

ANGLOGOLD ASHANTI LTD

Form 6-K

October 29, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
Report on Form 6-K dated
October 29, 2004
AngloGold Ashanti Limited

(Name of Registrant)

11 Diagonal Street
Johannesburg, 2001
(P O Box 62117)
Marshalltown, 2107
South Africa

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F:

Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes:

No:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes:

No:

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes:

No:

Enclosures:

Report for the quarter and nine months ended September 30, 2004, prepared in accordance with International Financial Reporting Standards (IFRS)

Quarter 3 2004

Report

for the quarter and nine months ended 30 September 2004

Group results for the quarter...

- Production for the quarter increased by 9% to 1.628Moz
- Total cash costs rose by 5% to \$272/oz, due mainly to continued strengthening of operating currencies and the effects of inflation
- South African total cash costs increased by only 3% to R60,687/kg, despite a 7% mid-year wage increase
- Average spot gold price rose 2% to \$402/oz; received price

1

of gold up \$7/oz to \$392/oz

- Adjusted headline earnings

2

decreased by 16% to \$43m due to cost increases

Quarter

ended

Sept 2004

Quarter

ended

June

2004

Nine

months

ended

Sept 2004

Nine

months

ended

Sept 2003

Quarter

ended

Sept 2004

Quarter

ended

June

2004

Nine

months

ended

Sept 2004

Nine

months

ended

Sept 2003

Unaudited Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

**SA rand / Metric
US dollar / Imperial
Operating review**

Gold

Produced

- kg / oz (000)

50,623

46,330 135,370 131,457

1,628

1,490

4,352

4,226

Price received

1

- R/kg / \$/oz

80,572

81,276 82,896

88,852

392

385

393

354

Total cash costs

3

- R/kg / \$/oz

55,744

55,162 55,727

52,206

272

260

265

208

Total production costs

3

- R/kg / \$/oz

69,582

68,659 69,166

63,716

340

324

328

254

Financial review

Operating profit

- R / \$ million

602

203

1,520

3,607

97

26

230
 463
 Adjusted operating profit
 4
 - R / \$ million
631
 702
 2,216
 3,303
98
 108
 337
 422
 Net profit (loss)
 - R / \$ million
253
 (70) 431
 1,721
40
 (12)
 66
 219
 Headline earnings (loss)
 - R / \$ million
274
 (22) 538
 1,794
44
 (5)
 82
 228
 Adjusted headline earnings
 2
 - R / \$ million
280
 322
 1,001
 1,628
43
 51
 153
 207
 Capital expenditure
 3
 - R / \$ million
1,004
 1,012
 2,583
 2,181
156
 153

393
 279
 Earnings (loss) per ordinary share - cents/share

Basic

96
 (28) 175
 773

15

(5)

27

98

Diluted

96
 (28) 175
 769

15

(5)

27

98

Headline

104
 (9) 218
 805

17

(2)

33

102

Adjusted headline

2
106

127

405

731

16

20

62

93

Dividends

- cents/share

170

375

26

51

Notes: 1.

Price received including realised non-hedge derivatives.

2.

Headline earnings (loss) before unrealised non-hedge derivatives and fair value gains (losses) on interest rate swaps.

3.

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

4.

Operating profit excluding unrealised non-hedge derivatives.

\$ represents US dollar, unless otherwise stated.

Operations at a glance

for the quarter ended 30 September 2004

Price received

1

Production

Total cash costs

Cash operating

profit

2

Adjusted operating

profit

3

\$/oz

%

Variance

4

oz (000)

%

Variance

4

\$/oz

%

Variance

4

\$m

%

Variance

4

\$m

%

Variance

4

Great Noligwa

410

5

207

6

233

4

33

10

29

12

TauTona

409

5

144

(2)

253

10

22

5

13

-

Sunrise Dam

418

(1)

112

15

231

(9)

19

(17)

13

(28)

AngloGold Ashanti Brazil

370

(6)

64

(2)

130

1

16

(6)

13

(7)

Cerro Vanguardia

6

380

5

61

30

145

(22)

16

60

9

200

Kopanang

408

5

119

(2)

303

15

12

(8)

9

(10)

Cripple Creek & Victor

325

(1)

