ANGLOGOLD LTD
Form 6-K
July 30, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 July
30
, 2004
Commission File Number 0-29874
AngloGold Ashanti Limited
(Translation of registrant's name into English)
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 X   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 X

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 X

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 X

Enclosure: Report for the quarter and six months ended 30 June 2004 - prepared in accordance with International Financial Reporting Standards (IFRS).

Quarter 2 2004
Report
for the quarter and six months ended 30 June 2004
Solid operational performance constrained by strong local currencies, particularly the South African rand
Group results for the quarter...
&#183
Merger with Ashanti completed and integration of assets under way
&#183
Production for the quarter increased by 21% to 1.49Moz
&#183
Despite a 2.5% strengthening in the rand, total cash costs were unchanged at $260/oz, and in South Africa, total cash costs in local currency decreased by 4%
&#183
Average spot gold price declined 4% to $393/oz; received price of gold down $20/oz
&#183
Agreement reached to acquire a 29.9% stake in Trans-Siberian Gold for £17.6m ($32m)
...and for the six months
&#183
Gold production 4% lower at 2.7Moz, as a result of exceptional Morila performance in the previous corresponding half-year and sale of Jerritt Canyon in June 2003, though partly offset by additional production from Ashanti assets
&#183
Total cash costs increased by 27% to $260/oz and adjusted headline earnings down 21% to $111m mainly due to a stronger rand
&#183
Interim dividend of R1.70 ($0.27)/share declared. Reduced dividend arises from decline in earnings and necessity for prudence in light of uncertainty over gold price and rand/dollar exchange rate
Quarter
ended
June
2004
Quarter
ended March
2004
Six
months
ended
June
2004
Six
months
ended
June
2003
Quarter
ended
June
2004
Quarter
ended March
2004
Six

months
ended
June
2004
Six
months
ended
June
2003
Unaudited Unaudited
Unaudited
Unaudited
Unaudited
Unaudited
Unaudited
Unaudited
SA rand / Metric
US dollar / Imperial
Operating review
Gold
Produced
- kg / oz (000)
46,330
38,416
84,746
88,218
1,490
1,235
2,725
2,836
Price received
3
- R/kg / $/oz
81,276
87,837
84,285
89,948
385
405
394
349
Total cash costs
1
- R/kg / $/oz
55,162
56,297
55,677
52,659
260
259
260

204
Total production costs
1
- R/kg / $/oz
68,659
69,068
68,845
64,254
324
318
321
249
Financial review
Operating profit
- R / $ million
203
716
919
2,302
26
108
134
287
Adjusted operating profit
2
- R / $ million
702
884
1,586
2,298
108
132
240
286
Net (loss) profit
- R / $ million
(70)
248
178
991
(12)
38
26
123
Headline (loss) earnings
- R / $ million
(22)
286
264
1,118
(5)

44
39
139
Adjusted headline earnings
4
- R / $ million
322
400
722
1,130
51
60
111
140
Capital expenditure
1
- R / $ million
992
567
1,559
1,303
150
84
234
163
(Loss) earnings per ordinary share - cents/share
Basic
(28)
111
75
445
(5)
17
11
55
Diluted
(28)
111
75
445
(5)
17
11
55
Headline
(9)
128
111
502
(2)
20

16
62
Adjusted headline
4
127
179
303
507
20
27
47
63
Dividends
- cents/share
170
375
27
51
Note:
1.
2003 restated to reflect the change in accounting treatment of ore reserve development expenditure.
2.
Operating profit excluding unrealised non-hedge derivatives.
3.
Price received including realised non-hedge derivatives.
4.
Headline (loss) earnings before unrealised non-hedge derivatives and fair value losses on interest rate swaps.
$ represents US dollar, unless otherwise stated

Financial and **operating review**

OVERVIEW OF THE SECOND QUARTER AND THE HALF-YEAR

This quarter saw the merger with Ashanti completed and the results of the former Ashanti operations are incorporated from the beginning of May.

As expected, the AngloGold operations improved quarter-on-quarter while the majority of the Ashanti assets continued to suffer the effects of under- capitalisation. A reduction of 5% in the received gold price saw adjusted headline earnings fall by 15% to $51m.

Gold production for the quarter increased by 21% or 255,000oz, of which 199,000oz came from the two months' production at the Ashanti operations. The Ashanti production was lower than expected due to a combination of the Siguiri embargo and the effects of the continued undercapitalisation of the Ashanti assets. It is anticipated that it will take four to six quarters for the recapitalisation strategy of the Ashanti operations, set out in some detail later in this report, to begin to yield noticeable results.

On a more pleasing note, production from the operations in all of AngloGold Ashanti's other operating countries, with the exception of Mali (Morila and Sadiola), increased quarter-on-quarter. Notably, Cripple Creek & Victor and Cerro Vanguardia, two operations which had been performing below expectations, posted gold production increases of 6% and 34% respectively.

Despite a further 2.5% strengthening in the rand to an average of R6.59 to the dollar, average total cash costs (excluding those of the Ashanti operations) went down by $1/oz to $258/oz, due to the cost reduction initiatives currently being implemented across the group. In South Africa, costs in local currency terms decreased by 4% to R59,016/kg, while operations in all countries except Mali, Namibia, Tanzania and Argentina posted modest reductions in costs. Total cash costs for the group remained virtually unchanged at $260/oz. Total production costs increased by $6/oz to $324/oz as a result of the increased cost of amortisation with the Ashanti merger.

Against this backdrop of good production and cost performance, the received price of gold fell $20/oz to $385/oz compared with an average spot price of $393/oz. The volatility of the gold price during the quarter made it difficult for the company to track the spot price, although the price received by the Ashanti operations benefited from the timing of their hedge contracts. This price may not be sustainable and while AngloGold Ashanti will continue to actively manage the hedgebook, it is expected that the Ashanti contracts will deliver prices below spot in the foreseeable future.

The fall in the received gold price reduced revenue by $29m, while adjusted operating profit fell by $24m.

Expenditure on corporate activities rose by $6m: $4m on corporate costs and $2m on exploration as a result of the inclusion of Ashanti into the expanded company. A large part of the corporate cost increase was due to integration expenses and is therefore of a non-recurring nature. Despite planned lower cash balances and increased debt resulting from the Ashanti transaction, which required the repayment of the Ashanti mandatory exchangeable notes, its revolving credit facility and transaction-related costs, net interest paid reduced by $3m. This is primarily due to an interest rate swap on the convertible bond, where the fixed interest rate was swapped for a floating rate. Tax on normal operations decreased by $17m to $14m, primarily reflecting the response of the South African tax formula to the sharp drop in the operating profits of the South African operations.

Adjusted headline earnings consequently fell by $9m to $51m. During the quarter, 41,133,752 shares relating to the Ashanti transaction were issued, giving a weighted average number of shares for the quarter of 253,046,275. Adjusted headline earnings per share accordingly fell 7 US cents/share to 20 US cents/share. There was an unrealised loss on non-hedge derivatives of $82m, compared to $24m last quarter. This loss is based on the marked-to-market value at the end of the quarter of open non-hedge contracts; the loss is an accounting calculation and not a cash item and this negative valuation does not necessarily imply that this loss will be realised in the future. As a result, the income statement shows a net loss for the quarter of $12m, compared to a profit last quarter of $38m.

For the half-year, gold production, at 2.7Moz, was some 4% lower than that of the first half of 2003. This was due to the exceptionally high production at Morila in the first half of 2003 and the sale of Jerritt Canyon in the USA in June 2003, offset by the increase in production from the Ashanti operations. The 17% strengthening of the rand against the US dollar for the six-month period, from R8.03 to R6.67, impacted dramatically on total cash costs, which increased by 27% to $260/oz. The strengthened local currency also was the major cause of the 21% decline in adjusted headline earnings to $111m, or 47 US cents/share.

The company has declared an interim dividend of 170 South African cents/share (27 US cents/share). The reduced dividend arises from the decline in earnings over the six months and the necessity for prudence in light of uncertainty over the gold price and the rand/dollar exchange rate and their possible effects on earnings in the second half of 2004.

On 1 July, AngloGold Ashanti announced an agreement to acquire a 29.9% stake in Trans-Siberian Gold plc, the UK-based holding company for the TSG Group's Russian gold business, for £17.6m ($32m). The TSG Group has three existing gold projects in the Kamchatka and Krasnoyarsk regions of Russia, in addition to an extensive exploration licence surrounding one of the projects. This modest first move into Russia allows AngloGold Ashanti the opportunity of establishing an association with credible partners familiar with the operating environment.

AUDIT OF 2003 MINERAL RESOURCE AND ORE RESERVE STATEMENT

Early this year, the AngloGold Ashanti 2003 Mineral Resource and Ore Reserve Statement was submitted to independent consultants for review. The ore reserves and mineral resources from eight of AngloGold Ashanti's global operations were randomly selected and subjected to review. The company has been informed that the audit identified no material shortcomings in the process by which AngloGold Ashanti's reserves and resources were evaluated. It is the company's intention to repeat this process periodically to ensure continued compliance with accepted practice.

