

South Africa

Key statistics

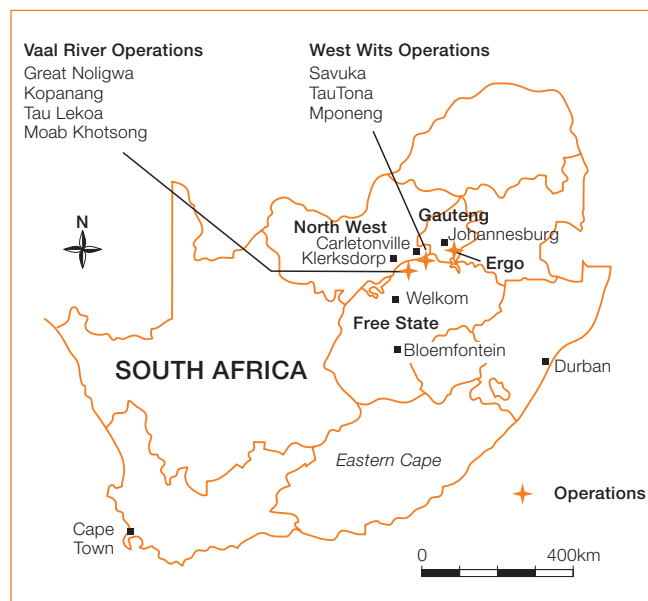
	2004	2003	2002
Tonnes treated (Mt)			
Underground	10.9	11.3	11.3
Surface	34.8	36.8	38.4
Average grade (g/t)			
Underground	7.83	8.13	8.40
Surface	0.30	0.27	0.30
Gold production (000oz)	3,079	3,281	3,412
Total cash costs (\$/oz)	291	227	138
Number of employees, including contractors	43,282	46,274	45,772
Efficiencies (g/TEC)	252	214	218
Capital expenditure (\$ million)	335	327	175

Location: AngloGold Ashanti's South Africa region comprises seven underground operations located in two geographic areas on the Witwatersrand Basin:

- the **West Wits area**, near Carletonville, straddles North West Province and Gauteng, where the Mponeng, Savuka and TauTona mines are located; and
- the **Vaal River area**, near Klerksdorp and Orkney, in North West Province and Free State, where the Great Noligwa, Kopanang, Tau Lekoa and Moab Khotsong mines are located.

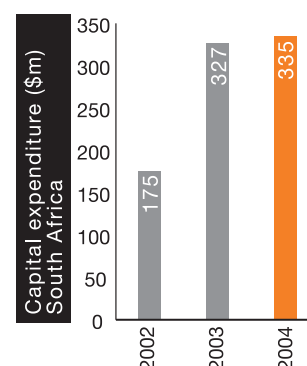
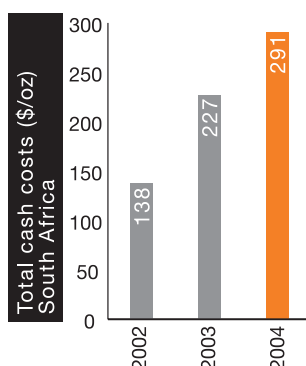
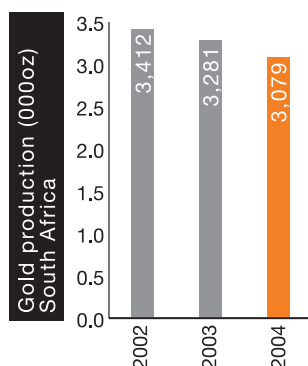
In addition, a surface metallurgical reclamation operation, **Ergo**, is located near Johannesburg in the province of Gauteng. Ergo is due to close during 2005.

Geology: The Witwatersrand Basin comprises a six-kilometre thick sequence of interbedded argillaceous and arenaceous 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, out crops at



its northern extent near Johannesburg. Further west, south and east the Witwatersrand 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 to 2.8 billion years old.

In the Witwatersrand Basin, gold occurs in laterally extensive quartz pebble conglomerate horizons or reefs, that 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 there has been a swing to an epigenetic theory of origin. However, the most fundamental control to the 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.