90
18
218
5
12
(8)
2
(50)
Mponeng
408
5
118
12
314
(3)
10
67
3
100
Geita
5
368
3
148
6
294
30
8
(43)
- (100)
Bibiani
397
2
46
84
235
(1)
7
133
2
-
Sadiola
6
397
1
38
(14)
267
15
6
-

3
(25)
Serra Grande
6
363
(7)
24
4
136
9
6
-
5
-
Iduapriem
6
375
(6)
55
104
252
(18)
5
-
2
-
Yatela
6
402
2
24
(4)
233
(2)
4 - **2**
(33)
Morila
6
361
2
37
9
248
4
3
(25)
- (100)
Obuasi
379
(5)
94

32
300
 3
3
 (25)
(4)
 -
 Nav achab
387
 (2)
18
 13
301
 (6)
1
 (50)
1
 -
 Freda-Rebecca
447
 7
5
 25
394
 (12)
1
 200 - 100
 Tau Lekoa
408
 5
70
 (14)
406
 28 -
 (100)
(4)
 (500)
 Ergo
409
 5
53
 (10)
391
 -
(2)
 -
(2)
 -
 Siguiriri
6
384

-

23

35

504

31

(2)

-

(1)

50

Sav uka

409

5

43

13

451

(2)

(3)

25

(5)

29

Other

35

13

14

(13)

8

(11)

AngloGold Ashanti

392

2 **1,628**

9

272

5

191

2

98

(9)

1

Price received includes realised non-hedge derivatives.

2

Adjusted operating profit plus amortisation of mining assets less non-cash revenues.

3

Operating profit excluding unrealised non-hedge derivatives.

4

Variance September 2004 quarter on June 2004 quarter - increase (decrease).

5

Attributable 100% from May 2004.

6

Attributable.

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Financial and **operating review**

OVERVIEW OF THE THIRD QUARTER

Although the September quarter was operationally better than the previous period, a favourable inventory adjustment during the second quarter and higher third quarter costs saw adjusted operating profit fall 9% to \$98m. Gold production for the quarter, at 1.628Moz, increased by 9% on the second quarter's production of 1.490Moz or by 3% if the two months of Ashanti production included in the June quarter is adjusted to assume a full quarter's production. The received price of gold rose by \$7/oz to \$392/oz compared with an average spot price of \$402/oz and total cash costs increased by 5% to \$272/oz, while total production costs rose by 5% to \$340/oz.

In terms of production, Sunrise Dam in Australia had an excellent quarter, increasing by 15% to a record 112,000oz. Two of the former Ashanti assets, Iduapriem and Bibiani, also showed significant improvement, as did Cerro Vanguardia in Argentina and Cripple Creek & Victor in the US, with production increases of 30% and 18%, respectively. In South Africa, the majority of the operations maintained their performances quarter-on-quarter, while Great Noligwa and Mponeng demonstrated a marked improvement in the area of production. Tau Lekoa and Ergo were the only South African assets that significantly underperformed this quarter, with the production of the region as a whole nevertheless increasing by 1%. Geita and Obuasi both underperformed this quarter.

As noted, total cash costs for the quarter increased by \$12/oz, from \$260/oz in the second quarter to \$272/oz. The continued strengthening of operating currencies (\$7/oz) and the effect of inflation (\$8/oz) were the main contributors to this increase, with the latter primarily represented in rising diesel prices, contractor mining costs and the South African mid-year wage increase. These unit cost increases were partially offset by higher recovered grades however, and it should be noted that the South African operations managed to restrict unit costs to R60,687/kg, despite the 7% wage increase.

Corporate costs were reduced by \$3m, although this benefit was offset by increases in marketing and exploration expenditures. Net financing costs decreased by \$1m, while other net income increased by \$7m and taxation on adjusted headline earnings went down by \$3m. The net result of these movements, together with this quarter's reduced adjusted operating profit, was a 16% decline in adjusted headline earnings to \$43m.

In the previous quarter, there was an unrealised loss of \$82m on non-hedge derivatives. This quarter, the loss is only \$1m and consequently net profit rose from a loss of \$12m in the previous quarter to a profit of \$40m in the third quarter.

