



Argentina

Message from Roberto Carvalho Silva

This country report published by AngloGold Ashanti is the first to offer space for regional information. This is very satisfying as it enables us to provide an overview of group practices throughout the world, and on how we comply with AngloGold Ashanti's business principles and values which in turn support our policy of accountability to our stakeholders.

AngloGold Ashanti holds 92.5% of Cerro Vanguardia shares, while the Province of Santa Cruz, through Fomicruz, has the remaining 7.5%. During 2004, several initiatives took place to restore operational quality and efficiency at Cerro Vanguardia together with the continuous effort to promote process improvements. Production increased by 1% while operating costs rose by 8%, a result of several internal and external factors such as the rental of new mine equipment and the increase in fuel consumption and high local inflation.

Our employees merited special attention during the period. Bearing in mind the mine's remote location, several measures were taken to increase the comfort of employees with regard to accommodation, more extensive leisure activities and improved food supplies. A range of actions were also taken to offer employees and their families the opportunity of exchanging views with the company in a more frequent and efficient manner.

Actions such as these were also taken in respect of safety and occupational health. Accident rates at Cerro Vanguardia also improved significantly, especially during the second half of 2004. This special effort included the Golden Wives Programme with 17 women joining in our endeavour to promote safety precautions as a daily habit.

In April 2004, an invitation was made to the government of the Province of Santa Cruz and to the town authorities to join us in establishing a development agency in San Julian to offer other economic alternatives to the town. This agency has now been implemented and will focus on projects with sustainable future prospects for the region as a whole.

To strengthen company actions in the social field and develop partnerships with the communities in which we operate, Cerro Vanguardia is investing in the renovation and expansion of the San Julian Hospital. The building of a covered heated swimming pool continues, the result of a fervent wish expressed by the local community.

We are very pleased to present a summary of our operations at Cerro Vanguardia during the past year. We hope you will recognise our company's continuous and unflagging efforts to attain improvements in all our operations.

Cordially yours,

Roberto Carvalho Silva

**President and CEO South America Region
Chief Operating Officer (International)**



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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.

Liliane Lana

Tel: 55 31 3589 1603

Fax: 55 31 3589 1649

E-mail arpublicas@anglogoldashanti.com.br

General e-mail enquiries

investors@anglogoldashanti.com

Website www.anglogoldashanti.com

2 | Introduction

AngloGold Ashanti has a single operation, Cerro Vanguardia, in the south of Argentina, which is a joint venture with Formicruz (the Province of Santa Cruz). Cerro Vanguardia has lease area of 514km² and since

the first gold was poured in September 1998, throughput has steadily increased from an original design capability of 1,800 tonnes per day to the present level of 2,700 tonnes per day.

Cerro Vanguardia

Ownership: AngloGold Ashanti has a 92.5% interest in the Cerro Vanguardia mine following the acquisition of an additional 46.25% in July 2002. Fomicruz holds the remaining 7.5%.

Location: Cerro Vanguardia is located to the north-west of Puerto San Julian in the Province of Santa Cruz, Argentina.

Mining and processing: Mining operations consist 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.

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 goldbearing 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, adulariasericite 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.

Performance in 2004: At Cerro Vanguardia, 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.

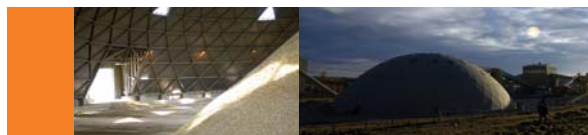
Overall, attributable gold production amounted to 211,000 ounces for the year, up marginally on the previous year's production of 209,000 ounces. The yield rose by 6% to 7.60g/t. Total cash costs rose by 9% to \$156 per ounce compared to \$143 per ounce in 2003, mainly due to new

Operating statistics

		2004	2003
Gold production – 100%	000oz	229	226
Gold production – 92.5%	000oz	211	209
Total cash costs	ARS/oz	468	429
Total cash costs	\$/oz	156	143
Total production costs	ARS/oz	822	783
Total production costs	\$/oz	274	261
Capital expenditure – 100%	ARS	39	30
Capital expenditure – 100%	\$ million	13	10
Capital expenditure – 92.5%	ARS	36	30
Capital expenditure – 92.5%	\$ million	12	10
Total number of employees		791	690
Employees		389	339
Contractors		402	351



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 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.



Government remittances: Royalties paid for the year were \$8 million (ARS24 million). No corporate taxes were paid.

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.

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 218.2Moz and ore reserves of 78.9Moz as of 31 December 2004 with Argentina accounting for mineral resources of 3.5Moz and ore reserves of 1.6Moz.