Operating performance: Overall production fell by 6% to 3.079 million ounces with both volumes and yield being down. Total cash costs rose by 28% to \$291 per ounce, mainly as a result of the continued strength of the South African rand and inflationary pressures. The second year of a two-year wage agreement, which provides for an average 7% increase in wages for the majority of employees, came into effect from July 2004. In local currency terms, costs were well-contained at R60,223 per kilogram, representing a 10% increase from R54,624 per kilogram. While some cost savings were achieved at mine-level, regional initiatives included rationalisation and restructuring of AngloGold Health Services, commodity strategies, automation and revised insurance rates.

Capital expenditure for 2004 was \$335 million, 2% higher than the previous year of \$327 million. Expansion capital amounted to \$159 million, ore reserve development to \$137 million and the balance being stay-in-business capital. Expansion capital was primarily at Moab Khotsoeng (\$71 million), at Mponeng (\$11 million) and at TauTona (\$38 million).

West Wits

Description: The West Wits operations comprise the Mponeng, Savuka and TauTona mines. Savuka and TauTona share a processing plant, whereas Mponeng has its own individual processing plant. These plants comprise crushers, mills, CIP and zinc precipitation and smelting facilities.

Location: The West Wits operations are located near the town of Carletonville in North West Province, south-west of Johannesburg.

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 unconformity in the VCR. TauTona and Savuka exploit both reefs, whereas Mponeng only

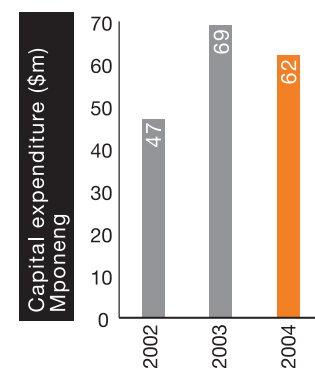
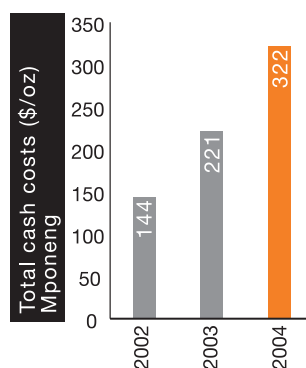
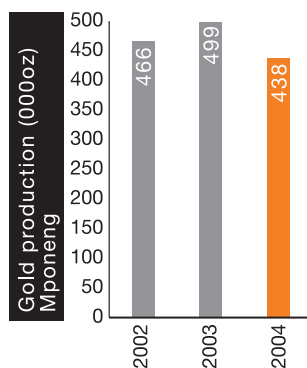
mines the VCR. The structure is relatively simple; faults of greater than 70 metres are rare.

- 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 three metres in thickness.

Operating review

Mponeng: Volumes mined decreased in the first quarter as a result of a slow start to the year and a planned safety day which was called for following four fatalities in February. A good recovery was made in the second quarter, with a return to targeted levels by year-end to counteract in particular the impact of high grade lock-up from recently commenced ledging operations. A grade decline in the first quarter, as a result of seismic damage to a number of high-grade panels, was followed by expected declines in face value and dilution from increased development rates. On average, the grade for the year was

Mponeng	2004	2003	2002
Pay limit (oz/t)	0.39	0.29	0.24
Pay limit (g/t)	13.26	10.08	7.54
Recovered grade (oz/t)	0.237	0.261	0.252
Recovered grade (g/t)	8.14	8.96	8.63
Gold production (000oz)	438	499	466
Total cash costs (\$/oz)	322	221	144
Total production costs (\$/oz)	386	269	209
Capital expenditure (\$ million)	62	69	47
Total number of employees	5,876	6,169	5,693
Employees	5,164	5,374	5,237
Contractors	712	795	456



8.14g/t, down some 9% on the previous year. Consequently gold production decreased by 12% to 438,000 ounces.

Total cash costs increased by 46% to \$322 per ounce on the back of lower production, the strong rand and the mid-year wage increase. In rand terms, total cash costs rose by 25% to R66,437 per kilogram.

Adjusted operating profit at \$11 million was significantly down. Capital expenditure, mostly stay-in-business capital, of \$62 million for the year, was 10% lower than the previous year.

