarter.

Production declined 2% quarter-on-quarter to 1.534Moz. As previously noted, the production decline at Sunrise Dam was due to decreasing grades, as mining moves to the lower-grade northern regions of the pit and the high-grade stockpiles are depleted. In East Africa, production at Geita was down 28,000oz as a result of declining grades in the current cut-back and delayed access to the higher-grade ore of the next mining phase in the Nyankanga pit, which is scheduled for early third quarter 2006. In West Africa, production at Siguiri was down 19,000oz following the exceptionally high production level of last quarter and the impact of pipeline failures at the CIP plant. Obuasi’s production of 98,000oz was 4% lower than that of the previous quarter, reflecting the continued adverse impact of limited mining flexibility and developed reserves.

Set against these negative production impacts, this quarter saw an improved performance from the South Africa region. Gold production was up 2% to 677,000oz, with total cash costs 2% lower at R59,053/kg. In the context of the four-day strike action during the quarter, this represents a commendable performance.

In respect of the international operations, CC&V's production improved 30% to 92,000oz due to more favourable leach cycle timing and the recovery of ounces placed earlier in the year. Production and cost performance of the South American assets remained fairly constant quarter-on-quarter.

In respect of the company's ongoing cost management strategy, savings arising from improved efficiencies were negated by the inflationary increases that were primarily evident at the South African operations in respect of the wage increases reflected in the current quarter, together with the continuing negative cost impacts of higher oil and mining consumables prices. These factors, together with the drop in production by 2%, increased total cash costs by 2% to $284/oz.

In the context of these ongoing cost pressures and in order to further maximise synergies between the African operations, the company has begun a process of further rationalising management structures on the continent.

Going forward, the eight open-pit mines will report to Fritz Neethling, while the eight underground mines will report to Robbie Lazare. This will ensure that technical skills are appropriately matched to orebody type. Daniel Owiredu will manage the political, social and logistical issues of the African countries in which the company operates. The current management structures in Africa are therefore being rationalised, from three to two, supported by a small technical team, all under the leadership of Neville Nicolau.

Capital expenditure for the quarter amounted to $215m, which includes stay-in-business capex of $149m.

Looking ahead, production for the fourth quarter is estimated to be 1.504Moz at a total cash cost of $282/oz, assuming the following exchange rates to the US dollar: R6.60; A$0.75; BRL2.25 and Argentinean peso 2.97. Capital expenditure is estimated at $206m and will be managed in line with profitability and cash flow.

OPERATING RESULTS FOR THE QUARTER

SOUTH AFRICA

At **Great Noligwa**, volume mined fell 7% after rock engineering and geological constraints forced crew moves to a lower-grade area of the mine, interrupting production. Face values also decreased by 8%, although a concerted effort to reduce underground lock-up resulted in a 3% increase in tonnes milled. Gold production consequently fell only 2% to 5,275kg (170,000oz) and total cash costs increased marginally to R56,203/kg ($269/oz).

Gross profit adjusted for the effect of unrealised non-hedge derivatives increased by 3% to R137m ($21m), with an increased price received compensating for the lower gold production.

Going forward, Great Noligwa's grade profile should average approximately 9.0g/t for the next three years, before continuing to decline to an estimated 8.0g/t over the remaining life of the operation.

The Lost-Time Injury Frequency Rate (LTIFR) was 14.12 lost-time injuries per million hours worked (15.66 for the previous quarter).

At **Kopanang**, volume mined and tonnes treated declined by 4% and 5% respectively this quarter, although yield improved to 7.9g/t mainly due to the release in gold lock-up tonnes from the previous quarter, as well as benefits associated with the introduction of improved blasting techniques. Gold production consequently improved 7% to 3,933kg (126,000oz). Total cash costs, despite being negatively impacted by higher seasonal power tariffs and mid-year wage increases, nevertheless improved 9% to R53,142/kg ($254/oz) as a result of implemented cost savings initiatives and the improved gold production. Gross profit adjusted for the effect of unrealised non-hedge derivatives improved by 12% to R93m ($14m).

