

GUINEA

SIGUIRI

For the year ended 31 December 2005



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About this report:

AngloGold Ashanti is committed to reporting to a broad range of stakeholders. In addition to its operational and financial performance the company also reports on its economic, social and environmental performance – the so-called triple bottom line.

This country profile forms part of a broader group Report to Society, which is available on the company's website, or from the contacts detailed below.

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Message from Brent Horochuk

Siguiri considers 2005 as a year of achievement both operationally and in terms of its local community initiatives. Following the initial commissioning of the newly constructed carbon-in-pulp plant during February, the mine has delivered on production as promised, with the second, third and fourth quarters all achieving budgeted ounces. In addition, Siguiri operations suffered only four lost-time injuries, making it an excellent year with regard to safety awareness.

Alongside our operational and financial targets are the many contributions to the local communities. Siguiri continues to pay the government of Guinea a 3% royalty on revenue and an additional 0.4% of revenue is provided as a community development levy. This 0.4% funding is controlled by a community development committee, chaired by the local prefecture, which works in conjunction with Siguiri mine's representative, the *Centre Canadien d'étude et de coopération Internationale* (CECI). With the recent increase in the spot price of gold coupled with an impressive increase in ounces produced, the community benefited from the increase in development initiatives which amounted to over \$540,000.

During February, leaders of the World Bank were invited by the government to see at first-hand Siguiri's community development process and the success rates achieved to date. After reviewing several other mining operations in Guinea, they concluded that Siguiri's community development methodology should be adopted by all other extractive industries within the country in conjunction with the government's Extractive Industries Transparency Initiative (EITI).

In addition to the mandated taxes, Siguiri mine continued to assist with various community issues such as providing an 850Kw generator and fuel provisions to the town of Siguiri, the reconstruction of the Siguiri to Koron roads, and rice farming assistance for the Koron Ladies' Association (which was awarded a special citation from the government). Siguiri also contributed to several legitimate requests from the local communities for assistance with events such as Ramadan, the pilgrimage to Mecca, and the Tabaski Feast.

During the year Siguiri played host to several top ministers including those from the departments of Mining and Geology, Information, Interior & Decentralisation, Small Industries and Finance. All of them were most gracious in their praise for the ongoing contributions that the mine has made to the local communities and its people, as well as for the substantial investments in the mine to ensure its future.

As part of Siguiri's ongoing health initiatives, a Cholera Awareness Programme, which included the use of posters, live demonstration and instruction, was run at all local villages. The HIV/AIDS Awareness Campaign continues within the local environs and the mine's chief medical officer also sits on the National Awareness Committee.

Brent Horochuk
Managing Director: Siguiri

Introduction

The Siguiri mine is AngloGold Ashanti's only operation in the Republic of Guinea in West Africa. Formerly an asset of Ghanaian-based Ashanti Goldfields, it became part of AngloGold Ashanti in April 2004 when the business combination of Ashanti and South African-based AngloGold became effective.



Siguiri

Ownership: 85% owned by AngloGold Ashanti and 15% by the government of Guinea.

Agreement with government: In July 2005 agreement was reached between AngloGold Ashanti and the government of Guinea to amend the *Convention de Base* (Stability Agreement) which regulates the company's operations in Guinea and to resolve any outstanding disputes. A dispute between the parties in 2004 had led to government embargoes on the sale of gold and the import of fuel which had a significant impact on production.

As part of the settlement AngloGold Ashanti agreed to pay the government the sum of \$7 million and to meet the historical and follow-up fees and costs of a consultant retained by the government to advise and assist it in the negotiations to resolve the dispute. The government has irrevocably confirmed its waiver and abandonment of all claims and disputes of any nature whatsoever against AngloGold Ashanti.

Location: Siguiri gold mine is situated in the Siguiri district in the north-east of the Republic of Guinea, West Africa, about 850 kilometres from the capital city of Conakry. The nearest major town is Siguiri (some 50,000 inhabitants), located on the banks of the Niger River.

Mining and processing: All ore and waste is mined by a mining contractor in a conventional open-pit mining operation.

During 2005 the mine made the transition from heap-leach operations to the newly commissioned carbon-in-pulp (CIP) plant.