TauTona: Infrastructure failure and a reduction in face length in the first quarter, which was partially offset by increased tramming and accelerated cleaning activities, set the mine off to a poor start to the year in respect of volumes mined. This was followed in the second quarter by delays in negotiating a major fault and planned stoppages for safety reasons, along with reduced face advance. Volumes improved in the third quarter, along with increased face length and face advance, but were impeded once more on several panels by seismicity and planned stoppages related to rock mechanic issues. These factors, together with dilution from increased development, resulted in the average yield declining by 10% to 10.88g/t.

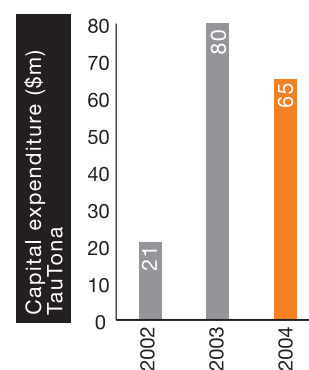
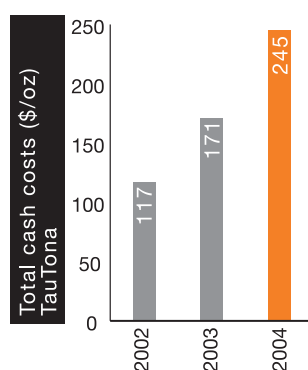
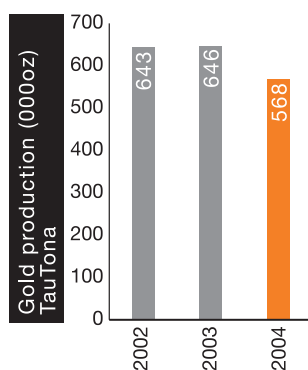
TauTona	2004	2003	2002
Pay limit (oz/t)	0.67	0.45	0.47
Pay limit (g/t)	23.01	15.48	14.54
Recovered grade (oz/t)	0.317	0.353	0.340
Recovered grade (g/t)	10.88	12.09	11.66
Gold production (000oz)	568	646	643
Total cash costs (\$/oz)	245	171	117
Total production costs (\$/oz)	311	207	143
Capital expenditure (\$ million)	65	80	21
Total number of employees	5,498	5,457	5,715
Employees	4,673	4,794	5,397
Contractors	825	663	318

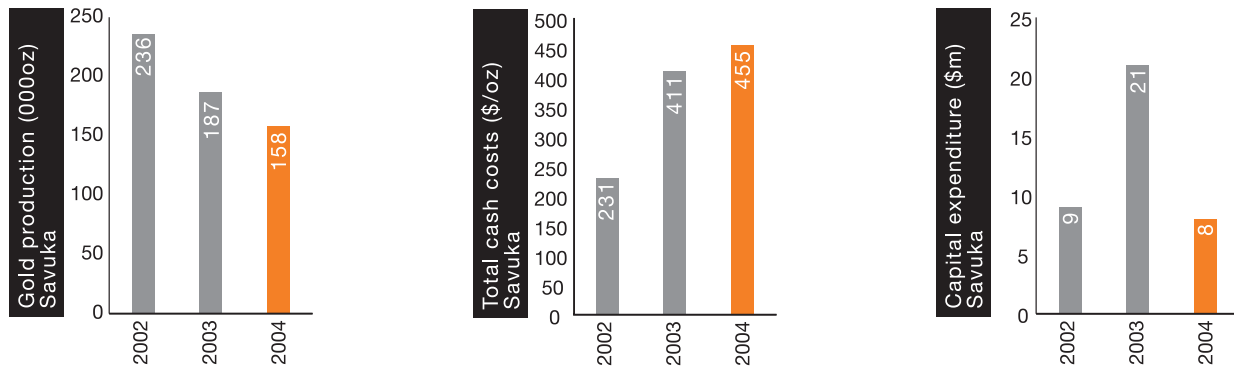
Gold production decreased by 12% to 568,000 ounces, reflecting the lower tonnages. Revenues were negatively affected by the strong rand and the mid-year wage increase. Total cash costs rose by 43% to \$245 per ounce in dollar terms, and by 23% to R50,531 per kilogram in local currency. Adjusted operating profit was down by 42% to \$58 million. Capital expenditure of \$65 million was 19% lower than in 2003. This was spent mostly on the below 120 level CLR project, the CLR pillar project and the VCR development project.