The LTIFR was 9.52 (12.89).

Tau Lekoa's volume mined increased 3%, favourably impacting gold production, which also improved by 3% to 2,195kg (71,000oz). Yield increased slightly to 4.2g/t.

The implementation of cost savings initiatives, together with the increased gold production, resulted in a 5% reduction in total cash costs to R78,182/kg ($374/oz). Gross loss adjusted for the effect of unrealised non-hedge derivatives increased marginally to R12m ($2m).

The LTIFR was 12.12 (12.79). Regrettably, one employee lost his life in a horizontal transport accident.

Moab Khotsong's slightly improved gold production of 231kg (8,000oz) is not included in the South Africa region's production, as the revenue continues to be capitalised against pre-production costs. Commercial production is scheduled for 2006.

The LTIFR was 14.69 (17.45).

At **Mponeng**, despite a 5% reduction in face values, gold production at 3,946kg (127,000oz), was on par with that of the last quarter due to increased volume mined and tonnage treated. Yield fell in line with the lower face values to 9.0g/t. Total cash costs, at R57,014/kg ($272/oz), were held to the previous quarter's level, as the benefit of cost savings initiatives offset the effect of wage increases and other inflationary factors. Gross profit adjusted for the effect of unrealised non-hedge derivatives fell 19% to R59m ($9m) due to higher rehabilitation charges.

The LTIFR was 8.94 (9.90).

Gold production at **Savuka** rose 8% to 1,121kg (36,000oz), reflecting the implementation of a rationalised mining plan wherein mining of low-grade panels and non-critical development has been stopped. Yield improved 35% to 8.0g/t, primarily due a 22% increase in face values, while the production improvement, together with the implementation of cost savings initiatives, resulted in a 16% decrease in total cash costs to R79,484/kg ($379/oz). Gross loss adjusted for the effect of unrealised non-hedge derivatives declined to R2m ($0.3m). In spite of this quarter's strong operational performance, Savuka is entering into orderly closure mode with likely closure in March 2006.

The LTIFR was 9.55 (16.75).

At **TauTona**, volume mined declined 9% quarter-on-quarter due to lower face length availability in several key areas. However, tonnes milled fell by only 2% and, combined with a 5% increase in face values, resulted in a 3% production improvement to 3,843kg (124,000oz). In addition to wage increases and higher seasonal power tariffs, the benefits of the second quarter's non-recurring cost interventions were not again realised and total cash costs therefore increased 9% quarter-on-quarter to R54,202/kg ($259/oz). Gross profit adjusted for the effect of unrealised non-hedge derivatives improved 37% to R81m ($12m) due to lower amortisation charges and an improved price received.

The LTIFR was 12.60 (9.35). Three employees regrettably lost their lives during a single seismic event in July.

ARGENTINA

At **Cerro Vanguardia** (92.5% attributable), gold production improved 2% to 52,000oz primarily as a consequence of increased ore treated. However, total cash costs rose 18% to $202/oz, owing to lower feed grade for both gold and silver, which negatively affected the by-product credit for the latter. Gross profit adjusted for the effect of unrealised non-hedge derivatives declined by 29% to $5m, mainly as a result of increased cost of sales.

The LTIFR was 2.25 (3.74).

AUSTRALIA

As anticipated and reported last quarter, production at **Sunrise Dam** decreased 23% to 101,000oz.

With volume treated maintained at a similar level to that of the previous quarter, the decrease was largely due to a decline in recovered grade to 3.2g/t. This decline, together with increased fuel prices, drove total cash costs up 33% to A$425/oz ($323/oz). Gross profit adjusted for the effect of unrealised non-hedge derivatives decreased 78% to A$6m ($5m), again as a result of significantly lower grades.

Mining at Sunrise Dam moved this quarter from the high-grade southern section of the pit to the lower-grade northern section, where it will remain for the next 18 months. The underground project, where development inclines and trial mining are accessing higher-grade ore, is however supplementing commercial production. This quarter, 997 metres of underground capital development and 675 metres of operational development were completed.