Geology: This concession is dominated by Proterozoic Birmanian rocks which consist of turbidite facies sedimentary sequences. There are two main types of gold deposits that occur in the Siguiri basin: laterite or CAP mineralisation and in situ quartz-vein-related mineralisation. The laterite or CAP mineralisation occurs as aprons of colluvial or as palaeo-channels of alluvial lateritic gravel adjacent to and immediately above the in situ vein-related mineralisation, which is hosted in meta-sediments with the better mineralisation associated with vein stockworks that occurs preferentially in the coarser, brittle siltstones and sandstones.

Performance in 2005: Production at Siguiri rose during the year as the mine made the transition from heap-leach operations to the CIP plant. This was despite a delay in the construction of the plant, problems experienced in commissioning and a series of pipeline failures which hampered optimal performance.

Total attributable production for the year amounted to 246,000 ounces, at a total cash cost of \$301 per ounce, reflecting a decrease in cash costs of 32% year-on-year. As a result, gross profit adjusted

for the effect of unrealised non-hedge derivatives rose to \$12 million. Capital expenditure of \$36 million was spent mainly on completion of the CIP plant.

Government remittances: AngloGold Ashanti paid \$5 million in royalties in 2005.

Growth prospects: The CIP plant has changed the nature of this operation. Whereas Siguiri was previously a heap-leach operation, constrained by limited economically treatable mineral resources, the mine is now able to exploit economically the saprolitic ores that extend below the base of the existing pits.

There is still considerable exploration potential proximal to the existing mine infrastructure. In 2005 aggressive Level 3 exploration was conducted on a number of targets in Block 1 and on the most promising target in Block 2. Considerable success was achieved particularly from two targets north of but proximal to the mine: Kintinian and Eureka North. Kintinian remains open-ended and delineation work is to continue in 2006. Resource conversion work (inferred to indicated) is also to start on the 2005 discoveries while a further 600,000 new ounces are being targeted in the 2006 Level 3 exploration programme.

Outlook: It is expected that in 2006, attributable production will rise to between 255,000 and 260,000 ounces as the residual heap-leach ounces are depleted completely and CIP ounces make up all production. The total cash cost is expected to be between \$308 and \$320 per ounce. Capital expenditure is projected to be between \$21 and \$22 million and will be spent mainly on a tailings storage facility, tailings pipeline replacement and exploration drilling.

† Throughout this report \$ refers to US\$.

Siguiri

		2005	*2004
Gold production 100%	(000oz)	289	98
Gold production 85%	(000oz)	246	83
Total cash costs	(\$/oz)	301	443
Total production costs	(\$/oz)	414	534
Capital expenditure 100%	(\$ million)	36	57
Capital expenditure 85%	(\$ million)	31	48
Total number of employees		1,978	2,606
Employees		1,170	1,194
Contractors		808	1,412

* for eight months from May 2004

Mineral resources and ore reserves

Mineral Resources and Ore Reserves are reported in accordance with the minimum standard described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition), and also conform to the standards set out in the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the Samrec Code). Mineral Resources include the Ore Reserve component.

AngloGold Ashanti had Mineral Resources of 175.8 million ounces and Ore Reserves of 63.3 million ounces as at 31 December 2005. Of these, Siguiri accounted for Mineral Resources of 4.3 million ounces and Ore Reserves of 1.6 million ounces.



		Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
Mineral Resources (as at 31 December 2005)							
Siguiri (85%)	Measured	23.6	0.62	14.7	26.0	0.018	0.5
	Indicated	58.7	1.03	60.3	64.7	0.030	1.9
	Inferred	90.4	0.63	57.2	99.7	0.018	1.8
	Total	172.7	0.77	132.2	190.4	0.022	4.3
Ore Reserves (as at 31 December 2005)							
Siguiri (85%)	Proved	23.6	0.62	14.5	26.0	0.018	0.5
	Probable	36.7	1.00	36.6	40.5	0.029	1.2
	Total	60.3	0.85	51.1	66.5	0.025	1.6

Community

A fundamental philosophy of the company is that its operations and activities should contribute towards long-term sustainable development and that communities should be better off for AngloGold Ashanti having been there. Total corporate social investment expenditure in 2005 was \$8,752,407, of this amount \$552,021 was spent in Guinea.

AngloGold Ashanti strives to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments which affect them, throughout the life cycle of its operations.