PROSPECTS FOR THE THIRD QUARTER AND YEAR

For the third quarter, AngloGold Ashanti anticipates producing approximately 1.6Moz at a total cash cost of about $263/oz, assuming a rand/dollar exchange rate of R6.59. For the full year, the company expects to produce approximately 6.1Moz at a total cash cost of about $260/oz, assuming an exchange rate of R6.59 for the year. The revision to these estimates follows an in-depth review of the Ashanti integration plan post the closure of the transaction. The company remains encouraged by the potential of these assets.

OPERATING RESULTS FOR THE QUARTER

With effect from this quarter, operational commentary is reported by country rather than by operating region.

SOUTH AFRICA

At **Great Noligwa**, the volume mined increased by 6% from last quarter, due to more production shifts. The high grades experienced in the SV1 area in the previous quarter were not sustained and the yield declined by 8% to 9.95g/t. Grade is expected to
remain at this level in the foreseeable future. Gold production was 4% higher at 6,121kg (196,000oz) while total cash costs decreased by 7% to R47,340/kg ($223/oz) mainly due to the higher gold production. Despite the improved cost and production performance, the adjusted operating profit fell by 21% to R166m ($26m), reflecting the impact of the lower price received. The Lost Time Injury Frequency Rate (LTIFR) deteriorated by 13% to 10.43 lost-time injuries per million hours worked. One employee lost his life when a support pack collapsed.

At **Kopanang**, the volume mined was 8% higher, and the grade, although 8% lower than that of the previous quarter, was still in line with expectations. Gold production improved by 2% to 3,821kg (122,000oz) following the 11% higher tonnage treated, although the effects of this increase were partially offset by the lower yield. Total cash costs fell by 7% to R55,814/kg ($263/oz), mainly because of the improved gold production. The adjusted operating profit was unfavourably impacted by the lower price received and fell 30% to R69m ($10m). For the quarter, the LTIFR improved by 12% to 11.88 and the mine achieved 1 million fatality-free shifts in July.

The volume mined at **Tau Lekoa** rose by 3% as a result of a further 1% improvement in face length and a 2% increase in face advance. Yield benefited 14% from the improved mining mix to close the quarter at 4.17 g/t. Plant throughput this quarter also improved as a result of a clean-up of underground lock-up over the Easter break and from the redistribution of mining crews to allow mining of more panels per raise line. This volume, together with the higher yield, accounted for a 20% increase in gold production to 2,509kg (81,000oz). The improved gold production resulted in total cash costs decreasing by 16% to R67,030/kg ($316/oz). The improved operating results were only partially offset by the lower price received and resulted in an adjusted operating profit of R6m ($1m) for the period, following the R3m ($0.3m) operating loss reported in the March quarter. The quarter saw an 11% improvement in the LTIFR to 16.11, although two employees lost their lives in separate incidents involving underground mining equipment.

At **Moab Khotsong**, the gold production of 66kg (2,100oz) 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. The LTIFR was 6.55 as compared with 4.83 in the last quarter.

Savuka's volume mined remained at the same level as the previous quarter. The 10% drop in *in-*

situ mining face grade was the main reason for the 1% fall in yield to 5.87g/t, a level at which the grade is expected to remain for the foreseeable future. More tonnes were treated quarter-on-quarter, as a result of increased development, while gold production also improved by 6% to 1,162kg (38,000oz). Total cash costs were held to previous levels of R97,928/kg ($462/oz). Adjusted operating losses were impacted by a lower price received and increased from R30m ($4m) to R41m ($7m). As the mine is expected to close in 2006, labour has been reduced and, given the lower gold price, further cost management initiatives will be implemented. Despite a 2% improvement in the LTIFR, one employee died as a result of a tramming accident.

At **Mponeng**, volume mined improved 11% over the first quarter, as expected. An anticipated 8% decline in grade to 7.80g/t resulted from a drop in face values and the dilution from an increased development rate. Gold production improved by 1% to 3,266kg (105,000oz) due to the higher tonnages treated. Total cash costs, at R68,486/kg ($323/oz), were unchanged from last quarter. The lower price received, unfavourable inventory movements and higher amortisation charges resulted in an adjusted operating loss of R1m ($0.1m). One employee lost his life due to a seismic event, while the LTIFR deteriorated by 3% to 9.06.

At **TauTona**, volume mined was 1% lower than that of the previous quarter due to planned stoppages for safety reasons and a combination of reduced face advance and difficulties in negotiating a major fault. Yield fell by 11% to 10.88g/t as a result of a higher level of off-reef mining due to the fault. Gold production was held steady at 4,559kg (147,000oz). Total cash costs at R48,572/kg ($229/oz) showed a 1% increase compared to the previous quarter. The lower price received together with the marginally higher costs impacted on the adjusted operating profit, which decreased by 44% to R87m ($13m). Two employees lost their lives in a seismic-induced fall of ground incident. The LTIFR, at 7.87, improved by 24% over the previous quarter.

At **Ergo**, tonnes treated increased by 6% as a result of the higher volumes reclaimed from the 5L29 dam, reduced downtime caused by rainfall and one additional production shift. The increased volume was offset by the lower yield of 0.23g/t (8%) and resulted in gold production falling by 3% to 1,855kg (59,000oz). Total cash costs increased by 2% to R82,869/kg ($391/oz) mainly from the lower gold output. Adjusted operating loss reflected the unfavourable impact of the lower gold production and price and rose to R14m ($2m). The LTIFR improved by 67% to 1.68.

TANZANIA

At **Geita** (100% attributable from May 2004), production increased by 51% to 140,000oz due to the inclusion of ounces previously attributed to Ashanti prior to the merger. There was a 14% decline in recovered grade to 3.46g/t, in line with expected grades for the rest of this year. Total cash costs increased by 19% to $226/oz as a consequence of decreased production and increased mining contractor costs. Adjusted operating profit fell by 20% due to the additional amortisation on the fair value placed on the 50% of Geita acquired in the merger. LTIFR increased to 0.94 with two lost-time injuries recorded following the previous lost-time injury-free quarter.

MALI

At **Morila** (40% attributable), production declined by 21% to 34,000oz as a result of a 27% decrease in recovered grade to 3.06g/t, primarily encountered at mining blocks on the periphery of the pit. Volume milled increased over the previous quarter and indications are that the milling circuit is starting to reach its expansion design throughput of 350,000tpm. Additional CIL tanks have been completed, though the commissioning of the thickener and the new tailings disposal has been delayed.

Operational problems caused by difficulties in integrating the expansion project reduced throughput and recoveries below planned levels and had a negative impact on the results for the quarter. Additional resources have been allocated to address these issues and a technical plan has been implemented to urgently return the mine to planned performance levels. A significant operational improvement is expected in the third quarter, with grades increasing to approximately 4g/t in the fourth quarter.

In June, production was further affected by industrial action and a tense labour climate around the issue of a productivity bonus related to the exceptionally high grades encountered at Morila in 2002. Mine management believes that a mutually acceptable solution to this disagreement can be achieved in the near future.

For the second quarter, total cash costs increased by 51% to $238/oz due to lower gold production and increased mining contractor costs. A 6% decline in the received gold price, together with decreased production and increased total cash costs, reduced adjusted operating profit for the quarter by 92% to $0.4m.

Morila's LTIFR for the second quarter was 2.73, compared to 1.22 in the previous quarter.

At **Sadiola** (38% attributable), a 10% decrease in recovered grade to 2.82g/t was offset by a 12% increase in milled tonnage throughput. Consequently, production was 2% lower at 44,000oz. There was a 7% increase in total cash costs to $232/oz due to the lower recovered grade.

Adjusted operating profit decreased by 33% to $4m due to a 4% decline in received price and increased operating costs. Sadiola had two lost-time injuries during the quarter, bringing the LTIFR to 2.18 as compared with 0 for the first quarter of 2004.

Production at **Yatela** (40% attributable) rose by 25% to 25,000oz owing to an increase of 18% in tonnage stacked and a 1% increase in recovered grade to 3.61g/t. As a consequence of the higher production, total cash costs decreased by 13% to $238/oz and adjusted operating profit increased to $3m. Yatela had no lost-time injuries.

NAMIBIA

At **Navachab**, a 5% decrease in recovered grade was offset by a 16% increase in milled tonnage throughput, which resulted in a 7% rise in gold production to 16,000oz. Total cash costs went up by 6% to $320/oz due to the lower recovered grade. Adjusted operating profit was maintained at $1m. The transition to owner mining has progressed well ahead of schedule and while no ore was mined during the second quarter, mining commenced at the beginning of July as planned. Navachab's LTIFR decreased by 51% to 1.52 with one lost-time injury for the quarter.

GHANA

As the AngloGold Ashanti merger only became effective on 26 April 2004, two of the quarter's three months' production at **Obuasi,** as with all of the former Ashanti operations, is included in the merged company's June quarter results.

At 71,000oz, Obuasi's production was lower than planned for the partial quarter primarily due to lower ore tonnages delivered to the plant. This shortfall was the result of limited equipment availability, though the delivery of new equipment, to be completed by September, along with an operator-training programme, is expected to incrementally boost tonnages. The equipment availability problems also impacted on development rates, though the measures referred to above are expected to address this issue as well. Total cash costs were $292/oz and, with the adoption of a new grade sampling approach, underground headgrade improved to 7.1g/t in June. Grades are expected to remain at current levels for the foreseeable future or improve slightly as the gains of this programme are realised.