The LTIFR was 2.33 (4.89).

BRAZIL

At
AngloGold Ashanti Mineração, gold production increased 7% to 65,000oz, primarily due to additional production from the clean-up of old Morro Velho facilities in the area, in addition to higher heap leach recovery at the Córrego do Sìtio mine.

Total cash costs, at $173/oz, were 7% higher this quarter as a consequence of the 6% appreciation of the Brazilian real and a lower sulphuric acid credit, although the improved gold production and a higher price received helped to offset these effects. Gross profit adjusted for the effect of unrealised non-hedge derivatives increased marginally to $12m.

The LTIFR was 3.69 (1.45).

At **Serra Grande** (50% attributable), gold production was maintained at last quarter's level of 24,000oz, although total cash costs rose 4% to $159/oz, mainly due to the appreciation of the Brazilian real. Gross profit adjusted for the effect of unrealised non-hedge derivatives declined by 33% to $4m.

The LTIFR was 0.00 (0.00).

GHANA

At **Bibiani**, gold production fell 7% to 28,000oz. As previously reported, production at the operation has recently focused on lower-grade satellite pits; however, on the basis of successful tailings treatment trials conducted this quarter, Bibiani will become a tailings-only operation from the fourth quarter of this year.

Total cash costs increased 4% to $308/oz, while gross loss adjusted for the effect of unrealised non-hedge derivatives increased from $1m in the second quarter to $4m in the third, due to both the lower yield and a reduction in stockpile inventory.

The LTIFR was 1.13 (0.00).

At **Iduapriem**, gold production increased 10% to 44,000oz, due primarily to a 10% improvement in tonnage treated after the crusher and conveyor problems of last quarter were resolved. Total cash costs nevertheless increased 9% to $369/oz as a consequence of ore dilution, which is currently being addressed through better blasting patterns.

The resolution of this problem, combined with the implementation of the initial recommendations from the mine-to-mill study noted last quarter will likely result in improved production during the fourth quarter. Due to a lower price received and increased total cash costs, gross loss adjusted for the effect of unrealised non-hedge derivatives was $2m versus a second quarter profit of $2m.

The LTIFR was 0.00 (1.15).

Obuasi this quarter experienced a 19% decline in grade and production consequently dropped 4% to 98,000oz, while total cash costs increased 5% to $341/oz. This is a consequence of a primary crusher failure early in the quarter, as well as delayed access to two high-grade areas, due to unstable ground conditions. In an effort to address the grade decline, measures have been put in place to reduce dilution and to more effectively identify and mine quality tons, which has resulted in improved underground grades from the beginning of the fourth quarter. Gross loss adjusted for the effect of unrealised non-hedge derivatives, at $5m, was in line with that of the previous quarter.

The improving trend in the mining mix and flexibility continued, with 17% and 35% increases in development and definition drilling, respectively. However, the 2005 forecast production for Obuasi is now estimated at 400,000oz, with a likely modest improvement in 2006 to approximately 415,000oz.

The LTIFR was 1.12 (3.56). Regrettably, two employees lost their lives this quarter, one due to a fall of ground and the other in a machinery accident.

REPUBLIC OF GUINEA

The exceptionally high second quarter production at **Siguiri** (85% attributable), which was mostly due to the processing of the final heap leach ounces, combined with the commissioning of the new CIP plant, was not repeated. A series of pipeline failures also prevented the new CIP plant from operating at full capacity, and these factors together resulted in a 24% production decline to 61,000oz. Following the initial resolution of plant problems last quarter, a plan is now underway to replace the plant pipeline during the next two quarters, in order to ensure optimal performance.

Total cash costs consequently increased 46% to $310/oz and gross profit adjusted for the effect of unrealised non-hedge derivatives declined significantly to $1m, as a result of both the lower recovered grade and the lower tonnage treated due to the pipeline failure.