Savuka: Tons milled declined by 20% as waste tons decreased in line with decreased development as the mine reaches the of its life. As a result, the yield improved to 6.19g/t despite the marginal decrease in the in-situ mining grade owing to the channelised nature of the orebody. Gold production declined by 16% to 158,000 ounces.

Gradual downsizing of the operation led to some labour cost saving, although this was partially undermined by mid-year wage increases. Total cash costs were well-contained, rising by 11% to \$455 per ounce; in rand terms total cash cost declined by 5% to R94,036 per kilogram.

Savuka	2004	2003	2002
Pay limit (oz/t)	0.41	0.45	0.38
Pay limit (g/t)	14.17	15.28	11.90
Recovered grade (oz/t)	0.181	0.169	0.206
Recovered grade (g/t)	6.19	5.81	7.07
Gold production (000oz)	158	187	236
Total cash costs (\$/oz)	455	411	231
Total production costs (\$/oz)	523	467	257
Capital expenditure (\$ million)	8	21	9
Total number of employees	3,229	4,529	4,910
Employees	3,001	4,122	4,396
Contractors	228	407	514





As a result, the adjusted operating loss was held to \$18 million, aided by lower rehabilitation charges on the extension to the life-of-mine plan. Capital expenditure of \$8 million, mainly on ore reserve development, was down by 62% on the previous year.

Growth prospects

Mponeng Shaft Deepening Project: This project is to deepen the sub-shaft system and provide access tunnels to the VCR horizon on 113, 116 and 120 levels (from 3,172 metres to 3,372 metres below surface). AngloGold Ashanti expects the project to produce 4.8 million ounces of gold over a period of 13 years to 2016. Total capital expenditure is estimated at \$207 million (at closing 2004 exchange rate), with some \$8 million (at closing 2004 exchange rate) remaining. The average project cash cost over the life-of-mine is expected to be approximately \$226 per ounce in 2004 real terms. Progress continued to be made on this project during 2004, with stoping operations commencing in May 2004.

TauTona:

- **The CLR shaft pillar project** allows for stoping operations up to the infrastructural zone of influence. The project, from which production commenced in 2004, is expected to produce 550,000 ounces of gold over a period of 10 years, at a capital cost of \$35 million (converted at closing 2004 exchange rate). Approximately \$29 million (at closing 2004 exchange rate) has been spent to date. The expected average project cash cost is \$134 per ounce.
- **The VCR Development Project** aims to access two distinct reserve blocks on the VCR horizon, one situated north-east of the shaft complex, and the other in the VCR pillar area situated outside the zone of influence. The project will add some 300,000 ounces to production, with a capital cost of \$30 million (at closing 2004 exchange rate).
- **The CLR reserve block below 120 level, known as TauTona below 120 level Project**, is being accessed via a twin decline system into its geographical centre, down to 125 level. The project is expected to produce 2 million ounces of gold over a period of nine years, with a project capital cost of \$152 million (at closing 2004 exchange rate). The average project cash cost is expected to be \$203 per ounce. Progress is on schedule and production is due to start in January 2007.

Outlook: Production at **Mponeng** in 2005 is expected to increase by 7% to 470,000 ounces at a total cash cost of \$295 per ounce, with capital expenditure of \$54 million.

Production at **TauTona** is expected to remain constant at 2004 levels of around 570,000 ounces in 2005, while total cash costs will rise to \$229 per ounce. Capital expenditure should amount to some \$66 million.

Production at **Savuka** is expected to remain at 2004 levels of around 160,000 ounces at a total cash cost of \$404 per ounce, while the downsizing of this operation continues. Minimal capital expenditure is forecast at \$7 million.