Lower than expected recoveries were achieved at the main sulphide treatment plant during the first half of the year due to plant remediation and maintenance, which should eliminate the necessity of any major maintenance work on the plant during the second half of the year. A sulphide treatment plant upgrade, scheduled for completion by the end of July, is also expected to improve process control. The LTIFR was 3.59 for the attributable period.

At **Bibiani,** gold production of 25,000oz for the partial quarter was slightly lower than planned due to interrupted mining in the main pit, the result of a highwall failure. Gold production will increase during the second half of the year as full access to the main pit is resumed. Decreased plant recoveries and throughput also contributed to the lower than anticipated production for the partial quarter. With the resumption of mining in the main pit, however, throughput at the plant is expected to increase and, combined with a new flash flotation and re-grind mill circuit commissioned in the first half of the year to treat the refractory ore, is expected to have a positive impact on gold recoveries in the coming months. Total cash costs of $237/oz were recorded for the partial quarter. No lost-time injuries occurred during the quarter.

Underground mine development at Bibiani will continue in earnest throughout the rest of the year, with a focus on immediate rehabilitation of old shafts and the development of a promising virgin block located south of the main pit up to 12 level. Old tailings reclamation is planned to commence by year-end and is expected to deliver 4.7Mt at 1.03g/t and at an anticipated recovery rate of 60% over three years.

At **Iduapriem** (85% attributable), production for the partial quarter was 27,000oz at a total cash cost of $309/oz. Plant throughput was reduced as a result of unusually hard ore, problems with the crusher and sand in the tanks. Lower residence time coupled with high residue values also impacted negatively on gold recoveries and throughput.

To help resolve these issues, crusher and mill optimisation will be completed in the second half of the year, along with the installation of a trash screen to reduce volumetric constraints in the CIL circuit and a fourth leach tank will be constructed to improve residence time and recovery. Closure of the heap leach operations at Iduapriem was completed during the second quarter, which will result in lower than expected production for the year, though the various initiatives at the CIL are expected to deliver better throughput and recoveries to offset the initial heap leach loss. No lost-time injuries occurred during the quarter.

REPUBLIC OF GUINEA

At **Siguiri** (85% attributable)**,** the partial quarter's lower-than-expected gold production of 17,000oz at a total cash cost of $386/oz, reflected the effects of a government embargo implemented during the second quarter. Management continues to work with the government of Guinea toward a speedy resolution, so as to minimise the effect of the embargo on the full year's production.

Construction of the carbon-in-pulp plant is continuing, although commissioning of the project is likely to be delayed as a result of the embargo. No lost-time injuries occurred during the quarter.

ZIMBABWE

Freda-Rebecca produced 4,000oz this partial quarter at a total cash cost of $447/oz. Mining was severely constrained by non-availability of trackless mining equipment and material resources. No lost-time injuries occurred during the quarter.

USA

At **Cripple Creek & Victor** (67% ownership with 100% interest in production until initial loans are repaid), production was 6% higher than the previous quarter at 76,000oz, due to higher recoveries resulting from improved crusher production and increased lime application over the past 12 months. Total cash costs remained the same at $208/oz. Adjusted operating profit increased from $1m to $4m. There were no lost- time injuries for the quarter.

The new processing facilities exceeded design capacity during the quarter and haul truck hours ended the quarter slightly above planned levels. Phase 4C of the leach pad construction began in May. A leach pad drilling programme also commenced in the second quarter to improve understanding of physical conditions within the leach pad and validate leach pad inventory. Results will be compiled and evaluated during the second half of the year.

ARGENTINA

At **Cerro Vanguardia** (92.5% attributable), gold production went up as planned by 34% to 47,000oz due to a 20% increase in ore treated as a result of the recent plant upgrade and a 10% improvement in grade. Management continues to focus on achieving the best mix of feed from low and higher grade pits, the stripping ratio and the dewatering of high grade pits. Total cash costs were 2% up at $187/oz, mainly owing to an 8% reduction in silver produced and the lower price received for the metal, higher royalties paid on increased sales and higher fuel and maintenance costs, which were partially offset by improved production. Adjusted operating profit, at $3m, remained at the previous quarter's level.

In mid-June, Cerro Vanguardia settled its Senior Loan by bringing forward the payment of the last $12m instalment due in December.

The LTIFR for the quarter improved by 30% to 7.24 following the implementation of a new action plan designed to focus on major safety risks.

BRAZIL

At **AngloGold Ashanti**
Brazil
(
the new name
given to the operations previously collectively known as Morro Velho), gold production increased by 25% to 65,000oz, due to a 16% increase in ore treated at Cuiabá, Engenho D'água and Córrego do Sitio mines. Total cash costs were 7% lower at $129/oz mainly due to the higher gold production. Adjusted operating profit was up by 75% to $14m, mainly due to the higher volumes sold at a higher realised price and at lower production costs. The LTIFR improved by 70% to 0.75.

At **Serra Grande** (50% attributable), gold production was maintained at 23,000oz. Total cash costs were 4% lower at $125/oz and adjusted operating profit improved by 25% to $5m. There were no lost-time injuries recorded during the quarter.

AUSTRALIA

Production at **Sunrise Dam** increased by 11% to 97,000oz from 87,000oz in the March quarter. Recovered grade rose by 22% from 2.84g/t to 3.47g/t as mining operations moved into higher grade areas as planned. Total cash costs decreased by 1% to A$357/oz ($255/oz) and adjusted operating profit increased by 93% to A$27m ($18m) due to the higher grade. For the quarter, 1,035m of underground decline development was completed and underground drilling is in progress. The LTIFR rate at Sunrise Dam deteriorated to 7.16 this quarter, following three lost-time injuries,

including a restricted work case.
Work to update the November 2000 **Boddington** Expansion Feasibility Study project continued and all three parties involved share a commitment to complete the study and optimise the project.
Note:
&#183
All references to price received include the realised non- hedge derivatives.
&#183
All references to adjusted operating profit refer to operating profit excluding unrealised non-hedge derivatives.
&#183
All references to adjusted headline earnings refer to headline earnings excluding unrealised non-hedge derivatives and fair value losses on interest rate swaps.
&#183
In the case of joint venture operations, all production and financial results are attributable to AngloGold Ashanti.
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Rounding of figures may result in computational discrepancies.

Ashanti **integration update**

During this past quarter, Ashanti's London office was closed and the management team in Ghana was restructured, with associated selected retrenchment of executives and senior managers, together with the relocation of some officers to the company's corporate office in Johannesburg. Annual savings of $11m have been realised through the repayment of Ashanti's $139m Revolving Credit Facility, the termination of consulting contracts, the restructuring of insurance contracts and procurement procedures, and the closure of the London office.

The AngloGold and Ashanti African exploration teams have been merged and rationalised, and have relocated to Accra, under the leadership of Charl du Plessis. Exploration presence has been withdrawn from Sierra Leone, Burkina Faso and Cote d'Ivoire. Preparations are under way to commence exploration drilling in the Ituri region of the DRC.

OPERATIONAL ISSUES

As is noted elsewhere in this report, the Ashanti mines have recently recorded generally disappointing operating performances. The results themselves are discussed in the Financial and Operating review. However, the problems giving rise to these results and the actions put in place to overcome them are set out here. Where this is possible, the timing of the action to be taken is also provided.

1. At **Obuasi**,

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a lack of developed and drilled reserves, in addition to equipment availability, is negatively impacting gold production. The delivery of new equipment is in progress, principally drill rigs, loaders and trucks.

Lower-than-planned development achievements are being addressed by improving the mining contractor's equipment and improving communications between mine planning and development planning. The cumulative impact of reduced development has constrained most aspects of Obuasi's mine plan to date.

In respect of ore definition drilling, areas where ore reserve definition is required are currently being identified and a process to ensure proper planning is being designed. Orders for new machines have been placed.

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A new mineral resource manager has been appointed and the centralisation of the MRM office and personnel at Obuasi is under way. GMSI and Datamine have been tasked to assist with a full system design and data processing. Once fully operational, the new MRM system should result in greater flexibility in life of mine planning processes, and detailed reconciliation and production reporting.

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In respect of mine earthmoving equipment, the overall objective is to reduce equipment from 200 units to 160 units and in the process to remove excess equipment from the mine. At the same time, the fleet is being upgraded and refurbished. A fleet size of less than 30 LHDs, including those used by the contractor, is being targeted. Orders have been placed for 17 pieces of equipment. Three LHDs and a dump truck arrived by the end of June. The balance is scheduled to arrive as planned by mid-September.

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As a result of holing the decline ramp in May, access between 26 and 32 Levels in South mine has been completed, enabling entry from the Sansu mine portal at South mine to 26 Level. Work is ongoing to improve the planning and excavation of truck loading points, intersections, passing areas and curves, so as to increase productivity and improve safety.