At Siguiri stakeholder engagement takes place at many levels, from local community members (whose main concerns relate to environmental issues and job creation) to the prefecture and various district committees, representatives of elders and national government.

Community social investment issues are dealt with by the Prefectural Council for the Development of Siguiri, which is overseen by the international non-government organisation, CECI. Social investment initiatives are funded from a mandatory 0.4% levied on the earnings of the mine. Investment decisions are based on both need and the impact of the operation on the community.

Local economic development

Local economic upliftment and the development of alternative livelihoods is a fundamental focus of AngloGold Ashanti's corporate social responsibility programme in West Africa.

Siguiri is encouraging the cultivation of cassava and cashew nuts to stimulate the local economy.

As part of its support for urban renewal and development in the region, it financed the maintenance of the Siguiri Airstrip at a cost of \$35,000 in 2005. The airstrip is the only air transport facility in the district and it serves scores of business people, miners and politicians who visit the district. The reconstruction of the 22-kilometre road from Siguiri to Koron, which started early in March was completed in August 2005. Financed by the mine at a total cost of \$345,000, the road is one of the major commercial highways in the district of Siguiri. It is used by the people in the district as well as by the mine and other businesses in the area and beyond. Commuters now travel comfortably and for shorter periods of time and the new road has also drastically reduced the number of vehicle accidents.

First private radio station

The mine has also financed (\$120,000) the district's first private radio station. The project was completed and commissioned in April 2005. More than 300,000 people listen to the station as transmission goes beyond the district. Radio Locale's programmes concentrate on health and sanitation, road safety, agriculture, small businesses, folk literature and music, and Islamic evangelisation. The minority Christian population uses the radio on Sundays. Special educational programmes in French are run during the day for students. The mine also uses the radio to inform the communities of its activities in terms of corporate social responsibility, community relations and recruitment.



Civil work on the expansion and modernisation of the Siguiri Sports Stadium is progressing. The mine is financing the project through its contribution to the Siguiri Development Committee and, to date, \$100,000 has been made available.

Artisanal mining in Africa

Mining companies working in Africa are having to find innovative strategies to effectively manage the presence of artisanal or small-scale miners operating on or near the company's operations and exploration sites on the continent. It is an issue that AngloGold Ashanti has to deal with in Guinea, Ghana and Tanzania.

Artisanal mining has been practised for centuries, and has become an important and traditional source of subsistence livelihood for many communities. Because of the nature of their operations – small-scale, competitive and often unregulated – these miners operate in dangerous conditions, frequently using unsafe methods of tunnelling, mining, and indeed processing, which are detrimental to the health and the environment of their surrounding communities.

The presence of large-scale mining companies is frequently met with resistance as these traditional miners perceive their livelihoods to be threatened by formal operations. On the other hand, mining operations and personnel are at risk from illegal miners encroaching

on the lease areas.

AngloGold Ashanti has begun working closely with a number of other stakeholders in addressing how best to find a balance between its own commercial interest in its mining concessions and the small-scale miners' claims.

Artisanal mining is a safety, health and environmental concern (both to employees and the artisanal miners themselves) that needs to be managed. Furthermore, the company's security arrangements are under ongoing review to ensure that human rights considerations are fully factored into dealings with the artisanal miners and all parties concerned.

Artisanal mining at Siguiri

At Siguiri the threat of artisanal miners encroaching on mine property is high, particularly as mining has advanced to within close proximity of traditional artisanal mining areas. A policy is in place with regard to the treatment of artisanal miners by security personnel. Specifically, any illegal miners detained by members of the security staff must be handed over to the local authorities as soon as practically possible to allow for the legal process to take its course. The mine also communicates with artisanal miners and community members with regard to safety and health. Despite this, an artisanal miner was fatally injured on mine property during 2005 when a pit wall, in which he was illegally working, collapsed.

Awards

- *Cellule Nationale Pour La Promotion Des Action Du Général Lansana Conté* awarded in recognition of Siguiri's efforts in support of the president's promotion of agriculture in the country.
- The ministers of mines, finance, interior and information have all commended the mine for its community relations projects and the government has proposed its adoption as a benchmark for other mining companies.

