



Australia

Message from Peter Rowe

At AngloGold Ashanti Australia we believe there are two issues central to a sustainable future for the company: the first is living the values we aspire to – the way we do business is as important as the results we achieve. The second is growing our partnerships with the community. I am proud of the leadership our Australian operations have shown in implementing and meeting AngloGold Ashanti's sustainability principles.

In 2004, we continued to support and develop our community partnerships. In the Laverton area, where the Sunrise Dam mine is located, we sponsor the Laverton Leonora Cross-Cultural Association, support and sponsor local health services, and provide emergency services when requested.

In building our business we have sought mutually beneficial relationships and partnerships with our local and indigenous communities, which include training and development, employment and business support initiatives.

Our partnership with Aboriginal mining contractor, Carey Mining, has extended beyond Sunrise Dam to embrace a joint sponsorship of a three-year Indigenous Trainee Education Officer at the Art Gallery of Western Australia. We take the same approach to community partnerships in the other countries in which we operate in the Asia-Pacific region.

AngloGold Ashanti Australia established new safety and operational benchmarks in 2004. Sunrise Dam won the MINEX 2004 Trophy – the Australian mineral industry's highest accolade for safety and health excellence – for demonstrating outstanding improvements in safety and health culture and performance. The commitment of Sunrise Dam employees and contractors to health and safety improvement was recognised earlier in the year when the mine won AngloGold Ashanti's Dick Fisher award for the best safety performance within the company in 2003.

At an operational level the region turned in an above-budget production performance in 2004 with Sunrise Dam achieving record gold output of 410,000 ounces at a cash operating cost of US\$260 per ounce. The new underground project has progressed well and underground drilling results have been encouraging. At the Boddington expansion project in Western Australia, where AngloGold Ashanti has a 33.3% interest, the joint venture partners continued work to update the original 2000 feasibility study. All three parties remain committed to optimising the project and completing the study to allow a development decision to be made in the second half of 2005.

The focus of our regional exploration activities broadened to include assessment of a number of projects in the South East Asian region, culminating in deals with Red 5 Ltd in the Philippines and Oxiana Ltd in Laos.

In the year ahead, we face the challenge of further improving our health and safety performance, building on 2004's excellent operational performance and growing the company in the Australian and Asia-Pacific region. At a broader level, the gold sector in Australia faces the challenge of retaining and attracting skilled people and AngloGold Ashanti is working with industry bodies and its peers to develop a long-term solution to this critical issue.

Peter Rowe
Head of AngloGold Ashanti Australia



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About this report:

AngloGold Ashanti is committed to reporting to a broad range of stakeholders. In addition to its operational and financial performance reports, the company also reports on its economic, social and environmental performance – the so-called triple bottom line.

This country profile forms part of a broader group Report to Society which is available on the company's website or from the contacts detailed below.

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2 | Introduction

Acquired at the end of 1999, the Australian operations (formerly Acacia Resources Ltd) comprise only one operation at present, the wholly-owned Sunrise Dam Gold Mine in Western Australia. Mining ceased at Union Reefs in 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 which AngloGold Ashanti has a 33.33% interest) is currently on care-and-maintenance, pending a decision to proceed with the Boddington expansion project.

Sunrise Dam

Ownership: 100% owned by AngloGold Ashanti

Location: Sunrise Dam lies some 220 kilometres north-north-east of Kalgoorlie and 55 kilometres south of Laverton in Western Australia.

Geology: Following the purchase of the Sunrise lease from Placer Dome in December 2002, AngloGold Ashanti now has control of the entire mineralised system at Sunrise Dam. The gold orebody at Sunrise Dam is structurally and lithologically controlled within gently dipping high-strain shear zones and steeply dipping brittle-ductile low-strain shear zones.

Mining and processing: Mining operations comprise a large open-pit and an underground project. Good progress was made with the underground project in 2004 – the first gold was produced from underground in the fourth quarter.