Priority has been given to work on the 32 Level connection between GCS and KMS shafts, with completion scheduled for the second quarter of next year. Once complete, it will be possible to drive from surface at South mine, through Central mine, to North mine. This will have multiple benefits for fleet mobility, maintenance and efficiency, as well as for ventilation (for South mine) and exploration, with 32 Level becoming a drilling platform.

Completion of the BSVS shaft extension is under way. Raise boring of 16 Level to 26 Level should be completed in December 2004. It will take six months to equip the conveyor drive. Targeted start to development is the third quarter of 2005, with development

to KMS shaft in 2005/2006. This will allow development and effective mining of the lower blocks in Central mine.

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A project team has been set up to review all aspects of ventilation and cooling, with the immediate priority on short- and medium-term (9- 24 months) interventions aimed at addressing temperatures in Central mine. An environmental manager, from the South African region, will be on site by the end of July 2004.

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A Deeps Project Team will be established later this year. In respect of exploration, thus far 45,000m of diamond drilling has been completed in Central Deeps, while drilling in North Deeps has started (drilling from 42 South and 19 North). The focus to date has been around the KMS central shaft and is now shifting to the North area. The intention is to get coverage along the whole strike of the orebody. Consideration is also being given to undertaking at least one long hole to 3km, so as to confirm structure at depth.

2. At **Iduapriem**, the key restriction lies with crushing
plants. Crushing circuit optimisation is being analysed. The plant upgrade is being optimised and with improved recoveries in the CIP plant, gold production will improve. Heap leach operations at Iduapriem are being stopped for economic reasons. Performance in the second half of the year is expected to improve.

3. At   **Bibiani**,   development and exploration
activities continue in parallel with underground production studies. Exploration and underground studies will be reviewed during the third and fourth quarters. In respect of the current mine plan, open-pit mining and ore stockpile processing will be completed in 2005. Mining of broken ore in the open pit commenced in June, following the wall failure and contractor problems, which negatively impacted production in the first two quarters. These problems notwithstanding, Bibiani should come close to meeting its annual production target.

4. At   **Siguiri**,   project   development   and
production activities during the second quarter and the beginning of the third quarter have been affected by the impasse with the government of Guinea. Whilst ore has been placed on the pad, it has not been irrigated during the second quarter.

FORECAST PERFORMANCE FOR 2004

It is anticipated that the Ashanti assets will produce 310,000oz at a total cash cost of $269/oz for the third quarter of 2004 and 343,000oz at $259/oz for the fourth. As has been noted previously, management anticipates that it will take between four and six quarters for the remedies set out in this report to have a significant effect on production and efficiencies.

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 diamond drilling at Goedgenoeg, west of Tau Lekoa, is aimed at delineating additional Ventersdorp Contact Reef (VCR) resources. The long deflection, reported on last quarter from Drillhole G51, as well as a medium deflection intersected highly faulted VCR.

Drillhole G52 collared last quarter intersected VCR at 2,385m below surface. Assay results of the original and three short deflections are listed below.

Inter-section	Corr.Width (cm)	Au g/t	cmg/t
1	197.0	5.79	1,141
2	187.1	5.44	1,018
3	187.6	9.95	1,867
4	169.3	11.14	1,886
Average	185.2	7.98	1,478

Drillhole MMB 4 drilling at Moab Khotsong testing facies and grade models in the Lower Mine Block intersected the Vaal Reef at 3,204m below surface with short deflections currently in progress. The assay result of the original intersection is listed below.

Inter-section.	Corr.Width (cm)	Au g/t	cmg/t
1	129.2	53.37	6,895

At Geita in **Tanzania**, diamond and RC drilling to test an extension to the mineralisation west of the Nyakanga pit was completed. Results are consistent with those of previous campaigns. Reconnaissance RC drilling of a structural target situated 300m south of the Nyankanga pit has yielded positive results.

Down-dip extension diamond drilling at Geita Hill continues in the North East Extension area, with positive results.

A high-resolution heliborne magnetic survey was completed at the greenfields Kigosi prospect, located 150km south-west of Geita.

At Sadiola in **Mali**, Phase VII infill drilling of the hard sulphides continued during the quarter and 48% of the programme is complete. Results to date remain consistent with those from previous drill campaigns.

Satellite oxide exploration continued to focus on resource conversion drilling at FE3 Southern Extension and the FE3/FE4 "Gap" where results continue to confirm the grade and tenor of previous drilling.

Greenfields exploration in South Mali continued at Kola, south of Morila, where follow-up Rotary Airblast (RAB) drilling has produced anomalous intersections. At the Banzana permit, which is located 150km south-west of Morila on the Cote d'Ivoire border, follow-up first phase reverse circulation (RC) drilling of RAB anomalies was completed with assay results pending. Additional RC drilling at Garalo located 100km south-west of Morila was completed this quarter with assay results pending.

In **Ghana** at Obuasi, exploration continued to focus on drilling below 50 Level.

In **Guinea** at the Siguiri operation, drilling targeted possible strike and depth extensions to the existing pits and additional mineralisation within the immediate area.

In **North America** at Cripple Creek & Victor (CC&V) in **Colorado**, exploration focused on infill drilling at Main Cresson and Upper Cresson (Wildhorse Extension). In addition, drilling continued testing deeper high-grade vein system targets.

Greenfields exploration in **Alaska** focused on surface geochemical and geophysical surveys at the ER, Eagle and Livengood projects. Drilling will commence shortly at the ER and Eagle projects in the West Pogo area. Positive results from the regional sampling programme in the Pogo area has led to additional land acquisition in the region.

Farm-out activities continue on the Red Lake West End properties in **Canada** and in **Nevada.**

In **Brazil** at Cachorro Bravo, Córrego do Sítio, down-plunge drill testing continued to define the limits to the 200 and 300 ore horizons at depth. The mineralisation is not fully closed off, and further drilling will be required.

A total of 228m of underground ore development has now been completed on the 200 horizon with channel sample results from 70 faces taken at

3.25m intervals averaging 13.37g/t over a horizontal width of 2.85m. Underground ore development during the quarter has expanded to include the 101 and the 300 horizons.

Down-plunge testing of mineralisation continued on the Forquilha Sul/Corpo IV orebody at Crixas with intermediate results.

At CVSA in **Argentina,** drilling was completed at the Paula Centro vein within the central mining area to delineate additional high-grade open-pit ounces. Results to date are in line with expectations and have also highlighted the potential upside at depth. Further drilling is in progress at the Loma Norte and Mangas Sur veins. The 2004 drilling campaign has generated 180,000oz of Mineral Resource so far this year.

Drilling of the high sulphidation AR 38 target in the Ayacucho district in Peru yielded negative results. Target generation and evaluation continues within various areas of the country. Several companies have submitted formal offers for the La Rescatada project.

At Sunrise Dam in **Australia**, deeper drilling from underground and surface of the Sunrise Shear Zone, Northern Deeps, Middle Deeps, Astro and Dolly lodes continued. New mineralised zones were intersected to the east of the current decline, to the east of the Hammerhead lode, to the north of the current pit as well as extending the Cosmo structure 400m down dip.

In the Laverton region, acquisition of the Jasper Hills project, including the Fish and Lord Byron prospects, was finalised. At Lord Byron, a detailed geophysical survey was completed with drilling of the existing resource and testing of new targets commencing in early July.

Greenfields exploration activities concentrated on the Tropicana East JV with the completion of a geophysical survey and geochemical sampling. At Yamarna, access agreements to a significant portion of the project have progressed well with drilling likely to commence next quarter.

In **Mongolia**, geophysical programmes were completed at the Ikh Shankh property with drilling planned for the second half of 2004.

An office has been established in Beijing to seek exploration and business opportunities in **China**.

Note:

Unless otherwise stated, all intercepts are drilled widths

Review of the
gold market

The second quarter of the year saw a major correction in the three-year rise in the spot price of gold. Until this quarter, the US dollar spot price of gold had risen every quarter since the beginning of 2001 (except for a slight retracement in the second quarter of 2003). During the most recent quarter, the average price of $393/oz was $15, or 4% lower than the previous quarter. Trading ranges within the quarter saw the spot price fall by $59/oz, from a high of $430/oz in early April, to $371/oz in mid-May. The gold price at the end of the quarter was $394/oz, over $30 lower than the opening price for the quarter.

See Graph A "Quarterly Average US Dollar Gold Spot Price: March 2001- June 2004".

The period under review saw price volatility in a number of markets besides gold. The rand strengthened from a weak point of R7.15 to the US dollar, to close the quarter 14% stronger at R6.16. As a result of moves in both the gold and rand markets, the South African price of gold fell during the quarter from a high of almost R88,000/kg to a closing price of R78,000/kg.

During July, we have seen some recovery in the dollar spot price of gold, but the benefits of this recovery have been offset by strengthening gold producer currencies. Both the rand and the Australian dollar have risen against the US dollar since the end of the quarter.

GOLD PRICE DRIVERS

During much of the first half of 2004, the spot price of gold traded in a far looser relationship to the US dollar/euro exchange rate than had prevailed during the latter half of 2003. The sharp fall in the spot price in April was brought about in part by surprisingly positive US economic data, and consequent inflation fears, and in part by a scare in commodity markets in general, triggered by the announcement of stricter credit controls in China to curb credit expansion in that economy and slow the pace of growth that China has enjoyed in the past year.