Vaal River

Description: AngloGold Ashanti's Vaal River operations are located in the original Vaal Reefs mining area of the Witwatersrand Basin and comprise three operating mines, Great Nologwa, Kopanang and Tau Lekoa, and a developing mine, Moab Khotsoong.

The Vaal River complex also has four gold plants, one uranium plant and one sulphuric acid plant. The Vaal River processing plants include crushers, mills, CIP and electro-winning facilities, and are able to treat between 180,000 and 420,000 tonnes of ore per month. Although the Vaal River operations produce uranium oxide as a by-product, the value is not significant relative to the value of gold produced.

Location: The Vaal River operations are located near the towns of Klerksdorp and Orkney in North West Province and Free State.

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 between 10 and 20g/t. It comprises a series of oligomictic conglomerates and quartzite packages developed on successive unconformities. Several distinct facies have been identified, each with its 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 mainly concentrated in the western part of the lease area. It 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.
- 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 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

Great Noligwa: Volumes mined decreased as a result of fewer production shifts in the first quarter, although improved face length

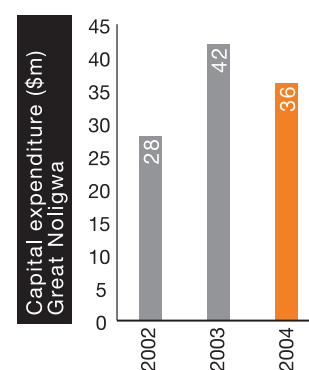
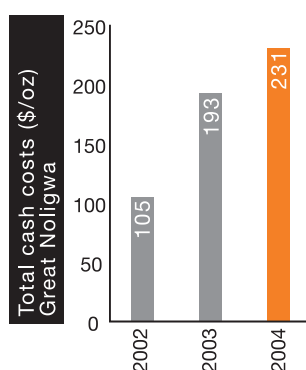
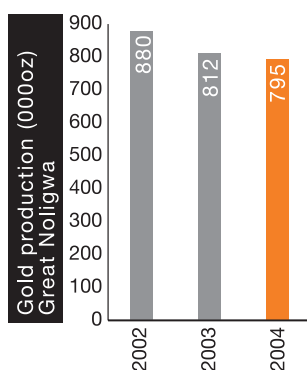
Great Noligwa	2004	2003	2002
Pay limit (oz/t)	0.38	0.34	0.32
Pay limit (g/t)	13.01	11.53	9.96
Recovered grade (oz/t)	0.303	0.308	0.321
Recovered grade (g/t)	10.38	10.57	11.02
Gold production (000oz)	795	812	880
Total cash costs (\$/oz)	231	193	105
Total production costs (\$/oz)	260	213	120
Capital expenditure (\$ million)	36	42	28
Total number of employees	7,100	7,821	9,269
Employees	6,192	6,819	8,356
Contractors	908	1,002	913

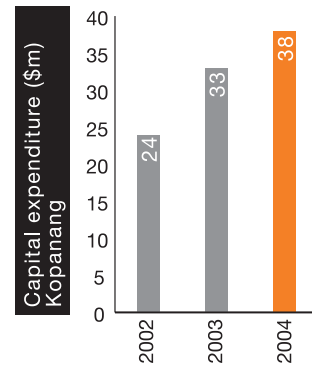
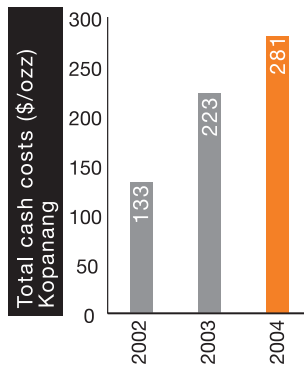
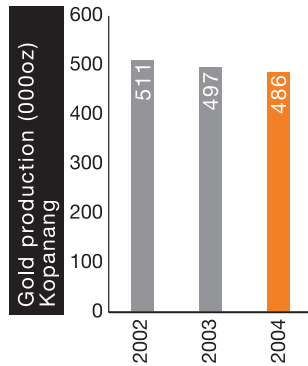
and advance resulted in an increase in the second half of the year. The grade decreased marginally to 10.38g/t, in line with expectations, as mining moved towards the extremities of the lease area, and as the high grades experienced in the SV1 area in the first quarter were not sustained. This was offset to some degree by an improved mining mix.

