

Argentina

Cerro Vanguardia

Description: Cerro Vanguardia consists of multiple small open-pits with high stripping ratios. The orebodies comprise a series of hydrothermal vein deposits containing vast quantities of silver, which is produced as a by-product. Throughput has increased steadily since the first gold was poured in September 1998, from an original design capability of 1,800 tpd to the present level of 2,700 tpd. Cerro Vanguardia's lease area is 514km².

Location: The Cerro Vanguardia operation is located to the north-west of Puerto San Julian in the Province of Santa Cruz, Argentina. AngloGold Ashanti has a 92.5% interest in the Cerro Vanguardia mine following the



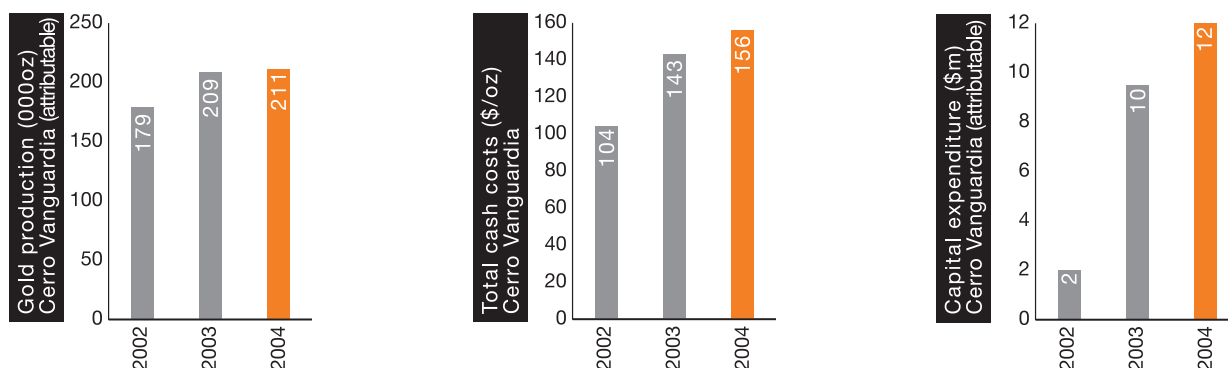
acquisition of an additional 46.25% in July 2002. The Santa Cruz Province has a 7.5% interest. The company owns the right to exploit the deposit for 40 years based on the Usufruct Agreement signed in December 1996. The operation, which was constructed at a total cost of \$270 million, was commissioned in the fourth quarter of 1998.

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. These 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 100,000km². 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 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° to the east; the other set strikes about N75W and the veins dip 60 to 80° 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.

Operating review: At Cerro Vanguardia (92.5% attributable), gold production decreased in the first quarter, as a result of a planned decline in tonnes mined and the treatment of lower grade ore. Production recovered in the next two quarters as a result of the plant upgrade and improved grades, and despite operational plant difficulties in the third quarter, efforts to optimise the production mix of low and high-grade pits to be mined at a higher stripping ratio, and dewatering high-grade pits, were largely successful.

Overall, attributable gold production amounted to 211,000 ounces for the year, up marginally on the previous year's production of 209,000 ounces. The yield rose by 6% to 7.60g/t. Total cash costs rose by 9% to \$156 per ounce compared to \$143 per ounce in 2003, mainly due to new equipment rental, higher fuel consumption (as a result of greater distance), higher royalty payments and higher inflation. These were partially offset by a 65% higher silver by-product credit. Attributable adjusted operating profit increased by 30% to \$30 million as a result.



Attributable capital expenditure for the year amounted to \$12 million, 20% higher than the previous year. This was spent on mine equipment, the raising of tailings dam and exploration.

Growth prospects: During 2005, drilling will continue on under-explored veins within the greater licence area, while scoping studies will be conducted to investigate potential high-grade underground and attributable leachable low-grade ores.

Outlook: In 2005, attributable production at Cerro Vanguardia should decrease to 204,000 ounces, at a total cash cost of \$174 per ounce. Attributable capital expenditure is expected to be in the region of \$10 million.

Cerro Vanguardia	2004	2003	2002
Pay limit (oz/t)	0.12	0.12	0.11
Pay limit (g/t)	4.05	4.28	3.88
Recovered grade (oz/t)	0.222	0.208	0.277
Recovered grade (g/t)	7.60	7.15	9.49
Gold production (000oz) – 100%	229	226	261
Gold production (000oz) – 92.5%	211	209	179
Total cash costs (\$/oz)	156	143	104
Total production costs (\$/oz)	274	261	203
Capital expenditure (\$ million) – 100%	13	10	3
Capital expenditure (\$ million) – 92.5%	12	10	2
Total number of employees	791	690	540
Employees	389	339	316
Contractors	402	351	224

Australia

Acquired at the end of 1999, the Australian operations (formerly Acacia Resources Limited) comprise only one operation at present, the Sunrise Dam Gold Mine in Western Australia (AngloGold Ashanti's interest is 100%). Mining ceased at Union Reefs in the Northern Territory in the third quarter of 2003, and Union Reefs' assets were sold to the Burnside Joint Venture in September 2004. The Boddington Gold Mine in Western Australia (in which AngloGold Ashanti has a 33.33% interest) is currently on care and maintenance, pending a decision to proceed with the Boddington expansion project.