The LTIFR was 1.47 (0.64).

MALI

At **Morila** (40% attributable), production increased 3% to 69,000oz, after a reduction in recovered grade partially offset the benefit of a 6% increase in tonnage throughput. Total cash costs, at $194/oz, rose 12% quarter-on-quarter due to the lower grades, as well as to increased cost per ton mined and reduced mining activity, both related to a mining contractor employee strike, which has since been resolved. Gross profit adjusted for the effect of unrealised non-hedge derivatives declined by 36% to $7m as a consequence of increased amortisation charges this quarter.

The LTIFR was 2.87 (1.16).

At **Sadiola** (38% attributable), gold production increased 2% to 44,000oz. The previously reported mill problems were resolved this quarter, resulting in a 16% increase in tonnage throughput, although recovered grade declined 12%, as the mill primarily processed lower-grade oxides. Given the reduced processing costs associated with treating oxide material, total cash costs declined 6% to $240/oz. Gross profit adjusted for the effect of unrealised non-hedge derivatives increased 75% to $7m, as a consequence of a higher received gold price, increased gold production and improved cost performance.

The LTIFR was 2.77 (0.00).

At **Yatela** (40% attributable), production declined 9% to 21,000oz, although recovered grade improved 23%, partially offsetting the effect of a 10% decline in tonnage stacked related to the area’s rainy season. Total cash costs improved 5% to $285/oz, mainly due to the improvement in recovered grade. Gross profit adjusted for the effect of unrealised non-hedge derivatives increased to $2m.

The LTIFR was 1.75 (0.00).

NAMIBIA

At **Navachab**, gold production increased 17% to 21,000oz due to a 16% improvement in tonnage throughput after the crusher failure reported last quarter was remedied. Total cash costs declined 26% to $268/oz largely as a result of the better production.

Gross profit adjusted for the effect of unrealised non-hedge derivatives rose significantly to $4m, compared with last quarter's loss of $1m, due to the higher production, an improvement in the received gold price and lower operating costs.

The LTIFR was 4.01 (8.49).

TANZANIA

Production at **Geita** declined 17% as anticipated to 137,000oz due to a 19% decrease in recovered grade. As previously reported, grades and production are both expected to continue to decline for the remainder of the year as the high-grade ore in the current cut-back will be exhausted before the high-grade ore of the next mining phase in the Nyankanga pit can begin to be accessed, likely in the third quarter of next year. Geita is expected to produce an estimated 600,000oz in 2006, increasing to approximately 750,000oz in 2007.

In spite of the 17% production decline, total cash costs increased by only 7% to $353/oz, reflecting the operation's successful transition to owner-mining, which was completed in early August. As a result of the transition, a $9m contract termination fee was incurred during the quarter and is reflected separately in the income statement as "contract termination expenditure".

Against a loss of $9m in the previous quarter, gross loss adjusted for the effect of unrealised non-hedge derivatives decreased to $1m, primarily as a result of the lower operating costs, as well as an improved received gold price.

The LTIFR was 0.82 (0.48).

USA

At **Cripple Creek & Victor** (67% ownership with 100% interest in production until initial loans are repaid), gold production increased 30% to 92,000oz, as the delayed heap leach recoveries of the second quarter were realised in the third quarter as expected.

In spite of the significant production improvement, however, total cash costs rose slightly to $231/oz as a result of higher fuel and component part prices. Gross profit adjusted for the effect of unrealised non-hedge derivatives improved to $4m due to both the production increase and a better realised price.

The LTIFR was 0.00 (0.00). In September, CC&V achieved 22 months without a lost-time accident.

Notes:

- All references to price received includes realised non-hedge derivatives.
- In the case of joint venture operations, all production and financial results are attributable to AngloGold Ashanti.
- Rounding of figures may result in computational discrepancies.

Exploration

Exploration expenditure amounted to $25m ($12m expensed, $13m capitalised) during the third quarter, compared to $19m ($12m expensed, $7m capitalised) in the previous quarter. Exploration expenditure at existing mines was $16m.