However, during the latter part of the quarter, and in July, the gold price has reverted to a much closer relationship to changes in the value of the dollar against the euro. The resumption of dollar weakness against the euro since mid-May has
triggered new buying in gold as a currency hedge, lifting the price of the metal to almost $400/oz by the end of the quarter, and to $408/oz during July.

As has been the case throughout this price rise, investor and speculator interest in gold has been the direct mover of the gold price, reflected specifically in changes in the open position in gold contracts on the New York Commodities Exchange (Comex). On Comex, this quarter saw the largest change in open positions in several years, as the net long position of Comex fell from 22.6Moz in early April to little more than 7Moz net long in mid-May. This move reflected net sales of gold by investors and speculators in that market of over 450t of gold in six weeks (see graph below). This selling pulled the spot price of gold down to touch $371/oz. in early May.

See Graph B "COTR (Gold): Futures and Options Net Position: 2003 - Today".

Since May, Comex has traded largely in a neutral zone, with small additions to the net long position. The quarter closed with Comex net long 9.7Moz or 301t. We have seen the gold price sustained by nett buying on Comex since the end of the quarter, but the market has moved largely sideways during July.

PHYSICAL DEMAND

Whilst latest figures for physical offtake of gold during the first quarter of 2004 show that demand in a number of areas improved by comparison with the poor offtake in the first quarter of 2003, the overall erosion of demand for gold for jewellery fabrication remains unchecked.

The global picture of the gold market during the past year is one in which physical supply has continued to rise modestly (driven by increases in scrap and official sector sales), whilst global offtake of gold in jewellery continues to slip (by 5.5% in 2003). The physical supply of over 900t of gold which was surplus to fabrication offtake in 2003 was squared by net dehedging, and by a sharp increase in assumed offtake of gold by investors and speculators. 2003 saw the largest physical surplus of gold in the gold market in thirty years of supply and demand statistics on this market, and the market in 2004 is certain to produce at least the same surplus or larger.

For the quarter under review, there was encouraging physical buying during the lower gold prices in the first half of the quarter. However, this offtake had softened by the end of the quarter. In India, the end of the favourable season for marriage (between December and May) saw lower levels of demand in June. In addition, rupee weakness after Indian parliamentary elections in early May wiped out rupee gains in March and April which had encouraged gold buying in India at that time, and the Indian market was further weakened as buyers were discouraged by price volatility caused by currency movements.

CURRENCIES

The major event in the currency markets this quarter was the end of several months of dollar strength against the euro, and a return to a weaker US currency.

The dollar had recovered by mid-May to $1.176 to the euro, an exchange rate last seen six months ago. Thereafter, renewed concerns with the US economy asserted themselves. This quarter saw the US trade deficit rise further, and there is little likelihood of policy change to address the US budget deficit during a presidential election year in that country. The quarter also saw the Federal Reserve signal the end of the current cycle of US monetary and interest rate policy by the first increase in the US discount rate in more than four years.

It is still unclear whether the change in interest rate policy will signal also the end of the three year cycle of dollar retracement against the euro. On balance, we believe that structural factors should prevail, and that the US currency is likely to continue weaker. There are, however, differences of opinion as to how far it might weaken. As we have seen on two occasions already, European leaders are uncomfortable and concerned for their economy as the American currency approaches $1.30 to the euro, and some public resistance should be expected from Europe if the dollar returns to those levels.

The South African currency has again strengthened disproportionately against the dollar, gaining ground as a result against other major currencies as well. Since the end of the quarter, the rand has returned to an exchange rate of R6 to the dollar, a level at which the currency traded five years ago. Whilst the Reserve Bank remains focused on an inflation target to guide its interest rate and monetary policy, it would seem that little relief will come from official policy in moderating the negative effects of the stronger currency on production and employment in the South African export industries.

HEDGING

As at 30 June 2004, the net delta hedge position of AngloGold Ashanti was 12.5Moz, or 389t, at a spot price of gold of $393.25/oz. This net delta volume was made up of an amount of 7Moz (218t) in the original AngloGold Limited hedge, and 5.5Moz (171t) of hedge taken on with the merger with Ashanti Goldfields at the end of April 2004. This delta position reflects a reduction of 1.5Moz or 46t in the net size of the combined hedges compared with the previous quarter. The marked- to-market value of this combined position as at 30 June 2004 was negative $927m, reflecting the increase in the size of the hedge following the merger with Ashanti Goldfields. The company has continued to manage its hedge positions actively, and to reduce overall levels of pricing commitments in respect of future production of gold.

GRAPH A
GRAPH B
COTR for GOLD: FUTURES & OPTIONS NET POSITION
2003 - TODAY
Quarterly Average US Dollar Gold Spot Price: March 2001- June 2004

Hedge **position**

As at 30 June 2004, the group had outstanding the following forward-pricing commitments against future production. The total net delta tonnage of the hedge of the merged company on this date was 12.5Moz or 388.9t (at 31 March 2004, AngloGold's reported a net delta hedge tonnage was 8.16Moz or 253.9t; Ashanti on that date had a net delta tonnage of 5.8Moz or 180.3t; these figures includes each company's attributable share in Geita).

The marked-to-market value of all hedge transactions making up the hedge positions was a negative $927.1m (negative R5.71bn) as at 30 June 2004 (as at 31 March 2004: AngloGold Limited reported a valuation of negative $651.9m, or R4.1bn; Ashanti's hedge had a marked-to- market value of negative $562m). This value at 30 June 2004 was based on a gold price of $393.25/oz, exchange rates of R/$6.16 and A$/$0.69 and the prevailing market interest rates and volatilities at that date.

As at 28 July 2004, the marked-to-market value of the hedge book was a negative $863.5m (negative R5.44bn), based on a gold price of $387.75/oz and exchange rates of R/$6.2950 and A$/$0.7006 and the prevailing market interest rates and volatilities at the time.

These marked-to-market valuations are not predictive of the future value of the hedge position, nor of future impact on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of valuation, at market prices and rates available at the time.

Year
2004
2005
2006
2007
2008
2009-2013
Total
DOLLAR GOLD
Forward contracts
Amount (kg)
26,749
51,523
40,416
38,519
28,256
60,719
246,182
$ per oz
$326
$329
$341
$343
$360
$367
$346
Put options purchased
Amount (kg)
2,351
3,381
5,481
1,455
12,668
$ per oz
$349

$347
$355
$292
$345
*Delta (kg)
600
808
1,286
85
2,779
Put options sold
Amount (kg)
7,900
2,799
4,354
15,053
$ per oz
$343
$345
$339
$342
*Delta (kg)
987
462
720
2,169
Call options purchased
Amount (kg)
7,706
5,401
1,538
2,003
16,648
$ per oz
$343
$347
$370
$361
$349
*Delta (kg)
7,170
4,407
1,107
1,553
14,237
Call options sold
Amount (kg)
17,977
34,094
22,208
19,714

20,977
44,026
158,996
$ per oz
$368
$345
$351
$342
$353
$368
$356
*Delta (kg)
12,831
27,655
17,459
16,444
17,218
36,013
127,620
RAND GOLD
Forward contracts
Amount (kg)
933
933
Rand per kg
R116,335
R116,335
Put options purchased
Amount (kg)
3,266
1,875
5,141
Rand per kg
R79,931
R93,602
R84,917
*Delta (kg)
2,055
723
2,778
Put options sold
Amount (kg)
6,793
1,400
8,193
Rand per kg
R80,570
R88,414
R81,910
*Delta (kg)
4,953

516
5,469
Call options purchased
Amount (kg)
9,126
9,126
Rand per kg
R80,414
R80,414
*Delta (kg)
2,896
2,896
Call options sold
Amount (kg)
2,340
3,745
5,621
746
2,986
8,958
24,396
Rand per kg
R110,375
R148,690
R131,389
R173,119
R187,586
R216,522
R171,444
*Delta (kg)
23
42
1,395
73
313
1,570
3,416

Year
2004
2005
2006
2007
2008
2009-2013
Total
A DOLLAR GOLD
Forward contracts
Amount (kg)
7,434
3,888
9,331
8,398
3,110
8,367
40,528
A$ per oz
A$548
A$663
A$664
A$640
A$656
A$635
A$631
Put options purchased
Amount (kg)
A$ per oz
*Delta (kg)
Put options sold
Amount (kg)
467
467
A$ per oz
A$572
A$572
*Delta (kg)
352
352
Call options purchased
Amount (kg)
3,110
6,221
3,732
3,110
6,221
22,394
A$ per oz
A$724
A$673

A$668
A$680
A$712
A$691
*Delta (kg)
363
2,689
1,929
1,827
3,921
10,729
Call options sold
Amount (kg)
1,866
1,866
A$ per oz
A$566
A$566
*Delta (kg)
601
601
Delta (kg)
33,935
78,684
65,578
60,037
47,070
103,681
388,985
Total net gold:
Delta (oz)
1,091,042
2,529,744
2,108,380
1,930,243
1,513,345
3,333,407
12,506,161
The following table indicates the group's currency hedge position at 30 June 2004
Year
2004
2005
2006
2007
2008
2009-2013
Total
RAND DOLLAR (000)
Forward contracts
Amount ($)
Rand per $

