



JP Morgan Mining in a Low Margin Environment

10 March 2005

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2004 Review

AngloGold Ashanti Global Operations

Gold	2004	2003	% change
Produced – oz (000)	6,052	5,616	+8
Price received ¹ – \$/oz	394	363	+9
Total production costs ² – \$/oz	336	263	+28
Total cash costs ² – \$/oz	268	214	+25

¹ Price received including realized non-hedge derivatives
² 2003 restated to reflect the change in accounting treatment of ore reserve development expenditure

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2004 Cash Cost Increase

AngloGold Ashanti Global Operations

Total cash costs ² \$/oz	2004	2003	% change
	268	214	+25.3

2004 total cash cost increase due to:

- Exchange rate fluctuation
 - Strengthening of R/\$ added \$28/oz to total cash cost increase
- Higher mining contractor costs
- Higher diesel prices
- Normal wage inflation increases
- Higher total cash costs at former Ashanti operations

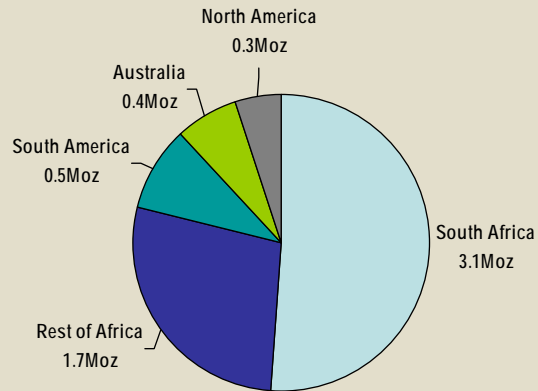
² 2003 restated to reflect the change in accounting treatment of ore reserve development expenditure

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2004 Production

AngloGold Ashanti Global Operations



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Cost Management

AngloGold Ashanti Global Operations

Saving by region in 2004	US\$ million
South Africa	43.7
North America	4.1
South America	2.9
Australia	1.0
Ghana, Mali & Tanzania	0.2
Total	51.9
Saving by category in 2004	
Operational efficiency	19.8
Procurement	16.4
Restructuring	11.7
Other savings	3.9
Total	51.9

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Cost Management Targets

AngloGold Ashanti Global Operations

Saving by region – US\$m	2005	2006	2007
South Africa	41.4	27.2	34.7
North America	1.7	1.4	-
South America	4.3	3.5	1.3
Australia	1.5	1.5	1.4
Ghana, Mali & Tanzania	9.7	9.1	11.6
Total	58.7	42.6	49.0
Saving by category – US\$m			
Operational efficiency	24.3	19.2	16.4
Procurement	21.1	12.9	12.8
Restructuring	6.5	8.3	17.4
Other savings	6.8	2.3	2.5
Total	58.7	42.6	49.0

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South Africa Region



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Regional Strategic Objectives

South Africa Region

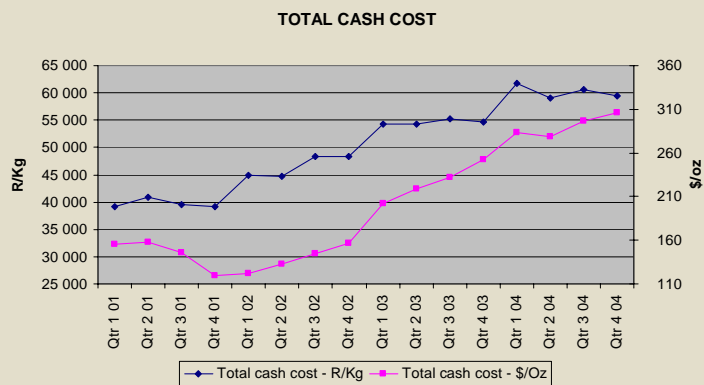
- To maintain working cost increases below CPIX (CPI excluding interest on mortgage bonds)
- To increase productivity (measured in m²/TEC) by at least 3.5% per annum
- To reevaluate capital projects in order to ensure continued shareholder returns, given the stronger rand environment.

