

OPERATIONAL PROFILE 2017



CERRO VANGUARDIA
ARGENTINA

Cerro Vanguardia, in which AngloGold Ashanti has a 92.5% stake, is the company's sole operation in Argentina. Fomicruz, a state company, owns the remaining 7.5%. Located to the northwest of Puerto San Julián, in the province of Santa Cruz, Cerro Vanguardia operates multiple small open pits with high stripping ratios and multiple narrow vein underground mines. The metallurgical plant has a daily capacity of 3,000t and includes a cyanide recovery facility.

HIGHLIGHTS

PRODUCTION AT HIGHEST RECORD LEVEL IN 18 YEARS

Underground expansion
DELIVERED ON SCHEDULE

ALL-IN SUSTAINING COSTS

stable at \$772/oz, while total cash costs decline by 7% year-on-year

As at 31 December 2017:

- **MINERAL RESOURCE** of 2.64Moz (inclusive) (0.05Moz below infrastructure)
- **ORE RESERVE** of 0.91Moz



Operational performance

Production

Production, the highest level in 18 years at Cerro Vanguardia increased to 283,000oz. This achievement was driven mainly by the increase in tonnes treated at the plant together with operational and metallurgical improvements. In addition, the grades were higher year-on-year, a result of variability in the mining model.

Costs

The 7% drop in total cash costs at Cerro Vanguardia was due mainly to record production, higher by-product contribution and favourable stockpile movements.

Various cost savings initiatives focused on improving efficiencies and production from the underground mine expansion, increasing mill throughput and silver recovery, and capital savings, among others. These cost saving initiatives are expected to continue to offset the combination of higher mining costs and the local currency impacts. Costs were also assisted by improved fleet

availability and cost management initiatives implemented during the year, that resulted in price reductions being negotiated for key consumables such as fuel, ammonium nitrate, cyanide and crushing media. These positive factors were offset by inflationary pressures, particularly salary increases in Argentina that were agreed in October, as well as the elimination of the Patagonia ports rebates at the end of 2016, ending a 10% reimbursement from which Cerro Vanguardia had benefitted previously.

Growth and improvement

Cerro Vanguardia's mine plan was executed on schedule, following the initiative launched in 2015 to accelerate open-pit and underground operations to optimise economic performance over the remaining life of mine, and to potentially increase production. New projects and alternatives to extend life of mine will be assessed during 2018.

Application of the Operational Excellence principles to exploration, Ore Reserve development, mining and metallurgy

is expected to yield improvements in productivity, with benefits from ongoing asset optimisation work.

Capital expenditure

Capital expenditure was lower compared to 2016, owing mainly to a depreciating Argentinian peso against the US dollar. Additionally, a more aggressive capital management approach was implemented with all discretionary capital items being under strict review.

Sustainability performance

For further information on sustainable development activities related to Cerro Vanguardia, including that on safety and health, the environment and communities, refer to:

- *Regional reviews – Americas* in the <IR>, available at www.aga-reports.com
- <SDR>, also available at www.aga-reports.com

CERRO VANGUARDIA — KEY STATISTICS

| | Units | 2017 | 2016 | 2015 |
|---|--------------------------|--------------|-------|-------|
| Operational performance | | | | |
| Cut-off grade ⁽¹⁾ | oz/t | 0.083 | 0.076 | 0.090 |
| | g/t | 2.84 | 2.60 | 3.08 |
| Recovered grade | oz/t | 0.23 | 0.25 | 0.20 |
| | g/t | 7.50 | 7.45 | 6.88 |
| Tonnes treated/milled | Mt | 3.1 | 2.9 | 3.1 |
| Gold production | 000oz | 283 | 281 | 278 |
| Silver production | Moz | 6.2 | 5.2 | 4.4 |
| Total cash cost | \$/oz | 522 | 563 | 625 |
| All-in sustaining cost | \$/oz | 772 | 773 | 873 |
| Capital expenditure | \$m | 54 | 55 | 62 |
| Productivity | oz/TEC | 20.97 | 22.05 | 22.82 |
| Safety | | | | |
| No. of fatalities | | 0 | 0 | 0 |
| All injury frequency rate (AIFR) | per million hours worked | 1.77 | 2.39 | 1.63 |
| People | | | | |
| Total average no. of employees | | 2,001 | 1,877 | 1,687 |
| – Permanent | | 1,250 | 1,209 | 1,190 |
| – Contractors | | 751 | 668 | 497 |
| Environment | | | | |
| Water use | ML | 1,487 | 1,152 | 1,121 |
| Water use efficiency | kL/t | 0.45 | 0.37 | 0.34 |
| Energy consumption | PJ | 1.90 | 1.76 | 1.69 |
| Energy intensity | GJ/t | 0.58 | 0.56 | 0.51 |
| Greenhouse gas (GHG) emissions | 000t | 106 | 120 | 115 |
| GHG emissions intensity | t CO ₂ e/t | 32 | 38 | 35 |
| Cyanide use | t | 1,278 | 1,072 | 1,015 |
| No. of reportable environmental incidents | | 0 | 0 | 0 |
| Total rehabilitation liabilities | \$m | 66 | 63 | 60 |

⁽¹⁾Based on the Ore Reserve.