Labour practices

AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO) and endeavours to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour. By virtue of its South African domicile, the company is subject to certain conventions signed by the South African government including the ILO's human rights and social conventions (ILO 29, 87, 98, 100, 105, 111 and 138).

In line with the company's upholding of human rights conventions, freedom of association is encouraged and collective bargaining structures are recognised in the regions where these

structures commonly exist, as they do in Guinea.

A four-day wildcat strike took place at Siguiri during 2005. It was related to wage demands prior to the beginning of the collective bargaining process and was largely as a result of local inflation. The strike was resolved in negotiations between management and union representatives. During the collective bargaining process agreement was reached on a range of issues including wages, family transport and accommodation benefits.

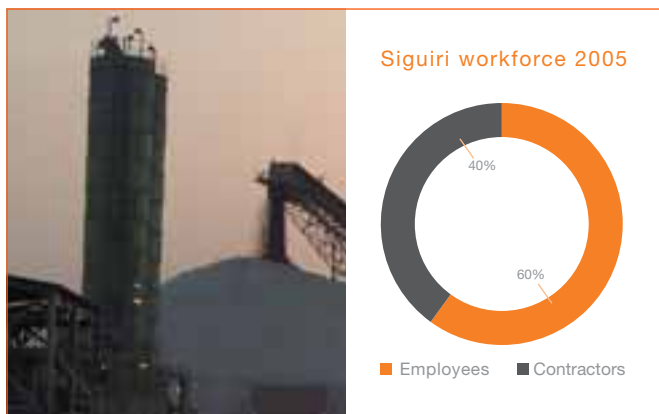
AngloGold Ashanti has in place a variety of strategies and structures designed to promote participation at all levels within the company. These are developed and adapted regularly to meet

operational requirements and changing circumstances.

Management and employee representatives meet both formally and informally at industry, company and operational level on a wide range of issues to share information and address matters of mutual interest.

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which aims to promote an organisational culture that recognises the diversity of the societies within which the company operates, and which affords all employees the development opportunities that will enable them to achieve their optimal levels of career development during the period of their employment. AngloGold Ashanti's employment equity and equal opportunity programme covers employee development and retention, strategies to counteract losses, career development and the promotion of mobility in an environment that is free of unfair discrimination.

Legislation in Guinea stipulates that priority should be given to Guinean nationals for all jobs. If a citizen of the country cannot be found for a particular position, an expatriate may be hired for a two-year contract, which may only be renewed once.



AngloGold Ashanti places great emphasis on the training and development of its workforce. It is committed to providing all employees with the opportunity to participate in training that will improve their workplace competency and to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of that person's workplace.



Environment

AngloGold Ashanti's environmental philosophy and practice are guided by the company's business principles and environmental policy. Operations are subject to the environmental laws, rules and regulations of the countries in which they are situated. Where no such laws exist or where these laws are perceived to be inadequate, the operations are guided by the company's business principles, environmental policy and the tenets of good practice.

The company's environmental policy and strategy is overseen by the board Committee on Safety, Health and Sustainable Development and driven at the corporate level. Within each region, the environmental manager provides advice to the relevant management teams. At most operations, on-site environmental professionals are responsible for implementing the mine's environmental programme and advising the general manager. Regional environmental offices and the operations themselves may engage specialists who consult to the operations.

AngloGold Ashanti's reporting protocol enables the company to identify and manage the risks and impacts of environmental incidents as well as their associated costs. The protocol provides the appropriate level of information to advise the executive of the board of the nature and occurrence of important incidents and management's response to these. It also stipulates that a major incident must be reported within 24 hours.

AngloGold Ashanti has formally adopted ISO 14001 as the standard for the company's environmental management system during 2005 and has set itself the target of achieving certification of all its operating mines, including Siguiro, by the end of 2006.

The use of cyanide in the recovery of gold is a core concern for the gold mining industry and is critical to its viability. AngloGold Ashanti was party to the development of the International Cyanide Management Code and was one of the first signatories announced in November 2005. The code is a voluntary industry programme for

About ISO 14001

The International Organization for Standardization (ISO) is a voluntary not-for-profit network of national standards institutes from 146 countries with a Central Secretariat in Geneva, Switzerland, that co-ordinates the system. ISO 14001 focuses specifically on environmental management systems, and was first published in 1996. It applies to those

environmental aspects over which the organisation has control and over which it can reasonably be expected to have an influence.