OPERATING RESULTS FOR THE QUARTER

SOUTH AFRICA

At **Great Noligwa**, volume mined increased by 6% quarter-on-quarter, due to improved face length and face advance. Mainly as a result of a better mining mix, grade improved by 7% and gold production increased by 5% to 6,427kg (207,000oz). Total cash costs increased by 1% to R47,641/kg (\$233/oz) primarily due to the higher power costs over the winter months and the expected mid-year wage increase. Adjusted operating profit improved by 11% to R185m (\$29m), as a result of the higher gold production. The Lost Time Injury Frequency Rate (LTIFR) deteriorated by 2% to 10.67 lost time injuries per million hours worked.

Regrettably, two employees lost their lives in falls of ground accidents.

At **Kopanang**, the volume mined was 2% lower than that of the previous quarter, although still in line with expectations. Gold production fell by 3% to 3,707kg (119,000oz) despite a 3% increase in tonnage treated for the quarter. Total cash costs increased by 11% to R61,912/kg (\$303/oz) because of higher labour, power, explosives and support costs. Adjusted operating profit, down 19% to R56m (\$9m), was unfavourably impacted by lower gold production. LTIFR improved slightly over the quarter to 11.72. Though a million fatality-free shifts were achieved on 10 July 2004, one employee died from a fall of ground accident later in the quarter.

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Tau Lekoa's volume mined fell by 2% following a Department of Minerals and Energy decision to stop work on Sundays for three weeks after a fatality occurred in June. Yield fell by 9% to 3.8g/t, though there should be a slight improvement in grade in the short term.

The lower volumes and yield resulted in a 13% decrease in gold production to 2,184kg (70,000oz). Total cash costs increased by 24% to R83,134/kg (\$406/oz) as a result of the lower gold output and the mid-year wage increase. Tau Lekoa's operating results have been significantly affected this quarter by reduced revenues and higher costs, resulting in an adjusted operating loss of R22m (\$4m). LTIFR improved by 22% to 12.56.

At **Mponeng**, volume mined improved by 5% to bring results up to targeted levels. Yield increased by 11% due to a higher-than-anticipated grade and gold production rose by 12% to 3,657kg (118,000oz). Despite the mid-year wage increase, total cash costs fell by 6% to R64,344/kg (\$314/oz). Operating results reversed the loss recorded last quarter and benefited from the higher revenues related to the improved gold production to post an adjusted operating profit of R19m (\$3m). The LTIFR deteriorated by 2% to 9.23. Half a million fatality-free shifts were achieved on 9 September 2004.

Savuka's volume mined improved by 10% this quarter, due to additional face length from new ledging operations in the lower Carbon Leader Reef (CLR). Yield has shown an 8% improvement to 6.36g/t following a substantial increase in the recorded face value, especially in the Ventersdorp Contact Reef (VCR) on 68-75 levels. As the new ledging operations are predominantly located in higher grade areas, gold production rose by 15% to 1,340kg (43,000oz). Total cash costs decreased by 6% to R92,197/kg (\$451/oz), the consequence of improved gold output, though this benefit was partially offset by the mid-year wage increase. Adjusted operating losses decreased by 27% to R30m (\$5m). LTIFR deteriorated to 17.90 and one employee died as a result of a seismic event.

At **TauTona**, volume mined improved by 9%, mainly due to a 3% increase in face length and a 6% improvement in face advance. Yield fell 4% as the benefit of higher face values was partially negated by increased development. Gold production fell by 2% to 4,474kg (144,000oz) as lower yield offset advantage of increased tonnes treated. Total cash costs rose by 6% to R51,642/kg (\$253/oz) as a result of the reduced gold output and the mid-year wage increase. Adjusted operating profit fell by 1% to R86m (\$13m) and the LTIFR deteriorated to 12.57. Two employees died during the quarter - one, the result of a fall of ground and the other after a slip and fall accident.

At **Ergo**, the tonnes treated decreased by 17% because, as the operation nears closure, the clean-up material is increasingly difficult to treat. In addition, 3.5 days were lost due to a strike by the monitoring contractor's employees. Yield increased marginally from the second quarter rate of 0.23g/t but gold production, impacted by the lower volumes, declined by 11% to 1,645kg (53,000oz). Total cash costs improved by 4% to R79,848/kg (\$391/oz) as a result of lower throughput and reduced by-product losses from the closure of the acid plant. Operating losses improved slightly from the previous quarter to R11m (\$2m). LTIFR improved by 50% to 0.84.