As a result, gold production was down slightly, by 2% to 795,000 ounces. New cost saving initiatives and favourable summer power tariffs towards year-end helped to maintain total cash costs at \$231 per ounce, despite the mid-year wage increase. In local currency terms, total cash costs rose by 3% to R47,820 per kilogram. Adjusted operating profit fell to \$118 million. Stay-in-business capital expenditure totalled \$36 million, a decrease of 14% on 2003.

Kopanang: Volumes mined were lower as a result of a slow start up after the Christmas break, although they recovered later in the year, particularly as five additional shifts were worked in the fourth quarter. Overall, gold production decreased by 2% to 486,000 ounces. Efforts to reduce reef/waste contamination contributed to better yields, as did the lower volumes of tonnes treated. Grade increased slightly to 7.37g/t, in line with expectations.

Kopanang	2004	2003	2002
Pay limit (oz/t)	0.39	0.32	0.35
Pay limit (g/t)	13.51	10.96	10.78
Recovered grade (oz/t)	0.215	0.206	0.211
Recovered grade (g/t)	7.37	7.07	7.23
Gold production (000oz)	486	497	511
Total cash costs (\$/oz)	281	223	133
Total production costs (\$/oz)	317	249	159
Capital expenditure (\$ million)	38	33	24
Total number of employees	6,312	6,966	7,638
Employees	5,758	6,131	6,953
Contractors	554	835	685





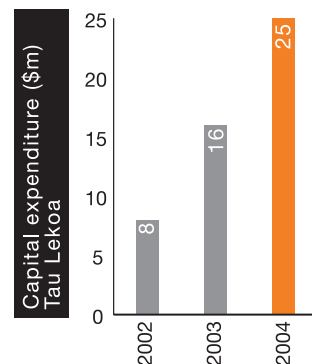
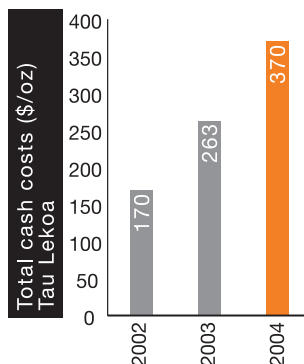
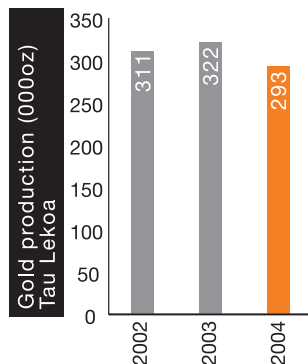
Total cash costs were 26% higher at \$281 per ounce, a function of higher labour costs from mid-year, lower treatment costs and lower production. In rand terms, total cash costs rose by 8% to R58,220 per kilogram. Adjusted operating profit of \$46 million reflects the impact of the lower price and production. Capital expenditure of \$38 million was 15% higher than last year. Most of this expenditure was stay-in-business capital, with a minor amount (\$3 million) being spent on development of the Edom ground.

Tau Lekoa: Tau Lekoa increased its volumes mined as a result of a 5% increase in face length despite a 1% decrease in face advance. Plant throughput was boosted owing to a clean-up of underground lock-up after the Easter break and a redistribution of mining crews to allow the mining of more panels per raise line. This was negated by a Department of Minerals and Energy decision to stop work on Sundays for five weeks after a fatal accident in June. Yield, however, declined by 9% to 3.87g/t, despite an improvement in mining mix.

As a result, production decreased to 293,000 ounces. Total cash costs increased by 41% to \$370 per ounce, or by 21% to R76,428 per kilogram in local currency. The mine's adjusted operating profit reduced to a loss of \$6 million in 2004. Capital expenditure of \$25 million was 56% higher than in 2003, mainly stay-in-business capital.