ISO 14001 certification is the only ISO 14000-series standard against which it is currently possible to be certified by an external certification authority. Based on regular auditing by an appropriately accredited external body, an organisation may state that it is ISO 14001 certified.

companies that use cyanide in the production of gold. Its codes and principles commit signatories to manage cyanide in a responsible manner.

In all jurisdictions in which the group operates, the company is required to provide financial assurance – in a form prescribed by law – to cover some or all of the costs of the anticipated closure and rehabilitation for the operation. AngloGold Ashanti devises plans before the start of the operation and these are updated regularly to take into account life-of-mine projections.

In terms of rehabilitation the main objectives and ambitions of Siguiiri mine are to implement sustainable socio-economic

developments within the Siguiiri environs thereby improving the livelihood of its communities with sufficient means over the life of mine.

AngloGold Ashanti Guinea – environmental statistics 2005

Total environmental liability	\$ million	8.5
Cyanide use	kg	3,354,000
Water usage	m ³	3,717,191
Energy use	GJ	4,057,888



Occupational safety and health

Siguiiri reported another excellent safety year, reducing its lost-time injury frequency rate (LTIFR) per million man-hours from 0.94 in 2004 to 0.64 in 2005.

Managing safety and health

Safety and health performance is monitored and managed as an integral part of operational performance. While the group sets minimum guidelines for the company as a whole in respect of safety and health, regions and operations are encouraged to develop their own specific principles, guidelines and policies in line with local conditions and legislation.

Siguiiri has its own on-mine medical centre which is overseen by three medical doctors and has a facility for minor surgery and accommodation for 14 bed patients. The facility is available to the entire workforce and dependants, and also provides limited services to surrounding communities.

Employee participation

AngloGold Ashanti strives for employee involvement and consultation with employees or their representatives in the implementation of

safety and health principles. Safety and health agreements and policies, which have been negotiated with representative unions, are in place at many of the operations.

The company also believes in the importance of communication with employees on safety and health issues to create awareness and commitment to standards and best practices. Communication tools include meetings, notices and signage, the intranet, mine-based newsletters, safety newsletters, launches and other events, posters, videos and induction procedures.

Regional health threats

Malaria

During 2005, 159 cases of malaria were reported amongst Siguiiri's employees. This equates to a malaria lost-time injury frequency rate (MLTIFR) of 23.7 per million man-hours. The MLTIFR allows the rate to be compared with the conventional LTIFR and clearly demonstrates the negative impact malaria has on productivity and health in the workplace.

A malaria audit was undertaken recently at Siguiiri and an appropriate programme is being developed. In the interim, an entomology study has been commissioned. One of AngloGold

Ashanti's objectives for 2006 is to complete a malaria baseline study at Siguiri mine.

HIV/AIDS management

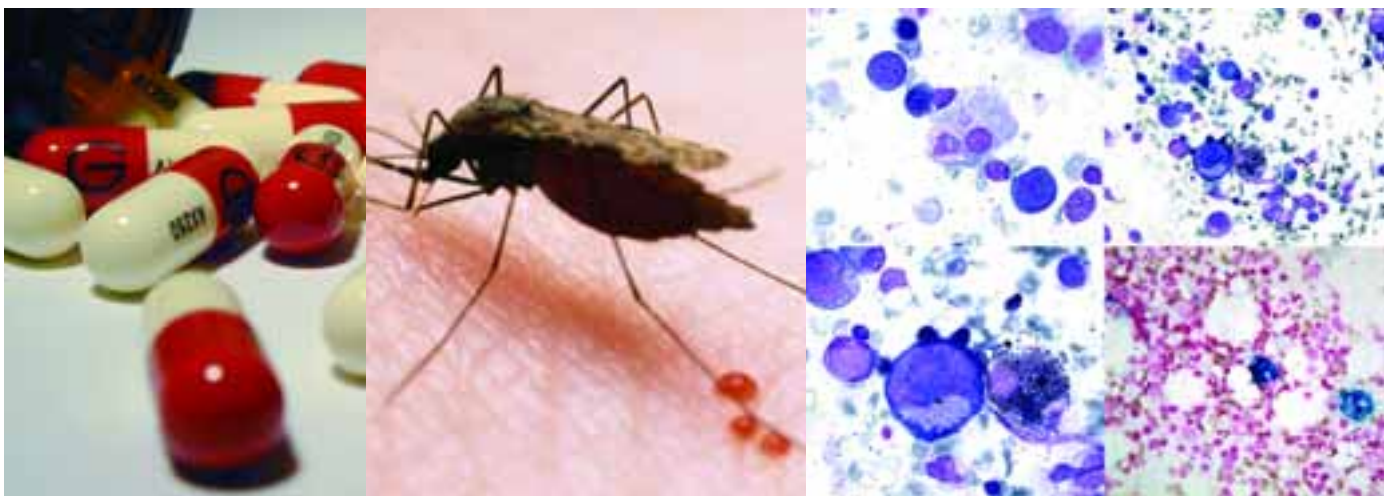
HIV/AIDS programmes are part of AngloGold Ashanti's policy to reduce the rate of new infections among its workforce and the efficient management of those already infected. While the company plays an advisory role in the development and delivery of HIV/AIDS programmes, individual operations are responsible for the programmes and initiatives which are frequently undertaken in collaboration with government bodies and non-governmental organisations (NGOs).