Put options purchased
Amount ($)
Rand per $
*Delta ($)
Put options sold
Amount ($)
Rand per $
*Delta ($)
Call options purchased
Amount ($)
Rand per $
*Delta ($)
Call options sold
Amount ($)
75,000
75,000
Rand per $
R6.46
R6.46
*Delta ($)
7,706
7,706
A DOLLAR (000)
Forward contracts
Amount ($)
55,237
55,237
$ per A$
$0.59
$0.59
Put options purchased
Amount ($)
$ per A$
*Delta ($)
Put options sold
Amount ($)
$ per A$
*Delta ($)
Call options purchased
Amount ($)
$ per A$
*Delta ($)
Call options sold
Amount ($)
$ per A$
*Delta ($)
BRAZILIAN REAL (000)
Forward contracts
Amount ($)
$ per BRL
Put options purchased

Amount ($)
6,600
600
7,200
$ per BRL
BRL3.09
BRL3.38
BRL3.11
*Delta ($)
1,892
290
2,182
Put options sold
Amount ($)
5,100
600
5,700
$ per BRL
BRL2.79
BRL3.21
BRL2.83
*Delta ($)
220
214
434
Call options purchased
Amount ($)
$ per BRL
*Delta ($)
Call options sold
Amount ($)
6,600
600
7,200
$ per BRL
BRL3.19
BRL3.55
BRL3.22
*Delta ($)
3,602
233
3,835
*
The Delta position indicated above reflects the nominal amount of the option multiplied by the mathematical probability of the option being exercised. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at 30 June 2004
.

$/oz
% Variance
4
oz (000)
% Variance
4
$/oz
% Variance
4
$m
% Variance
4
$m
% Variance
4
Great Noligwa
389
(8)
196
4
223
(5)
30
(12)
26
(16)
Sunrise Dam
422
(12)
97
11
255
(7)
23
35
18
64
TauTona
389
(8)
147
1
229
3
21
(30)
13
(43)
AngloGold Ashanti Brazil
393
12

65
25
129
(7)
17
55
14
75
Geita
5
357
3
140
51
226
19
14
-
8
(20)
Kopanang
390
(8)
122
1
263
(4)
13
(28)
10
(33)
Cripple Creek & Victor J.V.
327
8
76
6
208
-
13
8
4
300
Cerro Vanguardia
6
361
(2)
47
34
187
2
10

25
3
-
Mponeng
388
(8)
105
1
323
3
6
(50)
-
(100)
Sadiola
6
392
(4)
44
(2)
232
7
6
(33)
4
(33)
Serra Grande
6
391
14
23
-
125
(4)
6
20
5
25
Morila
6
353
(6)
34
(21)
238
51
4
(56)
1
(92)
Tau Lekoa

390
(8)
81
21
316
(14)
4
-
1
100
Yatela
6
395
(2)
25
25
238
(13)
4
100
3
200
Obuasi
400
-
71
-
292
-
4
-
-
-
Bibiani
391
-
25
-
237
-
3
-
-
-
Navachab
396
(2)
16
7
320
6

2
100
1
-
Iduapriem
6
400
-
27
-
309
-
-
-
-
-
Freda-Rebecca
418
-
4
-
447
-
(1)
-
(1)
-
Ergo
389
(8)
59
(5)
391
5
(2)
(300)
(2)
(300)
Siguiri
6
-
-
17
-
386
-
(2)
-
(2)
-
Savuka

388
(8)
38
9
462
2
(4)
33
(7)
75
Other
-
-
31
19
-
-
16
(14)
9
(10)
AngloGold Ashanti
385
(5)
1,490
21
260
-
187
(6)
108
(18)
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 June 2004 quarter on March 2004 quarter - Increase (Decrease).
5
Attributable 100% from May 2004.
6
Attributable.
Operations **at a glance**
Adjusted operating
profit
3
Price received
1
Production

Total cash costs
Cash operating
profit
2
for the quarter ended 30 June 2004

Group **operating results**
Quarter
QuarterSix months Six months
Quarter
QuarterSix months Six months
ended
ended
ended
ended
ended
ended
ended
ended
June
March
June
June
June
March
June
June
2004
2004
2004
2003
2004
2004
2004
2003
Unaudited Unaudited Unaudited Unaudited
Unaudited Unaudited Unaudited Unaudited
Rand / Metric
Dollar / Imperial
OPERATING RESULTS UNDERGROUND OPERATION
Milled
- 000 tonnes /
- 000 tons
3,471
2,806
6,277
6,728
3,825
3,094
6,919
7,416
Yield
- g / t
/
- oz / t
7.43
8.11

7.74
7.85
0.217
0.237
0.226
0.229
Gold produced
- kg
/
- oz (000)
25,794
22,770
48,564
52,834
830
732
1,562
1,698
SURFACE AND DUMP RECLAMATION
Treated
- 000 tonnes /
- 000 tons
10,140
9,134
19,274
19,114
11,178
10,068
21,246
21,070
Yield
- g / t
/
- oz / t
0.29
0.30
0.30
0.27
0.009
0.009
0.009
0.008
Gold produced
- kg
/
- oz (000)
2,963
2,736
5,699
5,197
95

88
183
167
OPEN-PIT OPERATION
Mined
- 000 tonnes /
- 000 tons
35,522
27,054
62,576
58,679
39,156
29,822
68,978
64,684
Treated
- 000 tonnes /
- 000 tons
4,668
2,930
7,598
7,231
5,145
3,230
8,375
7,971
Stripping ratio
- t (mined total - mined ore) / t mined ore
6.33
9.09
7.31
8.30
6.33
9.09
7.31
8.30
Yield
- g / t
/
- oz / t
2.92
3.39
3.10
3.33
0.085
0.099
0.090
0.097
Gold in ore
- kg
/

- oz (000)
11,459
5,848
17,307
12,762
368
188
556
410
Gold produced
- kg
/
- oz (000)
13,635
9,938
23,573
24,050
439
319
758
774
HEAP LEACH OPERATION
Mined
- 000 tonnes /
- 000 tons
17,559
17,611
35,170
26,092
19,357
19,412
38,769
28,761
Placed
1
- 000 tonnes /
- 000 tons
5,672
4,710
10,382
8,611
6,253
5,192
11,445
9,492
Stripping ratio
- t (mined total - mined ore) / t mined ore
2.18
2.51
2.33
2.38

2.18
2.51
2.33
2.38
Yield
2
- g / t
/
- oz / t
0.84
0.84
0.84
0.93
0.024
0.025
0.025
0.027
Gold placed
3
- kg
/
- oz (000)
4,756
3,970
8,726
8,019
153
128
281
258
Gold produced
- kg
/
- oz (000)
3,938
2,972
6,910
6,137
126
96
222
197
TOTAL
Gold produced
- kg
/
- oz (000)
46,330
38,416
84,746
88,218

1,490
1,235
2,725
2,836
Gold sold
- kg
/
- oz (000)
45,495
38,533
84,028
88,126
1,463
1,239
2,702
2,833
Price received
- R / kg
/
- $ / oz
- sold
81,276
87,837
84,285
89,948
385
405
394
349
Total cash costs
4
- R / kg
/
- $ / oz
- produced
55,162
56,297
55,677
52,659
260
259
260
204
Total production costs
4
- R / kg
/
- $ / oz
- produced
68,659
69,068

68,845
64,254
324
318
321
249
PRODUCTIVITY PER EMPLOYEE
Target
- g
/
- oz
385
356
372
339
12.39
11.44
11.95
10.90
Actual
- g
/
- oz
356
344
351
326
11.46
11.05
11.27
10.49
CAPITAL EXPENDITURE
4
- Rm
- $m
992
567
1,559
1,303
150
84
234
163
1
Tonnes (Tons) placed onto leach pad.
2
Gold placed / tonnes (tons) placed.
3
Gold placed into leach pad inventory.
4
2003 restated to reflect the change in accounting treatment of ore reserve development expenditure.