Moab Khotsoeng's gold production of 80kg (2,600oz), which is up slightly from last quarter's 66kg, is not included in the South Africa region's production, as the revenue continues to be capitalised against pre-production costs. Commercial production is scheduled for 2006. After three years of exemplary safety performance, one employee died during the quarter due to a fall of ground. LTIFR was up slightly quarter-on-quarter to 6.59.

ARGENTINA

At **Cerro Vanguardia** (92.5% attributable), gold production increased as planned by 30% to 61,000oz due to a 40% improvement in grade, which was a result of a better mix of high-grade ore from the pits. The improved mix compensated for a 6% decrease in ore treated, which resulted from plant operational difficulties that have since been resolved.

Total cash costs were 22% lower at \$145/oz, mainly owing to higher gold production and a 3% local currency devaluation, although higher inflation and lower silver by-product revenue partially offset these benefits. Adjusted operating profit improved to \$9m as a result of a 32% increase in gold revenue, including a 5% higher received price. LTIFR during the third quarter improved from 7.24 to 4.81, after the Quarterly Report September 2004 www.AngloGoldAshanti.com

implementation of a comprehensive risk management programme.

AUSTRALIA

Production at **Sunrise Dam** increased by 15% to a record 112,000oz. Recovered grade rose by 10% to 3.81g/t as mining operations moved into higher grade areas as planned. Total cash costs decreased by 9% to A\$325/oz (\$231/oz) and adjusted operating profit dropped by 33% to A\$18m (\$13m) due to an inventory build-up in the second quarter. For the quarter, 826m of underground capital development was completed and underground drilling is in progress. The LTIFR improved significantly to 2.39.

Work continued this quarter on the November 2000 **Boddington** Expansion Feasibility Study update. All three parties involved remain committed to completing the study and optimising the project.

BRAZIL

At **AngloGold Ashanti Brazil**, gold production was marginally lower at 64,000oz. Total cash costs were 1% higher at \$130/oz, mainly due to higher maintenance costs on drilling, a collective labour agreement, higher inflation and a 3% appreciation in the local currency. The effect of these factors was partially offset by a higher acid by-product credit. Adjusted operating profit fell by 7% to \$13m, mainly due to a 6% decrease in the realised price. LTIFR, at 2.29, increased from the excellent safety performance of the second quarter.

At **Serra Grande** (50% attributable), gold production rose by 4% to 24,000oz due to a 3% increase in the ore treated. This was partially offset by a 1% reduction in recovered grade. Total cash costs were 9% higher at \$136/oz primarily due to higher inflation, local currency appreciation and to a collective labour agreement. Adjusted operating profit was maintained at \$5m. The first lost time injury in 16 months occurred at Serra Grande this quarter, bringing the LTIFR to 2.45.

GHANA

At **Bibiani**, production increased 21% from 38,000oz (normalised) to 46,000oz and total cash costs were down slightly at \$235/oz. In September, there was a failure of the south pit wall adjacent to the entrance of the underground portal, resulting in the covering of a portion of the high-grade ore at the southern end of the pit. Backfilling to remedy the wall failure will be completed in November, when the pit bottom will be re-accessed and mining of the remaining ore will recommence. Access to the underground workings has been temporarily affected by the slip but once access is secured, underground development and exploration activities will resume.

As a result of the slope failure, the fourth quarter gold production forecast has been adjusted downwards to reflect the processing of stockpile material rather than newly mined, higher-grade ores from the main pit. There were no lost time injuries this quarter.

At **Iduapriem** (85% attributable), gold production increased 34% on normalised second quarter production to 55,000oz and total cash costs declined to \$252/oz. Though throughput at the CIP plant of 1.06Mt was lower than expected due to a gearbox problem in late September, the feed grade was higher than anticipated, resulting in better gold production at the plant. Total tonnage mined, at 5.7Mt, was in line with expectations but structural damage to an excavator will affect the mine grade in the next quarter until the problem has been fully rectified.