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Impact of the Strong Rand

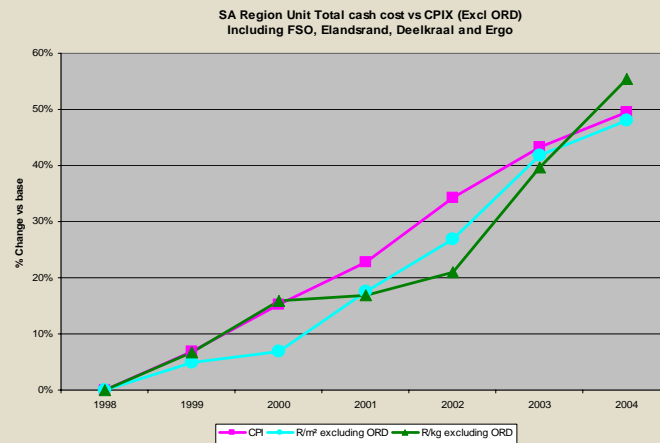
South Africa Region



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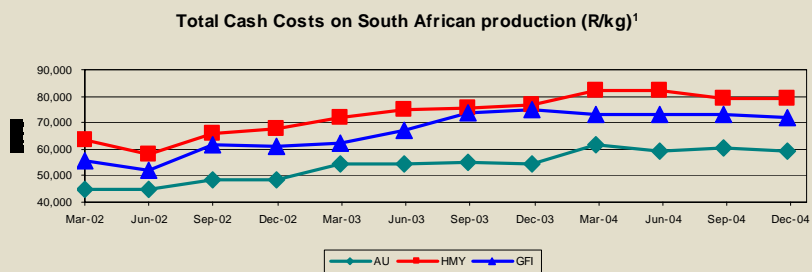
Cost Management Track Record South Africa Region



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Cost Management Performance South Africa Region



¹ For AU, 2003 and 2002 figures are restated reflect the change in accounting treatment of ore reserve development expenditure

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Cash Cost Comparison 2003 and 2004

South Africa Region

Cash cost element	Contribution to total costs		% change net	% escalation	% savings
	2004 \$/oz	2003 \$/oz			
Labour	119	115	(3.2)	(8.0)	4.9
Consumables	92	92	(0.2)	(9.8)	9.5
By-products and other costs	23	19	(5.0)	(7.7)	-12.6
Total cash costs \$/oz	234	227	(3.5)	(8.7)	5.2
Impact of gold volume change - \$/oz	16		(6.7)		
Impact of exchange rate fluctuation - \$/oz	41		(18.0)		
Total cash costs \$/oz	291	227	(28.2)		

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Cost Management

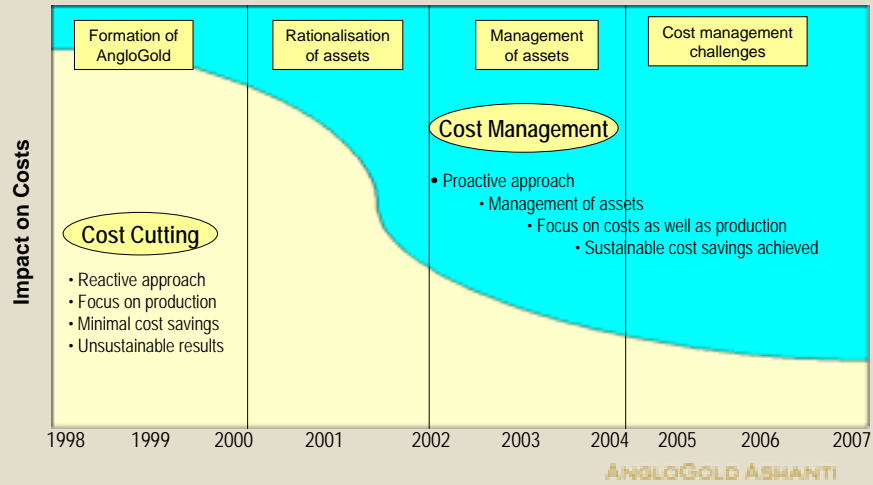
South Africa Region

Saving by region in 2004	US\$ million
South Africa	43.7
Saving by category in 2004	
Operational efficiency	22.2
Procurement	15.6
Restructuring	5.9
Total	43.7

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Cost Management Life Cycle South Africa Region



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Cost Management Philosophy South Africa Region

- High standard of planning, budgeting and non-negotiable forecasting
- Identification of problematic behavioural patterns and drivers
- Entrench a “self funding” principle
- Set stretched targets owned by budget holders

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Cost Management

South Africa Region

Saving by region – US\$m	2005	2006	2007
South Africa	41.4	27.2	34.7
Saving by category – US\$m			
Operational efficiency	25.1	14.1	15.9
Procurement	13.2	9.8	10.7
Restructuring	3.2	3.3	8.0
Total	41.4	27.2	34.7

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Cost Management Strategies

South Africa Region

Operational Efficiency

- Human engineering interventions
- Increased focus on innovative technology
- Improved mining consumable standards to decrease waste
- Optimization of ore reserve development
- Critical review of SIBC

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Cost Management Strategies

South Africa Region

Procurement

- Pro-active management of escalation to below CPIX
- Increased focus on commodity management
 - explosives, support, chemicals/reagents

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Cost Management Strategies

South Africa Region

Restructuring

- Reevaluate and optimize training initiatives
- Rightsize health and business services
- Review current Savuka orderly closure plan
- Minimize mine closure-induced domino effect on overheads
- Review all management structures

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Conclusion

South Africa Region

- **Rationalization worked for AngloGold Ashanti**
 - At R60,000/kg, lowest total cash costs of South African producers
- **The move from cost-cutting to cost management was successful**
- **Going forward, operations will continue to manage the margin by adhering to specific cost management programs**
 - Technology initiatives
 - Team training

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