At Obuasi in **Ghana,** drilling commenced at the first two of six surface diamond holes of the Obuasi Ultra Deeps project.

At Sadiola in **Mali,** in-fill drilling at FN2, located north of the main pit, verified the continuity of mineralisation, while drilling at FE3S closed off the mineralisation associated with the NNE striking structures that splay off the main FE trend. Work on the Deep Sulphide pre-feasibility study continued and focused primarily on comminution and metallurgical test work.

At Siguiri in **Guinea,** resource delineation drilling at the Kintinian prospect, located 5km north of the plant, is in progress. Additional mineralisation has been identified in two zones immediately northwest of the nearby Kintinian village.

In **Tanzania** at Geita, resource in-fill drilling on the down-dip extensions at the Geita Hill North East Extension zone continues to expand the mineralised envelope down-dip and along strike. Definition and follow-up drilling is in progress to the south of the Nyankanga pit along the strike extension of previously delineated mineralisation.

In **Brazil**, drilling at Córrego do Sìtio continued to expand the mineral resource at the Carvoaria Velha, Laranjeiras, Mutuca and Cachorro Bravo orebodies. Underground development was reinitiated at Cachorro Bravo on the 200 ore horizon, 10 metres below the previous development. Thus far, 64 metres of development has yielded an average face grade of 12.8g/t over a mean horizontal width of 2.9 metres.

Greenfields exploration activities are underway in the DRC, Alaska, Australia, Colombia, Tanzania, China, Mongolia and Russia, with an expensed expenditure of $9m for the quarter, compared with $10m in the previous quarter.

At the Kimin project in the **DRC**, the drilling programme at Adidi/D7 Kanga is now 70% complete and continues to confirm historical tonnage and grade estimates. An airborne geophysical survey is planned for the fourth quarter over the 10km by 15km Mongbwalu Ridge area. Drilling at the Kimin project was interrupted for a three-week period from the beginning of October, as a result of instability in Mongbwalu after FARDC (Congolese Army) troops were deployed to the area. This deployment is now complete and exploration activities have resumed. The presence of FARDC troops is expected to further stabilise the Mongbwalu region.

In **Alaska,** drill results from the Lost Mine South project near Pogo indicate that the broad, near-surface, low-grade zone discovered earlier this year transitions into a high-grade vein system at depth. Significant intersections include 3.2m at 16.3g/t at a depth of 121.9m; 3.4m at 21.7g/t at a depth of 143m; and 1.5m at 49.3g/t at a depth of 171.8m. Drilling at the Terra project, situated approximately 200km west of Anchorage, has defined multiple narrow, high-grade veins in an overall system that appears to be over 8km in length. Further field work is planned.

Regional systematic exploration continued in six areas in **Colombia**. Further target definition and follow-up work is planned and a number of projects are now drill-ready.

In **Australia**, at the Tropicana JV, encouraging drill results have been obtained at the Tropicana, Rusty Nail and Kamikaze prospects. Mineralisation at Tropicana now extends over a strike length of approximately 800 metres, with widths of 20 to 40 metres and grades of 1.5 to 8g/t over mineable widths. A number of additional geochemical anomalies that require more follow-up have been identified within 30km of the Tropicana Prospect.

Review of the **gold market**

The third quarter of 2005 saw new levels of investor and speculator interest in gold and a strong break in gold price behaviour from its linkage over the past four years to the US dollar/euro exchange rate.

Although the average spot price of gold for the quarter of US$439/oz was only $12/oz or some 3% higher than the average price for the metal during the first half of the year, the average figure does not reflect the extent of activity in gold this quarter. The price saw a range of $57/oz during this quarter, the second highest quarterly price range in five years. Much of this activity came during the latter part of the quarter, and the spot price has strengthened by almost 15% since late July, to touch $480/oz in early October. This is the highest gold spot price seen in seventeen years, and the market now is looking to the figure of US$500/oz last seen in December 1987.