Quarter
Quarter
Quarter
Six months
Six months
ended
ended
ended
ended
ended
June
March
June
June
June
2004
2004
2003
2004
2003
SA Rand million
Notes
Unaudited
Unaudited
Unaudited
Unaudited
Unaudited
3,705
3,298
3,907
7,003
7,845
2
(3,091)
(2,581)
(2,932)
(5,672)
(5,817)
614
717
975
1,331
2,028
(411)
(1)
119
(412)
274
203
716
1,094

919
2,302
(105)
(76)
(82)
(181)
(167)
(22)
(26)
(25)
(48)
(65)
(72)
(59)
(72)
(131)
(147)
72
83
63
155
134
(35)
(9)
(66)
(44)
(97)
(112)
(145)
(71)
(257)
(140)
(15)
(18)
-
(33)
-
(86)
466
841
380
1,820
(54)
(52)
(56)
(106)
(114)
-
-
(95)
-

(95)
7
20
56
27
56
(Loss) profit on ordinary activities before taxation
(133)
434
746
301
1,667
3
87
(149)
(266)
(62)
(604)
(Loss) profit on ordinary activities after taxation
(46)
285
480
239
1,063
(24)
(37)
(36)
(61)
(72)
(70)
248
444
178
991
203
716
1,094
919
2,302
499
168
(12)
667
(4)
702
884
1,082
1,586
2,298
Headline earnings
(70)

248
444
178
991
54
52
56
106
114
-
-
95
-
95
(7)
(20)
(56)
(27)
(56)
3
1
6
(26)
7
(26)
Headline (loss) earnings
(22)
286
513
264
1,118
514
186
(12)
700
(4)
3
(170)
(72)
15
(242)
16
322
400
516
722
1,130
(Loss) earnings per ordinary share (cents)
(28)
111
199

75
445
(28)
111
199
75
445
(9)
128
230
111
502
127
179
232
303
507
Dividends
449
836
170
375
Profit on disposal of assets and subsidiaries
Adjusted operating profit
Net (loss) profit
Amortisation of goodwill
Impairment of mining assets
The net profit has been adjusted by the following to
arrive at headline earnings:
Gold income
Cost of sales
Non-hedge derivatives
Operating profit
Corporate administration and other expenses
Market development costs
Exploration costs
Interest receivable
Other net expenses
Finance costs
Fair value loss on interest rate swaps
Amortisation of goodwill
Impairment of mining assets
Profit on disposal of assets and subsidiaries
Taxation
Minority interest
Operating profit
Unrealised non-hedge derivatives
The operating profit has been adjusted by the following
to arrive at adjusted operating profit:
Adjusted operating profit

- Headline
- Adjusted headline

Current and deferred taxation on exceptional items
Unrealised non-hedge derivatives and fair value losses
on interest rate swaps
Adjusted headline earnings
Deferred tax on unrealised non-hedge derivatives and
fair value losses on interest rate swaps
The results have been prepared in accordance with International Financial Reporting Standards (IFRS).
Group **income statement**
(Loss) profit before exceptional items
Net (loss) profit

- Rm
- cents per share
- Basic
- Diluted

Quarter
Quarter
Quarter
Six months
Six months
ended
ended
ended
ended
ended
June
March
June
June
June
2004
2004
2003
2004
2003
US Dollar million
Notes
Unaudited
Unaudited
Unaudited
Unaudited
Unaudited
563
488
505
1,051
977
2
(470)
(381)
(380)
(851)
(726)
93
107
125
200
251
(67)
1
17
(66)
36
26
108
142

134
287
(16)
(11)
(11)
(27)
(21)
(3)
(4)
(3)
(7)
(8)
(11)
(9)
(9)
(20)
(18)
11
12
9
23
17
(5)
(2)
(11)
(7)
(14)
(17)
(21)
(9)
(38)
(17)
(2)
(3)
-
(5)
-
(17)
70
108
53
226
(8)
(8)
(7)
(16)
(14)
-
-
(12)
-

(12)
-
4
7
4
7
(Loss) profit on ordinary activities before taxation
(25)
66
96
41
207
3
15
(22)
(34)
(7)
(75)
(Loss) profit on ordinary activities after taxation
(10)
44
62
34
132
(2)
(6)
(5)
(8)
(9)
(12)
38
57
26
123
26
108
142
134
287
82
24
(2)
106
(1)
108
132
140
240
286
Headline earnings
(12)

38
57
26
123
8
8
7
16
14
-
-
12
-
12
-
(4)
(7)
(4)
(7)
3
(1)
2
(3)
1
(3)
Headline (loss) earnings
(5)
44
66
39
139
84
27
(2)
111
(1)
3
(28)
(11)
2
(39)
2
51
60
66
111
140
(Loss) earnings per ordinary share (cents)
(5)
17
26

11
55
(5)
17
25
11
55
(2)
20
30
16
62
20
27
30
47
63
Dividends *
72
113
27
51
* Dividends are translated at actual rates on date of payment. The current period is an indicative rate only.
Operating profit
Corporate administration and other expenses
Gold income
Cost of sales
Non-hedge derivatives
Net (loss) profit
Market development costs
Exploration costs
Fair value loss on interest rate swaps
(Loss) profit before exceptional items
Interest receivable
Other net expenses Finance costs
Taxation
Minority interest
Amortisation of goodwill
Impairment of mining assets
Profit on disposal of assets and subsidiaries
The operating profit has been adjusted by the following
to arrive at adjusted operating profit:
Operating profit
Adjusted operating profit
Unrealised non-hedge derivatives
Adjusted operating profit
The net profit has been adjusted by the following to
arrive at headline earnings:
Net (loss) profit
Unrealised non-hedge derivatives and fair value losses
on interest rate swaps

Impairment of mining assets
Profit on disposal of assets and subsidiaries
Current and deferred taxation on exceptional items
- Basic
Adjusted headline earnings
Group **income statement**
The results have been prepared in accordance with International Financial Reporting Standards (IFRS).
- Headline
- Adjusted headline
- $m
- cents per share
- Diluted
Amortisation of goodwill
Deferred tax on unrealised non-hedge derivatives and
fair value losses on interest rate swaps

Group **balance sheet**

SA Rand million	As at June 2004 Unaudited	As at March 2004 Unaudited	As at June 2003 Unaudited	As at December 2003 Audited
ASSETS				
Non-current assets				
Tangible assets	**34,079**	18,082	18,283	18,427
Intangible assets	**2,524**	2,545	2,980	2,749
Investments in associates	**43**	47	155	47
Other investments	**133**	125	237	86
Other non-current assets	**520**	964	853	1,011
Derivatives	**832**	696	592	630
	38,131	22,459	23,100	

22,950
Current assets
Inventories
2,511
1,853
1,778
2,050
Trade and other receivables
1,873
1,542
1,523
1,461
Cash and cash equivalents
3,458
5,868
2,330
3,367
Current portion of other non-current assets
385
103
67
59
Derivatives
1,904
2,062
1,954
2,515
10,131
11,428
7,652
9,452
TOTAL ASSETS
48,262
33,887
30,752
32,402
EQUITY AND LIABILITIES
Equity
19,782
11,104
12,464
11,222
Non-current liabilities
Borrowings
8,088
7,977
4,122
5,383
Provisions
2,117
1,808

1,798
1,832
Deferred taxation
8,268
4,091
3,953
3,986
Derivatives
2,123
2,086
1,200
2,194
20,596
15,962
11,073
13,395
Current liabilities
Current portion of borrowings
2,125
2,151
2,547
2,340
Trade and other payables
2,940
1,971
2,181
2,339
Taxation
157
141
193
164
Derivatives
2,662
2,558
2,294
2,942
7,884
6,821
7,215
7,785
TOTAL EQUITY AND LIABILITIES
48,262
33,887
30,752
32,402
The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group **balance sheet**
As at
As at
As at
As at
June
March
June
December
2004
2004
2003
2003
US Dollar million
Unaudited   Unaudited   Unaudited
Audited
ASSETS
Non-current assets
Tangible assets
5,473
2,877
2,443
2,764
Intangible assets
405
405
398
412
Investments in associates
7
7
21
7
Other investments
21
20
32
13
Other non-current assets
83
153
114
153
Derivatives
134
111
79
94
6,123
3,573
3,087

3,443
Current assets
Inventories
403
295
238
307
Trade and other receivables
301
245
203
219
Cash and cash equivalents
555
934
311
505
Current portion of other non-current assets
62
16
9
9
Derivatives
306
328
261
377
1,627
1,818
1,022
1,417
TOTAL ASSETS
7,750
5,391
4,109
4,860
EQUITY AND LIABILITIES
Equity
3,177
1,767
1,666
1,684
Non-current liabilities
Borrowings
1,299
1,269
551
807
Provisions
340
288

240
275
Deferred taxation
1,328
651
528
598
Derivatives
341
332
160
329
3,308
2,540
1,479
2,009
Current liabilities
Current portion of borrowings
341
342
340
351
Trade and other payables
471
313
291
350
Taxation
25
22
26
25
Derivatives
428
407
307
441
1,265
1,084
964
1,167
TOTAL EQUITY AND LIABILITIES
7,750
5,391
4,109
4,860
The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group **cash flow statement**

Quarter

Quarter

Quarter Six months Six months

ended

ended

ended

ended

ended

June

March

June

June

June

2004

2004

2003

2004

2003

SA Rand million

Unaudited Unaudited Unaudited Unaudited Unaudited

761

549

1,106

1,310

2,583

61

72

53

133

115

(13)

(17)

(33)

(30)

(83)

-

-

-

-

9

(78)

(175)

(58)

(253)

(144)

-

-

681

-

681

-
-
(681)
-
(681)
(56)
(105)
(547)
(161)
(628)
675
324
521
999
1,852
Cash flows from investing activities
(992)
(567)
(538)
(1,559)
(1,026)
9
26
14
35
14
(2)
-
(3)
(2)
(3)
(802)
-
8
(802)
8
(32)
(1)
(6)
(33)
(8)
106
3
7
109
7
(1,713)
(539)
(518)
(2,252)
(1,008)