During the fourth quarter, a mine-to-mill study and an engineering cost review of both the processing plant and crushing and ore transfer systems will commence. The results of these exercises will aid in re-engineering the operation to reduce operating costs and optimise throughput. No lost time injuries occurred during the quarter.

At **Obuasi**, gold production declined 12% quarter-on-quarter from 107,000oz (normalised) to 94,000oz, primarily due to insufficient developed and drilled underground reserves, which resulted in decreased mining flexibility. As reported last quarter, new trackless mining equipment has been delivered to the mine and an operator training programme is underway to ensure that the utilisation and availability of this new equipment meets planned levels going forward. Reorganisation of the planning and technical functions is also ongoing and, combined with the new equipment delivery, should result in underground production rates being restored to planned levels over the course of the next year. Total cash costs, which

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increased to \$300/oz, were higher than expected, due to the impact of fixed costs and lower production levels. The LTIFR at Obuasi was 1.75.

REPUBLIC OF GUINEA

Operations at **Siguiri** (85% attributable) during the third quarter continued to reflect the effects of a government embargo implemented in May on fuel and the sale of gold. Although fuel deliveries have recommenced and the embargo on gold sales has been lifted, an unexpected shortage of cement supplies resulted in reduced crushing and stacking operations. Consequently, mining during the third quarter concentrated primarily on waste stripping and production decreased slightly quarter-on-normalised-quarter to 23,000oz, while total cash costs increased to \$504/oz. Cement supplies have now been sourced and full production on the heap leach pad is expected by early November. Construction of the carbon-in-pulp plant continues and, as noted last quarter, the plant is on track for commissioning during the first quarter of 2005. Production for the fourth quarter, however, will nevertheless be impacted by the delay in the CIP plant construction, as well as by the cement shortage, which prevents the current plant from operating at full capacity. The LTIFR for the quarter was 1.89.

MALI

At **Morila** (40% attributable), production was 9% higher than that of the previous quarter at 37,000oz, the result of an 11% increase in recovered grade. The benefit of the improved grade was partially offset by a 3% reduction in tonnage throughput, which resulted from a SAG mill gearbox replacement that took ten days in August, in addition to a motor change in the primary crusher in September.

Total cash costs were 4% higher quarter-on-quarter at \$248/oz, mainly due to inflation, although improved grade partially counteracted this effect. Increased inflation was primarily the result of higher diesel prices and mining contractor costs. Adjusted operating profit for the quarter was \$0.2m.

The plant expansion was operating at design capacity by the end of the third quarter and mining is on schedule to feed higher grade ore from Pit Three in the fourth quarter. Significantly improved grades, higher throughput and increased gold production are

expected next quarter. Negotiations regarding the productivity bonus dispute are ongoing. There were no lost time injuries during the quarter.

At **Sadiola** (38% attributable), gold production decreased by 14% to 38,000oz due to lower grades; feed grade was high in the previous quarter to compensate for low throughput in the first quarter. Total cash costs increased by 15% to \$267/oz as a result of the grade decline and increased inflation. Adjusted operating profit decreased to \$3m also owing to the grade decline. Looking ahead, both production and grade are expected to increase in the fourth quarter. There were no lost time injuries during the quarter.

Production at **Yatela** (40% attributable), at 24,000oz, was 4% below that of the previous quarter due to a decrease in tonnage stacked. Tonnage throughput was adversely affected by wet material chokes and poor footing conditions on the leach pad, though recovered grade, at 3.61g/t, remained consistent with that of the previous quarter.

Total cash costs went down by 2% to \$233/oz, mainly due to decreased volumes and reduced economies of scale.

Adjusted operating profit declined by 33% to \$2m due to lower volumes mined and higher amortisation. The effect on adjusted operating profit by these factors, however, was partially mitigated by the quarter's consistent grade. A production increase is expected in the fourth quarter. LTIFR deteriorated to 1.72.

NAMIBIA

At **Navachab**, gold production rose by 13% to 18,000oz due to a 7% improvement in recovered grade and a 6% increase in tonnage throughput. Total cash costs decreased by 6% to \$301/oz as a result of improved volume and grade, as well as better efficiency rates. A \$1m adjusted operating profit is the result of increased gold production. There were no lost time injuries this quarter.