See Graph 1: US $ Gold Price 1979 – 2005.

Although the tone of the rand against the US dollar was generally weaker, the average exchange rate of R6.48 to the dollar was little changed from the average of R6.40 for the previous quarter. This translated to an average local gold price of close to R92,000/kg for the quarter which was some 4% higher than the average local price in the second quarter of the year.

Gold

The divergence of the gold price from a strong inverse correlation to the movement in the US dollar exchange rate against the euro, continued much more strongly during the period under review. Whilst the US dollar has traded sideways for the last five months, the gold price has moved up strongly and steadily for much of the third quarter. *See Graph 2 : US$/Euro and US$ Gold Price Indexed, 2004 – 2005.*

Whilst for a time this looked like simply a re-rating or re-pricing of the gold market against a dollar/euro denominator, this interpretation becomes inadequate during September and October, when the gold price has moved $40/oz higher even whilst the dollar strengthened from $1.25 to $1.19 to the euro.

The result of this divergence has been a material increase in the gold price in non-US dollar terms for the first time in the current gold price cycle. After averaging some €325/oz for the past four years, the gold price reached €400/oz early in October. *See Graph 3: Euro Gold Price 2001 – 2005*.

A number of circumstances outside of the currency markets have encouraged an interest in gold. Probably the most direct influence on sentiment has come from the oil market, where supply dislocation caused by hurricane damage in the USA pushed the spot price of benchmark West Texas Intermediate up by $10/barrel to a record price of $70/barrel in early September. The possible impact of this oil price increase on inflation and on global economic growth became the subject of widespread comment. This, in turn, translated to buying interest in gold, and there was some correlation between gold buying and oil price increases during August and early September. Sentiment was further encouraged by positive news during the quarter about physical demand for gold in important markets during the first half of 2005. This renewed interest in gold became self-fulfilling, and rising gold prices justified further interest and speculative buying in the gold market. This continued interest has kept the gold price rising during the past four weeks, even as the oil price has fallen back close to its pre-hurricane Katrina levels.

The expectation of rising inflation rates is one commonly in use today to justify higher gold prices. However, there is little conclusive evidence of an increased inflation threat, notwithstanding base metal, commodity and energy price increases in recent years. Whilst headline inflation in the USA in September moved sharply upwards due to the impact of higher pump prices for gasoline during the period of hurricane-induced supply dislocation, core inflation in the US remains a little over 2% p.a. Most recent core inflation figures in Europe remain below 2% p.a. Nevertheless, the impact of higher oil prices has introduced a sense of uncertainty about the health of the global economy, and this uncertainty continues to encourage interest in gold amongst both investors and speculators.

In order to measure the extent of this investor interest in the metal, one needs to look both at the New York Comex open interest, and at the latest gold Exchange Traded Fund (ETF) holdings. The Comex continued to be the most direct predictor of gold price movement, and the spot price of metal tracked the rising buying interest on that exchange. The net open position recorded weekly on the Comex matched last year's record level in April 2004 at around 22Moz net long (685t net long) and most certainly exceeded that level intra-week in early October. However, to the net open Comex interest must be added aggregate investor holdings in gold ETFs, which amounted at the end of September to over 9Moz or 280t of gold. These ETF holdings have been accumulated mostly during the past nine months, and predominantly in the New York Stock Exchange streetTRACKS fund launched in late 2004. The combined Comex and ETF holdings thus exceed 31Moz, or almost 1,000t of gold in net investment and speculative positions in developed markets.

Looking to the future, there appears to be sufficient uncertainty in financial markets and in the global economy to sustain the current levels of interest in gold.

Physical Demand

Reports of physical demand for gold during the first half of 2005 have been very positive, with a powerful recovery in many markets from the slippage in offtake between 2000 and 2003. Jewellery demand was particularly buoyant in India and in the Middle East. In India, general economic growth has translated to better offtake on a wide front and it would appear that that market has adjusted to higher and more volatile gold prices. Improved offtake in the Middle East has come primarily on the back of increased oil revenues in that region. Both Turkey and China also show growth. As has been the case for some time, however, the volume of offtake of gold in jewellery in the developed markets of the USA, Europe and Japan remains disappointing.

