

# CERRO VANGUARDIA

ARGENTINA



**LEGEND:** 1 Cerro Vanguardia (92.5%)

*Exploration drilling at the Gabriela vein*

**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%.

The operation is in the province of Santa Cruz and operates multiple small open pits with high stripping ratios and multiple narrow-vein underground mines that produce gold with silver as a by-product.

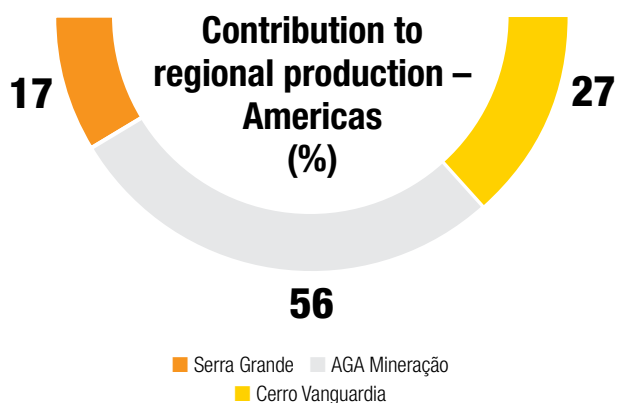
Cerro Vanguardia is currently one of three AngloGold Ashanti operations in the Americas region.

## Operating performance

### Production

Cerro Vanguardia's production of 173,000oz in 2020 was 23% lower than the 225,000oz the previous year. As this is a mature operation and in line with the current life-of-mine plan, this decline in production was largely due to the lower grades mined as well as to reduced tonnages treated owing to the impact of the COVID-19 pandemic.

*(Note: All figures are attributable unless otherwise stated.)*



Contribution to group production\*

**6%**

\* 2020 group production includes the South African operations to September 2020

# PERFORMANCE 2020

Cerro Vanguardia performed well against plan in terms of gold production, supported by processing of the available stockpile. This was despite production having been halted twice during the last quarter of the year – first a voluntary closure after the identification of positive COVID-19 cases at site in November, followed by a mandatory government-imposed lockdown in December.

## Costs

Cerro Vanguardia's all-in-sustaining cost of \$931/oz for 2020 was 8% higher than the \$859/oz the previous year. The higher silver revenue recorded as a result of the higher price received partially offset the lower volumes of gold sold and inflationary pressures, while the depreciation of the Argentinian peso against the US dollar impacted costs positively.

Total cash costs were 4% higher year-on-year, mainly as a result of increased inflation relating to salary increments. Unfavourable stockpile movements, due to lower tonnes mined and treated, and higher royalties on the back of the higher average gold price received also contributed to increased costs. These were partially offset by higher efficiencies derived from lower energy consumption, and reduced maintenance services and spare parts.

## Capital expenditure

COVID-19-related stoppages resulted in reduced Ore Reserve development as fewer metres were developed. Capital expenditure for the year was spent mostly on the replacement of mine equipment. During 2020, the mine continued with its strategy to purchase larger trucks to increase hauling and loading capacity to further improve productivity and haulage volumes. Fleet renewal will continue in 2021.

## Growth and improvement

Starting from the second quarter of 2020, Operational Excellence initiatives included operational and administrative efficiency gains. The most significant efficiency savings resulted from the renegotiation of the natural gas contract.

Increasing mine flexibility was a key focus at Cerro Vanguardia, and exploration for new viable orebodies to extend its mine life continued. This included successful channel sampling and diamond drilling. A total of 25,073m was drilled as part of a long-term programme to pursue the extension of mineralisation along and down-dip of some of the more important veins in the central zone of the district. The drilling programme also targeted minor secondary veins and tested new targets several kilometres away from the main zone.

Plans for 2021 include further diamond drilling to find new exploration targets and determine a new Inferred Mineral Resource to convert the existing Inferred Mineral Resource into Ore Reserve, additional trenching, channel sampling and ground magnetism surveys.

## Sustainability performance

### Safety and health

There were no fatalities in 2020 and overall safety performance improved by 23% with the all injury frequency rate declining to 0.61 per million hours worked.

As a consequence of the COVID-19 pandemic, all operational processes were adapted to prevent the spread of the virus, ensure operational continuity and sustain and improve safety performance.

Compared to 2019, there was a 33% reduction in reportable safety incidents. The safety management system is being enhanced in preparation for certification in line with the ISO 45001:2018 standard. Certification is expected in 2021.

During 2020, work was adapted to allow for social distancing and isolation areas were set up. A consulting room was established for the exclusive use of potential coronavirus cases, new operating procedures were drafted and materials acquired for the treatment of COVID-19. Awareness training and education was provided with protocols being reinforced to protect the health of all employees. Healthcare improvements included the use of our own medical professionals, the digitisation of the X-ray service and the hiring of laboratory technicians to help with COVID-19 testing.