TANZANIA

At **Geita** (100% attributable from May 2004), production for the third quarter decreased to 148,000oz from 168,000oz (normalised) in the

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second quarter. Tonnage throughput was 7% higher, though grade decreased by 1%. Total cash costs increased 30% to \$294/oz, due to increased mining contractor costs and a continued strengthening in the diesel price, while additional costs were incurred from a mill liner replacement and higher plant maintenance costs. Significant improvements in grade and gold production are expected during the fourth quarter.

Negative grade, inflation and cost variances resulted in a slight operating loss, though these factors were partially offset by favourable volume and inventory movements due to the sale of gold stock carried over from the second quarter. LTIFR deteriorated to 2.13.

USA

At **Cripple Creek & Victor** (67% ownership with 100% interest in production until initial loans are repaid), production was 18% higher than that of the previous quarter at 90,000oz, due to improved solution head grade through the processing plant. This improved grade is attributable to better chemistry on the leach pad and an inventory reduction. Total cash costs increased by 5% to \$218/oz and adjusted operating profit decreased from \$4m to \$2m. The benefit of improved gold production was more than offset by inventory movements, increased amortisation expenses and higher fuel costs.

The new processing facilities at CC&V exceeded design capacity during the quarter and haul truck hours ended the period slightly above planned levels. The leach pad drilling programme highlighted last quarter was completed in September and Phase 4C of the leach pad construction is scheduled for completion in October 2004. Results have confirmed the leach pad inventory with respect to recoverable ounces. There were no lost time injuries for the quarter.

ZIMBABWE

Freda-Rebecca produced 5,000oz for the quarter, down from 6,000oz (normalised) in the last period. Total cash costs of \$394/oz were down significantly from the \$447/oz previously recorded. No lost time injuries occurred during the quarter.

On 10 September, AngloGold Ashanti announced the sale of Freda-Rebecca to South Africa-based Mwana Africa Holdings for a cash consideration of \$2.255m. Closure of the transaction is subject to regulatory consents and approvals.

PROSPECTS FOR THE FOURTH QUARTER AND YEAR

For the fourth quarter, AngloGold Ashanti anticipates producing approximately 1.7Moz at a total cash cost of about \$262/oz, assuming the third quarter exchange rate of R6.37. For the full year, the company continues to expect to produce approximately 6.1Moz at a total cash cost of about \$263/oz, assuming an exchange rate of R6.58 for the year. The \$3/oz increase in the total cash cost estimate is the result of a slightly stronger rand assumption and a higher oil price.

Notes:

- All references to price received include the realised non-hedge derivatives.
- All references to adjusted operating profit refer to operating profit excluding unrealised non-hedge derivatives.
- All references to adjusted headline earnings refer to headline earnings excluding unrealised non-hedge derivatives and fair value gains (losses) on interest rate swaps.
- In the case of joint venture operations, all production and financial results are attributable to AngloGold Ashanti.
- Rounding of figures may result in computational discrepancies.

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Exploration

AngloGold Ashanti's exploration activities are focused on discovering long-life, low-cost orebodies, utilising multi-disciplinary teams and appropriate state-of-the-art exploration techniques and technology.

In **South Africa**, surface drill hole MMB4 at Moab Khotsoeng confirmed facies and grade models of the Vaal Reef in the Lower Mine Block. The short deflection programme has been completed with assay results listed below.

Inter-section

Depth

Corr.Width

(cm)

AU g/t

cmg/t

Repre-

senta-

tive

1 3,206.23

129.2

53.37 6,897

Yes

2 3,206.19

113.5

49.47 5,614

Yes

3 3,206.21

129.1

16.11 2,080

No

4

3,209.23 60.9

9.85 600

No

5 3,210.97

138.4

29.97 4,149

Yes

6 3,211.36

125.2

27.52 3,445

Yes

7

Results awaited

At Geita in **Tanzania**, down-dip extension diamond drilling at Geita Hill continues to yield positive results to the north and north-east of the pit. Drilling results at Samena and Jumanne, located 5km to the west of the Nyankanga pit, continue to be encouraging.

At Sadiola in **Mali**, 98% of the Phase VII infill drilling of the Hard Sulphides Project has been completed and results to date remain consistent with those from previous drill campaigns.