Currencies

After gaining strongly against the euro during the second quarter of 2005, the US dollar traded during the third quarter in a range between $1.20 and $1.25 against the euro.

The sideways movement in the dollar/euro exchange rate seems to reflect an equilibrium in sentiment in foreign exchange markets in respect of the current state of the US and European economies. Whilst in the USA, the challenge presented by the federal budget deficit and the record levels of trade deficit remains unsolved, the US economy continues to grow more rapidly than any other part of the developed world, and the US trade deficits continue to be funded by capital inflows. Similarly, in Europe, the negative effects of political uncertainty induced by the inconclusive parliamentary election in Germany and by the rejection in France and Holland earlier this year of the proposed new constitution for the European Union, have been moderated by encouraging performance by the German economy.

Even though the recovery of the dollar earlier this year seemed to signal an end to the three years of correction in the US currency against the euro, most market commentators continue to expect renewed weakening by the US currency before the end of this year. Should this happen, this would most likely encourage further interest in gold.

In South Africa, interest rates have remained unchanged, and there has been little news to influence the value of the local currency one way or another. Nevertheless, the quarter has seen a slightly weaker rand against the US dollar, due to the stable to stronger state of the US currency.

Hedging

As at 30 September 2005, the net delta hedge position of AngloGold Ashanti was 10.68Moz or 332t, valued at the spot gold price at the end of the quarter of $465.60/oz. This net delta position reflects an increase of some 360,000oz or 11t in the net delta size of the AngloGold Ashanti hedge compared with the position at the end of the previous quarter. The net increase quarter-on-quarter is due entirely to a higher net volume of open options positions valued against a quarter-end spot price which was $30/oz higher than the spot price of $434.50/oz at which the hedge was measured at the end of June 2005.

The marked-to-market value of the hedge position as at 30 September 2005 was negative $1.349bn, compared with the value at 30 June of negative $1.032bn.

As noted above in respect of the net delta size of the hedge position, the increased negative value of the hedge was due to its valuation against the quarter-end spot price of $465.60/oz compared with its valuation at the end of June at a spot price $30/oz lower. The marked-to-market value of the hedge at 21 October 2005 at a spot price of $463/oz was negative $1.342bn.

The price received by the company for the quarter under review was $433/oz, compared with an average spot price for the period of $439/oz. The company continues to manage its hedge positions actively, and to reduce overall levels of pricing commitments in respect of future gold production by the company.

Hedge position

As at 30 September 2005, the group had outstanding the following forward-pricing commitments against future production. The total net delta tonnage of the hedge of the company on this date was 10.68Moz or 332t (at 30 June 2005: 10.32Moz or 321t).

The marked-to-market value of all hedge transactions making up the hedge positions was a negative $1.349bn (negative R8.59bn) as at 30 September 2005 (as at 30 June 2005: $1.032bn or R6.94bn). This value at 30 September 2005 was based on a gold price of $465.60/oz, exchange rates of R/$6.37 and A$/$0.7594 and the prevailing market interest rates and volatilities at that date.
As at 25 October 2005, the marked-to-market value of the hedge book was a negative $1.370bn (negative R9.085bn), based on a gold price of $465.40/oz and exchange rates of R/$6.63 and A$/$0.7494 and the prevailing market interest rates and volatilities at the time.

These marked-to-market valuations are not predictive of the future value of the hedge position, nor of future impact on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of valuation, at market prices and rates available at the time.