The COVID-19 protocols implemented in the first half of 2020 remain in place and are monitored daily by the operational crisis committee formed by senior leadership and health specialists at each operation.

### Employee relations

AngloGold Ashanti strives to establish and maintain constructive relations with our employees and their union representatives, based on our corporate values and our determination to embed interest-based collective bargaining. Working closely with our sites, we are also at the forefront of ensuring that we comply with local legislation and regulatory obligations.

At Cerro Vanguardia, 90% of employees are unionised. The most recent salary and wage negotiations agreed increases with effect from 30 April 2021.

### Environment

Our environmental stewardship activities are focused on managing the impact of our operations on land, water, air and energy resources.

Environmental management processes are governed by our Group Environment Policy, Standards and Guidelines. The combined assurance audits to assess conformance with our Environmental Standards were impacted by COVID-19 related restrictions, resulting in remote reviews. These reviews will be augmented once the restrictions are lifted.

## PERFORMANCE 2020

Most of the annual environmental monitoring programme was completed, including the monitoring of surface and groundwater, soils, vegetation, fauna, and gaseous emissions from fixed and mobile sources, as well as particulate matter. This monitoring included both the direct operational area and the control area, with the latter being free of disturbance by human activity. The comparative results showed no deficiencies.

Following a successful external audit of its environmental management system, Cerro Vanguardia received its ISO 14001:2018 recertification.

No reportable environmental incidents occurred at Cerro Vanguardia during 2020.

### Communities

Our ability to operate successfully is premised on our engagement with communities in an atmosphere of mutual respect. We remain committed to sharing value with communities through training and supplier development programmes and the localisation of employment and procurement opportunities.

We recognise the complexity and diversity of the cultural, economic and social landscapes in which we operate; and aim to balance our ethical responsibilities, regulatory obligations and business objectives. Our host and local communities face intricate socio-economic challenges – especially poverty, high unemployment rates, low economic growth, inadequate infrastructure and access to basic services.

In Argentina, Cerro Vanguardia has engaged with the community of San Julián since the start of the operations more than 22 years ago. In 2004, a development agency was established in collaboration with the mine, local and provincial authorities, the university, the local rural association, and the Chamber of Commerce. The work of this agency has been financed mainly by the mine since its inception.

### COVID-19 community response

AngloGold Ashanti's community response to the COVID-19 pandemic included:

- Donations to the province of Santa Cruz including the provision of a range of hospital resources such as disposable coveralls, transparent glasses, latex gloves and breathing units
- Supply of ingredients for hand sanitiser to the Puerto San Julián police department and disposable coveralls to the fire department
- Payment of employee salaries and benefits during operational shutdown
- Donation of \$500,000 to National Health Ministry for COVID-19 detection reagents kits



*Guanacos, which are native to South America, roam freely in the vicinity of Cerro Vanguardia*

# PERFORMANCE 2020

## Key statistics

Cerro Vanguardia	Units	2020	2019	2018
<b>Operating performance</b>				
Cut-off grade <sup>(1)</sup>	oz/t	0.008	0.010	0.013
	g/t	0.27	0.33	0.45
Recovered grade	g/t	2.13	2.19	2.98
Tonnes treated/milled	Mt	2.2	2.8	2.8
Gold production	000oz	173	225	282
Silver production	Moz	3.6	3.4	5.9
Total cash costs	\$/oz	699	673	476
All-in sustaining costs	\$/oz	931	859	652
Capital expenditure	\$m	29	31	33
Productivity	oz/TEC	13.62	16.68	20.63
<b>Safety performance</b>				
No. of fatalities		0	0	1
All injury frequency rate (AIFR)	per million hours worked	0.61	0.79	0.76
<b>People</b>				
Total average no. of employees		1,566	1,698	1,775
– Permanent		1,140	1,130	1,179
– Contractors		426	568	596
<b>Environmental performance</b>				
Water use	ML	1,392	1,512	1,596
Water use efficiency	kL/t	0.61	0.52	0.55
Energy consumption	PJ	1.56	1.86	1.87
Energy intensity	GJ/t	0.69	0.64	0.65
Greenhouse gas (GHG) emissions	000t	83	101	102
GHG emissions intensity	t CO <sub>2</sub> e/t	37	35	35
Cyanide use	t	1,044	995	1,074
No. of reportable environmental incidents		0	0	0
Total rehabilitation liabilities	\$m	89	77	69
<b>Social performance</b>				
Community investment	\$000	3,813	3,864	7,745
Payments to government	\$m	131	131	112

<sup>(1)</sup> Based on the Ore Reserve.

For further information on AngloGold Ashanti and its work and performance, as a group and in the Americas region, see the <IR> and <SR> which are available online at [www.aga-reports.com](http://www.aga-reports.com)