		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)							
Argentina	Measured	7.9	2.06	16.3	8.7	0.060	0.5
	Indicated	19.4	3.77	73.3	21.4	0.110	2.4
	Inferred	3.5	5.40	18.7	3.9	0.158	0.6
	Total	30.8	3.52	108.3	34.0	0.103	3.5

Ore reserves* (as at 31 December 2004)

Argentina	Proved	0.6	9.99	6.0	0.7	0.291	0.2
	Probable	6.2	6.87	42.9	6.9	0.200	1.4
	Total	6.9	7.15	49.0	7.6	0.209	1.6

*Resources and reserves attributable to AngloGold Ashanti

Community

- U\$60,500 was spent on social investment initiatives in Argentina.
- Cerro Vanguardia mine has formed a partnership with the local provincial authorities in southern Patagonia to initiate the San Julian Development Agency. The aim is to create sustainable development for the local community by identifying potential business opportunities and attracting new companies to the area to ensure job creation.
- In particular, the San Julian hospital has been rehabilitated and a refrigerator for the storage of vaccines purchased.

Labour

- Cerro Vanguardia employs a total of 791 people of whom 402 are contractors.
- Collective bargaining arrangements are in place. In addition, employees are organised into self-managed groups.
- As many employees are from beyond the immediate area of operation at Cerro Vanguardia, housing and accommodation are either provided in nearby San Julian or on site.



4 Occupational safety and health

The group's values and business principles on safety and health as well as the accompanying policy set out the minimum guidelines for the group regarding safety and health. The operations are encouraged to develop their own specific principles, guidelines and policies in line with local conditions and legislation. AngloGold Ashanti encourages employee involvement in matters relating to safety and health, and communication with employees in this regard. Effective communication is an important adjunct to safety management, not only to disseminate information, but also to ensure that employees are aware of their own responsibilities.

An LTIFR of 6.6 per million man hours was recorded in 2004 as compared to 7.95 per million man hours in 2003.

The nature of the occurrence of ore at Cerro Vanguardia makes it unique among AngloGold Ashanti's surface operations. The gold-bearing ore occurs in vertical veins which are up to 10 metres thick with an average thickness of 3.5 metres near vertical dip. Separation of the multiple veins by barren country rock dictates that mining is carried out in multiple small open pits with relatively steep slope walls with angles of around 65°.

To ensure that risk identification and management across its open-pit operations are in line with world best practice, AngloGold Ashanti

established Geotechnical Review Boards (GRBs) in 2003, which have a multi-disciplinary membership, including mining, rock engineering, hydrology and safety specialists as well as regional and site representatives. A detailed geotechnical risk assessment to quantify and manage risks for Cerro Vanguardia was carried out which highlighted a number of issues:

- the steep pit walls presented two main risks of major slope failure and loose rocks falling into the pits.
- original catch-berms were below the specified width; and
- the presence of ground water is a major factor affecting pit stability.

Measures taken to rectify the situation include:

- a state-of-the-art laser imaging scanner and a digital stereo-photography camera system purchased by the mine to improve reconciliation between design and actual geometry of walls.
- catch-berm construction designs and pit access ramps were redesigned to reduce rockfall risk; and
- a specialised hydrologist, John De Souza, has been seconded from the Africa region to supervise the installation of a de-watering system, which is planned to run for the life of the mine.



Environment

AngloGold Ashanti's environmental philosophy and practice is guided by the group's business principles and the group environmental policy. The latter was reviewed in 2004 following the business combination between AngloGold and Ashanti. In addition, its operations are subject to the environmental laws, rules and regulations of the various countries in which they operate.

Environmental management systems (EMSs) form the backbone of environmental management at an operational level. Cerro Vanguardia received its ISO 14001 certification in July 2002, and this is valid until July 2005.

As environmental incidents can represent a significant risk and cost to the company, AngloGold Ashanti has developed a reporting protocol that allows the company to effectively identify and manage these risks and associated costs. The protocol aims to streamline operational reporting requirements yet provide the appropriate level of information necessary to advise the executive and the board of the nature and occurrence of important incidents and developments and management response.

Major environmental incidents are reported to the regional management, as well as the corporate environmental office, within 24 hours of the time

that operational management becomes aware of the incident. No such incidents were reported during the year.

In all the jurisdictions in which the group operates the company is required to provide financial assurance – in a form prescribed by law – to cover some, or all of the cost, of the anticipated closure and rehabilitation costs for the operation. These amounts are derived from the mine closure plans, which are also regulated by law. Closure plans are devised prior to the commencement of operation and are regularly updated based on life-of-mine projections. Although the final cost that will be incurred at closure is not definite, ample provision is thus made during mine life. AngloGold Ashanti's share of attributable closure liabilities for Cerro Vanguardia currently amounts to \$13.9 million.

The use of cyanide for the recovery of gold is a core issue for the gold mining industry and is critical to its viability. AngloGold Ashanti has been actively involved in the development of the International Cyanide Management Code (Code) and has adopted published protocols and standards of practice for cyanide management. Substantial progress has been made with its implementation. Internal audits of compliance were conducted in Argentina in 2004, in anticipation of external audits and group compliance by 2006.