Tau Lekoa	2004	2003	2002
Pay limit (oz/t)	0.18	0.14	0.14
Pay limit (g/t)	6.31	4.90	4.30
Recovered grade (oz/t)	0.113	0.124	0.130
Recovered grade (g/t)	3.87	4.24	4.45
Gold production (000oz)	293	322	311
Total cash costs (\$/oz)	370	263	170
Total production costs (\$/oz)	432	304	209
Capital expenditure (\$ million)	25	16	8
Total number of employees	4,252	4,139	4,622
Employees	3,398	3,450	3,890
Contractors	854	689	732

Moab Khotsong: Moab Khotsong's 9,000 ounces of production is not included in the region's production as the revenue is capitalised against pre-production costs. Commercial production is scheduled for 2006. Capital expenditure for the year amounted to \$80 million, 21% more than in 2003.



Growth prospects

Moab Khotsonq, is the largest of South Africa's current projects. Located in the Vaal River area, the project involves sinking, constructing and equipping the shaft systems to a depth of 3,130 metres below surface, providing access tunnels to the reef horizon on 85, 95 and 101 levels, and developing the necessary ore reserves. The project is expected to produce 4.9 million ounces of gold from 7.75 million tonnes of milled ore over 12 years. The project capital cost is estimated at \$651 million (at end 2004 exchange rate), of which \$585 million has been spent to date. The main shaft extension has been completed following the shaft's commissioning in March 2003. Access development is progressing to plan. The first raiseline has been established and stoping operations began in November 2003. Moab Khotsonq is forecast to reach commercial production in 2006 and full production, at an average of 15.6 tonnes (502,000 ounces) per annum, is expected by 2010.

Outlook

As mining moves into lower grade areas, production at **Great Noligwa** is expected to decrease by 2% to 782,000 ounces in 2005, at a total cash cost of \$256 per ounce. Capital expenditure during 2005 is expected to be approximately \$43 million.

In 2005, gold production at **Kopanang** is expected to decrease by 3% to 471,000 ounces, at a total cash cost of \$327 per ounce. The lower production expected is in line with an anticipated 2% decline in face advance as some complex geology is expected to be encountered. Capital expenditure for the year ahead will be in the region of \$37 million.

In 2005, production at **Tau Lekoa** is expected to rise to 311,000 ounces on improved recoveries. Total cash cost is anticipated to increase to \$377 per ounce. Capital expenditure is expected to be approximately \$21 million.

Development of the **Moab Khotsonq** mine will continue with capital expenditure of \$79 million planned for the year.

Ergo

Description: AngloGold Ashanti's Ergo operation, located in Gauteng, re-treats tailings dams and sand to recover gold and produce sulphuric acid using a secondary process. Since 1987, material has been treated through two carbon-in-leach (CIL) plants, which are believed to be two

of the largest of their kind in the world. Ergo can only profitably treat tailings dams if they exceed a certain grade and, as a result of the expected rate of depletion of the higher grade material available, the operation is expected to close during 2005.

Operating review: Tonnes treated improved at the beginning of the year as higher volumes were reclaimed from the Withok tailings dam and the 5L29 dam, and the lower rainfall led to reduced down-time. From mid-year onwards, however, tonnes treated decreased as the clean-up material became increasingly difficult to treat. This combined with a slightly increased yield of 0.24g/t resulted in gold production rising by 9% to 222,000 ounces.

Total cash costs rose by 11% to \$389 per ounce mainly because of the establishment of the 5L29 pump station and the reduced by-product contributions from the acid circuit, together with lower production. The latter losses were stemmed following the closure of the acid plant in the third quarter and more efficient cyanide usage during the year. Total cash costs in local currency decreased by 4% to R80,695 per kilogram. The adjusted operating loss for the year rose to \$7 million.

Outlook: Ergo is expected to cease operations during 2005.

Ergo	2004	2003	2002
Pay limit (oz/t)	0.01	0.01	0.01
Pay limit (g/t)	0.44	0.44	0.29
Recovered grade (oz/t)	0.007	0.006	0.007
Recovered grade (g/t)	0.24	0.20	0.25
Gold production (000oz)	222	203	264
Total cash costs (\$/oz)	389	349	184
Total production costs (\$/oz)	436	373	217
Capital expenditure (\$ million)	-	-	-
Total number of employees	1,850	1,933	1,122
Employees	767	829	904
Contractors	1,083	1,104	218