Mining is carried out by contractor, with technical supervision by AngloGold Ashanti. Ore is treated in a conventional carbon-in-leach circuit, which includes a gravity circuit to extract coarse gold.

Performance in 2004: In 2004, the mine produced 410,000 ounces of gold at a total cash cost of A\$353 per ounce (US\$260 per ounce). Capital expenditure amounted to A\$33 million (US\$25 million) during the year, with A\$23 million (US\$17 million) on underground development, A\$5 million (US\$4 million) on brownfields exploration and the remaining A\$5 million (US\$4 million) on operations.

Government remittances: The Sunrise Dam operation paid an amount of \$4 million (A\$6 million) in royalties during the year. No corporate taxes were paid.

Growth prospects: The three-year underground project, involving the development of two declines and 125,000 metres of drilling from surface and underground, will enable the underground potential of the Sunrise Dam orebody to be fully explored.

Boddington

Ownership: Operated by Worsley Alumina prior to closure at the end of 2001, Boddington has been managed since September 2002 by the Boddington Gold Mine Management Company under the direction of the Boddington joint venture partners, namely AngloGold Ashanti (33.33%), Newmont Boddington (44.44%) and Newcrest Operations (22.22%).

Location: The operation is located approximately 100 kilometres south-east of Perth.

Mining operations: Work continued during the year on the Boddington expansion project feasibility update. All three parties remain committed to completing the study and proceeding with the project

Operational statistics			
		2004	2003
Gold production (000oz)		410	358
Total cash costs	A\$/oz	353	349
	US\$/oz	260	228
Total production costs	A\$/oz	443	451
	US\$/oz	326	295
Capital expenditure	A\$ million	33	30
	US\$ million	25	20
Total number of employees		356	316
Employees		88	94
Contractors		268	222

Declines are being developed in the vicinity of defined underground reserves, which will be mined through the course of the project. Deep drilling to date has indicated that the sub-vertical, high-grade zones that have been a feature of open-cut mining at Sunrise Dam continue at depth. It is expected that the project will add significantly to underground reserves and a decision on whether to proceed to full-scale underground mining will be made early in 2007.

Outlook: Gold production is expected to increase to some 461,000 ounces in 2005, at a total cash cost of \$274 per ounce. Capital expenditure is expected to be around \$40 million in 2005.

subject to satisfactory economic criteria being met. Capital expenditure during 2004 amounted to \$3 million.

Growth prospects and outlook: A decision in respect of the Boddington expansion project is expected towards the end of 2005. A feasibility study completed in 2000 was based on an operation with a throughput of 25 million tonnes per annum, producing an average of 600,000 ounces of gold and 22,500 tonnes of copper per annum over a life-of-mine of 15 years, at an estimated attributable capital cost of \$192 million (33.3% attributable). The update of the study has pointed towards a larger project with greater throughput, higher annual gold production and a longer mine life.

3 | Mineral resources and ore reserves

Mineral resources and ore reserves are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code), together with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code). Mineral resources include the ore reserve component.

AngloGold Ashanti had mineral resources of 218.2 million ounces and ore reserves of 78.9 million ounces as of 31 December 2004. Of these, the Australia region accounted for mineral resources of 11.6 million ounces and ore reserves of 6.2 million ounces.

		Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz

Mineral resources (as at 31 December 2004)

Australia	Measured	59.7	1.26	75.2	65.8	0.037	2.4
	Indicated	146.0	1.26	184.4	160.9	0.037	5.9
	Inferred	84.7	1.20	101.7	93.4	0.035	3.3
	Total	290.3	1.24	361.3	320.0	0.036	11.6

Ore reserves (as at 31 December 2004)

Australia	Proved	45.8	1.21	55.6	50.5	0.035	1.8
	Probable	102.6	1.33	135.9	113.0	0.039	4.4
	Total	148.4	1.29	191.5	163.6	0.038	6.2



Community

- A\$135,000 (US\$100,000) was spent on social investment initiatives by the Australia region in 2004.
- The management of funds and programmes is primarily undertaken at a local level, with each area managing its local community and indigenous relations, and funding and support budgeted for in advance.
- Sunrise Dam supports and encourages local economic development and, in particular, the development of business initiatives by local indigenous people. (See box).