Satellite oxide Mineral Resource conversion drilling was completed at FE3 Southern Extension and results continue to confirm the grade and tenor of previous drilling campaigns. Infill drilling has commenced at FE4 West.

Pit contiguous infill drilling on the Morila Shear Zone Extension was completed. A Mineral Resource estimate is in progress.

Greenfields exploration in southern Mali ceased during the rainy season. Assay results received from previous drilling at the Kola, Garalo and Banzana prospects in this area showed encouraging intersections.

At Obuasi in **Ghana**, underground diamond drilling continued to focus on the below 50 Level Deeps area. At Bibiani, exploration focused on the generation of additional underground Mineral Resources.

At Siguiri in **Guinea**, exploration drilling focused on potential strike and depth extensions to the existing pits and the potential satellite deposits within the mining lease.

Drilling at the Kimin project in **Democratic Republic of Congo** has been delayed until next quarter, due to drill rig unavailability.

In **Namibia** at Navachab, drilling is in progress on the FW Deep project, targeting zones at depths below the known mineralisation. Drilling is in progress to assess the economic potential of Anomaly 16, situated 5km south-west of the pit.

In **North America** at Cripple Creek & Victor, the northern boundary of the Wildhorse Extension is being drilled to increase the Mineral Resource. Drill testing of underground targets at Hoosier Pass yielded seven widely spaced intercepts ranging from 3m at 4.0g/t to 8m at 12.1g/t and further drilling is planned.

Both the ER & Eagle projects in the West Pogo area of **Alaska** were drill tested and are under evaluation. Continued positive regional exploration results in the Pogo area have led to the acquisition of additional ground. Drilling will commence in the fourth quarter in the Livengood area.

In **Brazil** at Lamego, drilling on the western limb and fold hinge zone of the Cabeça de Pedra target intersected sub-economic mineralisation. An exploration ramp to access the Carruagem zone was initiated during the quarter.

At Córrego do Sítio, a total of 528m of underground ore development has been completed at Cachorro Bravo on the three principal ore horizons, at an average grade of 11.44g/t over a mean horizontal width of 2.33m.

Drilling at Carvoaria Velha-Bocaina (located 2km north-east of Cachorro Bravo) confirmed the down-plunge continuity of the known oxide mineralisation.

At Serra Grande, drilling concentrated on potential open-pit targets in the Mina I and Corpo IV areas. Results indicate potentially economic but narrow shoots at Mina I-West and

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Santos Reis with grades in the 1-4g/t range over widths of 1-6m.

Target generation, drill target definition and prospect evaluation continued in various parts of **Peru** with drilling of new prospects planned to commence in late 2004 and early 2005.

At Cerro Vanguardia in **Argentina**, follow-up and Mineral Resource delineation drilling within the central area concentrated on the Loma North Sector and on the Gabriela vein.

At Sunrise Dam in **Australia**, drilling from surface and underground continued to focus on underground targets at Astro, Cosmo and Hammerhead, yielding positive results with the Mineral Resource likely to be increased in these areas by year-end.

Drilling at Neville, 1km north of the underground portal, has extended mineralisation 50m down-dip, confirming a new underground target.

Rotary Airblast (RAB), Reverse Circulation (RC) and diamond drilling was completed this quarter at the recently acquired Lord Byron prospect, located approximately 60km east of Sunrise Dam, extending the Mineral Resource and confirming the interpreted higher-grade shoot controls. RAB drilling identified two new targets 400m and 4km from Lord Byron where further drilling will be required.

In October, AngloGold Ashanti agreed to take a share placement in and form a strategic alliance with Red 5 Limited, an Australian-based exploration company with tenements in the **Philippines**.

In **Mongolia**, the Ikh Shankh property, a porphyry target located in the southern Gobi Desert, was tested with four drill holes but no significant mineralisation was intersected.

In **China**, target generation activities and project reviews are continuing.

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Review of the
gold market

After the price correction of the second quarter, the period under review saw the gold price consolidate, and then resume the upward trend of the past three years. The market closed at the high for the quarter of \$418/oz, \$25/oz higher than the price at the close of the second quarter. The average spot price for the quarter of \$402/oz was up by \$8/oz on the average price for the previous quarter. The trading range of \$34/oz showed a reduction in volatility in the price after the range of \$59/oz in the second quarter. *See graph 1 "Gold/US\$ Spot Price : 2004".*

GOLD

Following the second quarter fall in the gold price on the back of fears of a credit squeeze in China and a hard landing for the Chinese economy, and the associated sell-off in commodities that accompanied this fear, the gold price has regained most of its strength during the third quarter.