1
11
3
12
20
(1)
-
(1)
(1)
(2)
60
6,737
75
6,797
148
(1,379)
(3,192)
(305)
(4,571)
(413)
(59)
(758)
(38)
(817)
(1,560)
(1,378)
2,798
(266)
1,420
(1,807)
(2,416)
2,583
(263)
167
(963)
6
(82)
(93)
(76)
(251)
5,868
3,367
2,686
3,367
3,544
3,458
5,868
2,330
3,458
2,330
(133)

434
746
301
1,667
(66)
42
81
(24)
125
425
189
(26)
614
(15)
600
446
444
1,046
893
(40)
(74)
(70)
(114)
(128)
(72)
(83)
(63)
(155)
(134)
130
145
71
275
140
54
52
56
106
114
-
-
95
-
95
(7)
(20)
(56)
(27)
(56)
(130)
(582)

(172)
(712)
(118)
761
549
1,106
1,310
2,583
(157)
196
26
39
56
(168)
(57)
(99)
(225)
(15)
195
(721)
(99)
(526)
(159)
(130)
(582)
(172)
(712)
(118)
Cash flows from operating activities
Cash generated from operations
Interest received
Environmental and other expenditure
Dividends received from associates
Finance costs
Recoupment tax received: Free State assets
Recoupment tax paid: Free State assets
Taxation paid
Net cash inflow from operating activities
Capital expenditure
Proceeds from disposal of mining assets
Investments acquired
(Acquisition) disposal of subsidiary
Loans advanced
Repayment of loans advanced
Net cash outflow from investing activities
Cash flows from financing activities
Net cash (outflow) inflow from financing activities
Net (decrease) increase in cash and cash equivalents
Proceeds from issue of share capital
Share issue expenses
Proceeds from borrowings

Repayment of borrowings
Dividends paid
Translation
Opening cash and cash equivalents
Closing cash and cash equivalents
Cash generated from operations
(Loss) profit on ordinary activities before taxation
Adjusted for:
Non-cash movements
Non-cash movement on derivatives
Amortisation of mining assets
Interest receivable
Deferred stripping costs
Finance costs
Amortisation of goodwill
Impairment of mining assets
Profit on disposal of assets and subsidiaries
The results have been prepared in accordance with International Financial Reporting Standards (IFRS).
Movement in working capital
(Increase) decrease in inventories
(Increase) in trade and other receivables
Increase (decrease) in trade and other payables
Movement in working capital

Group **cash flow statement**
Quarter
Quarter
Quarter Six months Six months
ended
ended
ended
ended
ended
June
March
June
June
June
2004
2004
2003
2004
2003
US Dollar million
Unaudited Unaudited Unaudited Unaudited Unaudited
98
120
130
218
311
9
11
7
20
14
(2)
(3)
(4)
(5)
(10)
-
-
-
-
1
(12)
(26)
(8)
(38)
(18)
-
-
91
-
91

-
-
(91)
-
(91)
(9)
(15)
(62)
(24)
(72)
84
87
63
171
226
Cash flows from investing activities
(150)
(84)
(69)
(234)
(128)
1
4
2
5
2
-
-
-
-
-
(126)
-
1
(126)
1
(5)
-
(1)
(5)
(1)
16
-
1
16
1
(264)
(80)
(66)
(344)
(125)

-
2
-
2
2
-
-
-
-
-
22
997
9
1,019
18
(213)
(472)
(38)
(685)
(51)
(9)
(113)
(5)
(122)
(190)
(200)
414
(34)
214
(221)
(380)
421
(37)
41
(120)
1
8
8
9
18
934
505
340
505
413
555
934
311
555
311
(25)

66
96
41
207
(9)
7
11
(2)
16
70
27
(3)
97
(2)
91
66
57
157
111
(6)
(11)
(9)
(17)
(16)
(11)
(12)
(9)
(23)
(17)
20
21
9
41
17
8
8
7
16
14
-
-
12
-
12
-
(4)
(7)
(4)
(7)
(40)
(48)

(34)
(88)
(24)
98
120
130
218
311
(29)
13
(8)
(16)
(24)
(29)
(23)
(28)
(52)
(39)
18
(38)
3
(20)
39
(40)
(48)
(34)
(88)
(24)
Cash flows from operating activities
Cash generated from operations
Interest received
Environmental and other expenditure
Dividends received from associates
Finance costs
Recoupment tax received: Free State assets
Recoupment tax paid: Free State assets
Taxation paid
Net cash inflow from operating activities
Capital expenditure
Proceeds from disposal of mining assets
Investments acquired
(Acquisition) disposal of subsidiary
Loans advanced
Repayment of loans advanced
Net cash outflow from investing activities
Cash flows from financing activities
Proceeds from issue of share capital
Share issue expenses
Proceeds from borrowings
Repayment of borrowings
Dividends paid

Net cash (outflow) inflow from financing activities
Net (decrease) increase in cash and cash equivalents
Translation
Opening cash and cash equivalents
Closing cash and cash equivalents
Cash generated from operations
(Loss) profit on ordinary activities before taxation
Adjusted for:
Non-cash movements
Non-cash movement on derivatives
Amortisation of mining assets
Interest receivable
Deferred stripping costs
Finance costs
Amortisation of goodwill
Impairment of mining assets
(Increase) in trade and other receivables
Increase (decrease) in trade and other payables
The results have been prepared in accordance with International Financial Reporting Standards (IFRS).
Profit on disposal of assets and subsidiaries
Movement in working capital
Movement in working capital
(Increase) decrease in inventories

Statement of **changes in equity**
Ordinary
Equity
Non -
Other
share
portion of
distri-
Foreign compre-
capital and convertible
butable
currency hensive Retained
Minority
Total
premium
bond reserves   translation
income earnings
Total interest
equity
SA Rand million
Balance at December 2002
9,607
-
138
360
(1,583)
3,853
12,375
347
12,722
Movements on other comprehensive
income
680
680
680
Net profit
991
991
72
1,063
Dividends paid
(1,500)
(1,500)
(60)
(1,560)
Ordinary shares issued
18
18
18
Transfer from non-distributable
reserves

(1)
1
-
-
Translation
1
(540)
135
(404)
(55)
(459)
Balance at June 2003
9,625
-
138
(180)
(768)
3,345
12,160
304
12,464
Balance at December 2003
9,668
-
138
(755)
(2,031)
3,848
10,868
354
11,222
Movements on other comprehensive
income
811
811
811
Net profit
178
178
61
239
Dividends paid
(748)
(748)
(69)
(817)
Ordinary shares issued
9,312
9,312
9,312
Issue of convertible bond

513
513
513
At acquisition of subsidiary
-
22
22
Translation
(1,579)
77
(1,502)
(18)
(1,520)
Balance at June 2004
18,980
513
138
(2,334)
(1,143)
3,278
19,432
350
19,782
US Dollar million
Balance at December 2002
1,120
-
16
43
(185)
449
1,443
40
1,483
Movements on other comprehensive
income
97
97
97
Net profit
123
123
9
132
Dividends paid
(183)
(183)
(8)
(191)
Ordinary shares issued
2

2
2
Transfer from non-distributable
reserves
-
-
-
-
Translation
164
2
(67)
(14)
58
143
-
143
Balance at June 2003
1,286
-
18
(24)
(102)
447
1,625
41
1,666
Balance at December 2003
1,450
-
21
(113)
(307)
577
1,628
53
1,681
Movements on other comprehensive
income
123
123
123
Net profit
26
26
8
34
Dividends paid
(111)
(111)
(11)

(122)
Ordinary shares issued
1,368
1,368
1,368
Issue of convertible bond
82
82
82
At acquisition of subsidiary
-
3
3
Translation
230
1
(260)
-
34
5
3
8
Balance at June 2004
3,048
82
22
(373)
(184)
526
3,121
56
3,177
Attributable to holders of the group
The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

Notes

1.

Basis of preparation: The financial statements have been prepared in accordance with the historic cost convention except for certain financial instruments which are stated at fair value. The group's accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2003.

The summarised group financial statements of AngloGold Ashanti Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), South African Statements of Generally Accepted Accounting Practices (SA GAAP), in compliance with the JSE Securities Exchange South Africa and in the manner required by the South African Companies Act, 1973 for the preparation of financial information of the company for the quarter and six months ended 30 June 2004. However, they do not include all of the information and disclosures required by International Financial Reporting Standards (IFRS) and SA GAAP and the South African Companies Act, 1973 for annual consolidated financial statements.

Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

2.

Cost of sales

Quarter ended

Six months ended

Quarter ended

Six months ended

June

2004

March

2004

June

2004

June

2003

June

2004

March

2004

June

2004

June

2003

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

Unaudited

SA Rand million

US Dollar million

Cash operating costs

2,492

2,095

4,587
4,807
378
310
688
600
Other cash costs
80
59
139
133
13
8
21
17
Total cash costs
2,572
2,154
4,726
4,940
391
318
709
617
Retrenchment costs
7
25
32
5
1
4
5
1
Rehabilitation & other non-cash costs
43
41
84
49
7
6
13
6
Production costs
2,622
2,220
4,842
4,994
399
328
727
624

Amortisation of mining assets
600
446
1,046
893
91
66
157
111
Total production costs
3,222
2,666
5,888
5,887
490
394
884