Local economic development



Sunrise Dam mine promotes the use of businesses from the local town of Laverton for site activities and encourages its suppliers and contractors to do the same. During 2004, Sunrise Dam began an indigenous supply initiative aimed at encouraging indigenous business from the local area to get involved in tendering for services associated with the site. A further initiative is to expand the indigenous seed-collecting activities around the region.

Sunrise Dam also works with Indigenous People in Mining, an industry and government network support group fostering contracting opportunities for Aboriginal business. A significant initiative by the company has Carey Mining, an indigenous contracting company, working on site.

Occupational safety and health

In 2004, Sunrise Dam achieved a lost time injury frequency rate (LTIFR) of 3.7 per million man hours, a 38% improvement on the previous year.

Highlights of the year include:

- Sunrise Dam mine won the Mineral Council of Australia's Minex award for excellence in health and safety. (See box).
- the Australia region attained second place in the Western Australian Chamber of Minerals and Energy's (CME) Safety and Health Innovation awards for the Hori Board, an innovation designed to reduce hand injuries in core yards during exploration activities.
- Sunrise Dam Gold mine participated in the Western Australian Chamber of Minerals and Energy's Surface Mine Emergency Response Competition. Competing against 17 other mines, Sunrise Dam took top honours in the vehicle extraction scenario.

The region uses the SafeGold risk management system as the basis for risk management and all employees are trained in hazard identification and risk assessment. The aim of this system is the elimination and engineering-out of hazards rather than relying safely on personal protective equipment.

- A formal process of identifying potential hazards and defining control

processes for the underground operation was recently undertaken. This process identified some 1,600 hazards which were subsequently assessed and addressed. At present the contractor is reviewing this list of hazards and the controls that are in place.

- Employees are encouraged to take responsibility for safety and to report risks and hazards before an incident can occur. This is reinforced through pre-shift instruction (PSI) meetings and the ACT SAFE programme. The general manager is active in the promotion of safety and health on the site through the weekly safety and health meetings involving all employees and contractors.
- The region has also made good progress in its transition to using leading rather than lagging indicators. For example, three positive indicators used to measure safety performance include corrective actions completed, scheduled inspections conducted and number of green (or incident-free) days achieved.

Lifestyle choice is a health challenge, and programmes are in place to assist employees in improving their personal health, for example, quitting smoking, eating balanced nutritious meals and encouraging personal fitness. A further area of activity during the year ahead is fatigue education and management.

Labour

The region employs 455 people, including employees and contractors.

Highlights for the year include:

- a revised diversity policy has been compiled in the Australia region and is currently being canvassed amongst employees and management.
- an important part of this diversity policy relates to equal opportunities for women. The Australia operations report progress to government authorities on an annual basis. Women now make up 26% of all employees in the region and 15% of management. These are the highest levels in AngloGold Ashanti.

Most mining operations in Australia have fly-in, fly-out arrangements owing to their remote locations which lead to high staff turnover. The company has a policy of maintaining a full development plan for all employees, not only in relation to their current roles but also for potential roles and their general employability, skills and competencies.

Health care is provided by the national government run health system as well as employee funded additional health insurance. On-site nurses are employed and other health care professionals are contracted to provide a high level of care.

Dealing with different cultures in Australia



The Australia region has programmes in place to foster understanding and interaction between cultures:

- field staff are trained to recognise Aboriginal archaeological sites, flora, fauna, and geological features that have a higher probability of being areas of cultural significance.
- ethnographic and anthropological consultation with local indigenous people prior to commencement of significant exploration and mining activities mitigates any damage to potentially significant sites.
- mining and exploration activities comply with voluntary codes of practice for the exploration industry, such as activities on pastoral leases, on Aboriginal lands and in environmentally sensitive areas; and
- capabilities of local community are assessed to identify opportunities for the supply of services.