Since the end of the quarter, the price has come close to the high of \$430/oz seen in the first quarter of this year. Whilst the gold price continues to be most responsive to movements in the US dollar exchange rate against the euro, the price has also shown some independence during the quarter, rising firmly even when there has been little movement in the currency markets. This would seem to reflect increased investor interest in gold as part of a broader move of investment money towards hard assets. This pattern has been evident in other markets during this period. This does not necessarily signal a disconnect from the US dollar or the US economy and gold is likely to benefit from dollar weakness in the future. It is rather that the gold market seems to have found supplementary reasons for appealing to investors, to the benefit of the price today.

Once again, the vehicle for interest in gold was primarily the New York Commodities Exchange (Comex), and the movement in the dollar gold spot price reflects increasing interest in gold on the exchange during the quarter. The net open position at the end of September reached over 19Moz, and has remained since then at almost 20Moz net long. This figure is very close to the all-time high net position on the Comex of 22.6Moz net long in the first week of April 2004, and the gold price has tracked this interest closely. News from the US economy in particular, and the direction of the US dollar during the balance of this quarter, will be important factors in the behaviour of investors towards gold on Comex going forward.

See graph 2 "NY Comex : Nett Open Interest and Gold Price : 2004".

PHYSICAL DEMAND

The physical market for gold remains relatively quiet and the market is dependent on investment demand to clear the supply/demand balance. Nevertheless, there has been encouraging news from some areas of a year-on-year recovery in gold offtake. Demand for gold for jewellery in Turkey was particularly strong in the first half of 2004, although it should be borne in mind that an important part of this growth arises from Turkey winning market share from Italy, the developed world's largest gold jewellery manufacturer. The market in mainland China also reported positive growth due entirely to a new category of modern 18ct gold jewellery introduced by the World Gold Council to that market. With the end of the monsoon season and the commencement of the auspicious period for marriages in India, there has been some recovery in offtake in the Indian market in spite of the higher US dollar spot prices.

CURRENCIES

Since early 2004, the US dollar has recovered from its weakest position in the current cycle of \$1.30 to the euro. For much of this year, the dollar has traded sideways in a range of \$1.18-\$1.24 to the euro. However, most commentators see this sideways movement as temporary and forecast an inevitable further decline of the US currency against both the euro and the yen.

Market forecasts project the dollar between \$1.30 and \$1.40 against the euro and between Y100 and Y105 by the end of 2005. Even the exceptions to these forecasts see the dollar only in a sideways channel, trading between \$1.15 and \$1.20, rather than any measurable strengthening of the US currency. In structural terms, there are economic circumstances - particularly in the shape of rising deficits in the US economy - which would seem to make it likely that the US dollar should weaken further, and possibly substantially. In previous economic cycles, budget and current account deficits in the US have made recession almost inevitable in order to bring economic fundamentals back into balance. However, with the other major economies (Japan and Europe) showing lower growth rates and more serious economic structural problems, and with the significant role played in global trade flows today by China, it is not yet certain that recession is quite as inevitable.

See graph 3 "US\$/Euro Exchange Rate : 2001-2004

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A period of weakness in the South African currency during the quarter was followed by an unexpected rate cut of 50 basis points by the South African Reserve Bank, which caused the market to pause briefly. However, for the rest of the quarter, the rand performed robustly.

The average exchange rate for the quarter of R6.37 to the US dollar is the strongest average exchange rate for a quarter since the final quarter of 1999. The rand shows no sign of weakness in the current market circumstances. In many ways, the strength of the currency over the past two years is justified on sound economic terms - the South African economy today is well managed with a low budget deficit, an effective fiscal regime and declining inflation. There is probably more good news to come (for example, in regard to further country risk ratings), which will bolster the currency further in the short term.

HEDGING

As at 30 September 2004, the net delta hedge position of AngloGold Ashanti was 12.71Moz or 395.3t, valued at the spot price of gold on that date of \$418.80/oz. This net