Year
2005
2006
2007
2008
2009
2010-2014
Total
DOLLAR GOLD
Forward contracts
Amount (kg)
4,742
15,954
31,580
30,076
26,288
53,566
162,206
US$/oz
$302
$317

$346
$365
$380
$402
$369
Put options purchased
Amount (kg)
1,893
8,592
1,455
11,940
US$/oz
$318
$345
$292
$334
Put options sold
Amount (kg)
467
4,354
855
1,882
9,409
16,967
US$/oz
$447
$339
$390
$400
$430
$402
Call options purchased
Amount (kg)
5,930
11,211
6,357
23,498
US$/oz
$329
$333
$344
$335
Call options sold
Amount (kg)
8,526
31,224
28,934
28,890
27,585
82,919
208,078

US$/oz
$352
$381
$378
$383
$410
$471
$419
RAND GOLD
Forward contracts
Amount (kg)
2,805
2,449
933
6,187
Rand per kg
R90,783
R97,520
R116,335
R97,303
Put options purchased
Amount (kg)
1,875
1,875
Rand per kg
R93,602
R93,602
Put options sold
Amount (kg)
2,706
1,400
4,106
Rand per kg
R90,805
R88,414
R89,990
Call options purchased
Amount (kg)
Rand per kg
Call options sold
Amount (kg)
5,568
3,306
311
2,986
5,972
18,142
Rand per kg
R93,739
R102,447
R108,123

R202,054
R223,756
R156,197
A DOLLAR GOLD
Forward contracts
Amount (kg)
566
*1,555
6,843
2,177
3,390
3,110
14,531
A$
per
oz
A$705
A$556
A$651
A$669
A$663
A$686
A$676
Put options purchased
Amount (kg)
A$
per
oz
Put options sold
Amount (kg)
A$
per
oz
Call options purchased
Amount (kg)
3,110
3,732
3,110
1,244
3,110
14,308
A$
per
oz
A$673
A$668
A$660
A$694
A$712
A$683
Call options sold

Amount (kg)
A$
per
oz
Delta
(kg) 14,019 31,731 58,685 55,888 53,092
118,768 332,183
** Total net gold:
Delta
(oz)
450,721 1,020,174 1,886,764 1,796,838 1,706,945 3,818,474 10,679,916

* *Long position.*

**

The Delta of the hedge position indicated above is the equivalent gold position that would have the same marked-to-market sensitivity for a small change in the gold price. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at 30 September 2005.

Rounding of figures may result in computational discrepancies.

Year
2005
2006
2007
2008
2009
2010-2014
Total
DOLLAR
SILVER
Forward
contracts
Amount
(kg)
$ per oz
Put options purchased
Amount (kg)
10,886
43,545
43,545
24,883
122,859
$
per
oz
$7.11 $7.11 $7.40 $7.40
$7.27
Put
options
sold
Amount
(kg)
10,886 43,545 43,545 24,883
122,859
$
per
oz
$6.02 $6.02 $5.93 $5.75
$5.93
Call
options
purchased
Amount
(kg)
$ per oz
Call options sold
Amount (kg)
10,886
43,545
43,545
24,883

122,859
$
per
oz
$8.11 $8.11 $8.40 $8.00
$8.19
The following table indicates the group's currency hedge position at 30 September 2005
Year
2005
2006
2007
2008
2009
2010-2014
Total
RAND DOLLAR (000)
Forward
contracts
Amount
($) 7,369
7,369
US$/R
R6.45
R6.45
Put
options
purchased
Amount
($)
30,000
30,000
US$/R
R7.00
R7.00
Put
options
sold
Amount
($)
30,000
30,000
US$/R
R6.66
R6.66
Call
options
purchased
Amount
($)
US$/R
Call

options
sold
Amount
($)
60,000
60,000
US$/R
R6.97
R6.97
A DOLLAR (000)
Forward
contracts
Amount
($)
15,970
39,222
55,192
A$/US$ A$0.61
A$0.75
A$0.70
Put
options
purchased
Amount
($)
A$/US$
Put options sold
Amount ($)
A$/US$
Call
options
purchased
Amount
($)
A$/US$
Call
options
sold
Amount
($)
30,000
20,000
50,000
A$/US$ A$0.75
A$0.74
A$0.75