Environment

- Extensive communication and interaction programmes are in place with both internal and external audiences. The latter includes consultation on a regular basis with stakeholder groups such as the Chamber of Minerals and Energy (Western Australia), the Department of Industry and Resources (Western Australia), the Department of Environment (WA), the Department of Industry and Resource Development (Northern Territory) and the Laverton Leonora Cross-Cultural Association (LLCCA). The regional corporate office also engages with educational institutions in activities such as participation in the delivery of lectures/seminars and the mentoring of students. Site-sponsored visits are regularly arranged for various stakeholder groups, including school teachers and students, NGOs, government agencies and members of the general public at open days.
- Yet another example of the contribution made by the industry is the research undertaken at Lake Carey in Australia following intensive rainfall during March/April 2004. Wildlife surveys (principally waterbird and aquatic invertebrates) were conducted to monitor a change in the environmental response. (See box overleaf)

In recognition of significant achievement, best practice and innovation in the Northern Territory Mining and Petroleum Industries and Associated Supply and Service Sectors, Union Reefs gold mine in Australia received the 2003 Minister's Recognition Award in Resource Development for Environmental Management.

- This region was also recognised for its closure planning and rehabilitation at Union Reefs. (See box).



Sunrise Dam wins Minex award



Sunrise Dam Gold Mine's commitment to health and safety was recognised in August 2004, when it received the National Minerals Industry Safety and Health Excellence Award (known as the MINEX trophy), acknowledged as the Australian mining industry's highest award for safety and health excellence.

Health and safety efforts at the mine are steered by the Safety Strategy Group, comprising key members of the management team and of contracting companies Roche, Barmenco and ESS. ACTSAFE, which is the behavioural aspect underpinning the mine's current health and safety initiatives, was the brainchild of the Safety Strategy Group. ACTSAFE is based on a daily safety focus, which requires employees to check procedures, equipment and conditions, assess and report risks, hazards and incidents, attend safety meetings and perform or discuss an act of safety.

The mine's safety strategy focuses on six key areas:

- leadership (at corporate and site level);
- safety and health management;
- people;
- information and analysis;
- safety and health processes; and
- performance

A cycle is followed in each of these areas, whereby intents and the necessary resources to achieve them are articulated, results are measured and possible future improvements agreed. An audit of the mine's Site Safety Plan is conducted each year through SafeGold, a 36-element risk management system introduced in 2001 by an external certified auditor. Sunrise Dam's improvement can be seen in the continuous improvement results from the audit. In 2004, the score was 81%, up from 76% in 2003.

A feature of the mine's approach is the emphasis given to the participation of contractors in all aspects of health and safety. Contractors' safety management systems are reviewed extensively as part of the tendering phase and during operations, and all contractors are evaluated on safety and health issues. Management on site has been known to suspend the operations of contractor companies for poor safety compliance.

Safety and health responsibilities are included in the job descriptions of all employees, permanent and contractor, and the annual performance appraisal reinforces people's understanding of their roles and people's responsibilities.

Continuous improvement is part of the equation. Each year's Site Safety Plan incorporates improvement targets for the next 12 months. All departments report, in quarterly reviews and presentations, on the progress of their safety initiatives against plan.

Award-winning closure planning and rehabilitation at Union Reefs



The annual Northern Territory Ministerial Recognition Awards in Resource Development are aimed at recognising significant achievement, best practice and innovation in the Northern Territory's minerals and petroleum industries. In a ceremony at the Northern Territory Minerals Council Safety Conference in April 2004, Union Reefs mine won first place in the Environmental Management category for "commitment, planning and implementation of best practice rehabilitation throughout all stages of design, operation and closure at Union Reefs Mine".

The mine also received a commendation in the Workplace Safety category. Faye Lawton (environmental superintendent at Union Reefs) received the award on behalf of AngloGold Ashanti.

Mining commenced at Union Reefs in December 1994 and continued uninterrupted until operations ceased in September 2003. But from the start of operations, closure was already being planned. In 2000, Union Reefs committed to developing a detailed mine closure plan with steps

taken to define appropriate rehabilitation objectives and stakeholder requirements.

In November 2001, a decommissioning and closure plan was developed, which outlined the activities required to meet end land use and mine closure objectives for the site. This plan was aligned with the regional environmental and community guide for decommissioning and closure. Key stakeholders were given the opportunity to review the decommissioning and closure plan and to provide input and comment.

The total area disturbed during the operation of the mine was 527 hectares. By September 2003, progressive rehabilitation had accounted for 90% of this area. The remainder of the rehabilitation work includes areas associated with mining infrastructure, processing, water management and camp facilities. Union Reefs has been on care-and-maintenance since operations ceased and was recently sold to a local consortium, so the mine will continue to provide work and revenue for the Pine Creek community.

Biodiversity research at Lake Carey



Sunrise Dam is situated on the edge of Lake Carey in Western Australia's Northern Goldfields, approximately 220 kilometres north-east of Kalgoorlie. The lake covers some 75,000 hectares, with islands totalling 10,000 hectares spread across its surface. Like many lakes across arid and semi-arid regions of Australia, it supports both terrestrial and aquatic ecosystems. For months at a time, Lake Carey forms a dry, hypersaline lake-bed which occasionally forms localised pools after seasonal rains.

To facilitate mining, the water table around the open pit is maintained at a level below that of the mining operations by pumping water out of a series of bores around the perimeter of the pit. This water, which is also hypersaline, is predominantly used for operational purposes, with the remainder being released into the lake. To ensure that this activity does not impact on lake ecology, mining companies operating on the edge of Lake Carey jointly conduct research to improve their understanding of salt lake ecosystems.

During the 2003/04 wet season, significant rainfall events had a dramatic effect on the local landscape. In November 2003, the Lake Carey catchment received over 100 millimetres of rainfall following a single storm event. Shortly afterwards, another 280 millimetres fell over a period of a month (38% of which fell in 24 hours). These combined rainfall events saturated the catchment, re-establishing numerous ephemeral freshwater and brackish wetlands and filling the 90 kilometre length of Lake Carey.

This spectacular wetland feature in an otherwise arid landscape provided a magnet for wildlife and, in particular, resulted in an influx of water birds to take advantage of the favourable conditions for breeding. Recognising the significance of this natural phenomenon, a number of

studies were endorsed by the company including an ornithological survey and water/sediment quality assessments as well as investigations into invertebrate populations and microflora communities. In March 2004, an aquatic and terrestrial avifauna survey recorded 29 water bird species and 79 terrestrial species of birds. Water bird diversity was higher on the temporary wetlands (fresh and brackish), with 25 species compared to 11 species on the hypersaline Lake Carey. Ten bird species were confirmed as breeding.

The invertebrate survey was conducted on Lake Carey (five sites) and 11 surrounding wetlands. In a previous survey in 2003, 102 species were collected. During this study, an additional 14 littoral and 12 planktonic species were added to the 2003 survey results. Over time, it is anticipated that 250-plus species will be identified.

From this study it is expected that, during the more common seasonal rainfall events when ponding on Lake Carey is hypersaline, the major aquatic species are likely to include Brine Shrimp, Fairy Shrimp, and Clam Shrimp. The results of the recent studies on Lake Carey and its catchment suggest that the catchment wetlands provide an important ecological niche for a variety of aquatic species, which are then able to re-populate Lake Carey during periods of unusually high rainfall.

The flooding of the lake could also provide a dispersal mechanism for the wider distribution of many species leading to a colonisation, or re-colonisation, of suitable habitat. This opportunistic 'migration' of species may account for the fact that some of the invertebrates identified in the recent studies were previously unrecorded within the Lake Carey catchment.