In Guinea, a national HIV/AIDS Committee oversees the work done by individual companies, national organisations and NGOs. At the Siguiri mine, the Comity SIDA Enterprise SAG, a committee comprising members of management, the union and local authorities, has developed an action plan in respect of the

management of HIV/AIDS.

HIV/AIDS campaign at Siguiri in Guinea

While the estimated national HIV/AIDS prevalence level is around 2.8% in Guinea, the estimated prevalence level at Siguiri is in the region of 0.04%. Nonetheless, the mine involves itself in educational campaigns not only amongst workers, but also in the surrounding community. Central to its strategy is an HIV/AIDS sensitisation campaign that involves the promotion of voluntary counselling and testing (VCT) and the distribution of condoms. VCT is provided free of charge to employees and their families, contractor employees and community members at the Koron Medical Centre. In 2005, 145 employees and their family members underwent VCT, as well as 104 local community members. On International AIDS Day on 1 December 2005, the mine's medical personnel were involved in an awareness campaign at work and in local villages, conducting educational talks and distributing T-shirts and condoms.



Anti-cholera campaign

Siguiri mine embarked on a cholera education and awareness campaign at the mine and in neighbouring communities to assist in efforts to curb cholera outbreaks. Siguiri aims to reduce significantly the incidence of cholera through preventive measures. Inroads have already been made through Siguiri Radio Locale with the rural radio station being used to transmit education and awareness messages on cholera prevention, often reaching beyond the Siguiri footprint so that, in effect, an even greater number of people benefit from the campaign.

During 2005 a seven-person medical outreach team, headed by the mine's medical officer, was given the task of carrying out a comprehensive anti-cholera education programme, aimed at mine employees and the greater Siguiri district. Set against a backdrop of strengthening relations with Siguiri's neighbouring communities, a delegation comprising professionals from the Koron Medical Centre, representatives from the public and community affairs department of the Siguiri Prefect and journalists from Siguiri's local radio station visited 18 villages in Boure, a gold mining zone that attracts small-scale and artisanal miners.

The campaign's key education and awareness messages

focused on the causes of cholera, its treatment and prevention with an emphasis on hygiene.

Over a 15-day period between 24 October and 8 November 2005, the delegation met with mine employees, as well as the local authorities, village chiefs and elders of the region's various districts and sectors: Siguiri, Kintinian, Setiguiya, Kamatiguiya, Kourani, Doubaya, Diaraya, Balato, Fatoya, Boukaria, Samani, Kofilani, Kourouda, Fenserekolen, Silabada, Kolenda, Tintisabani, Linkekoro and Cite Koron. Participants took the opportunity to apprise the delegation of specific infrastructural needs which would assist in successful cholera prevention and general community upliftment. They included drilling more boreholes to allow year-round access to water, and the construction of clinic facilities, schools and roads.

Following the campaign the delegation informed Siguiri mine management of these requests, which would contribute both to closer relations between the mine and communities and to the socio-economic development of Siguiri and the Boure zone. The mine assured the communities that it would continue to invest in social programmes that would enhance the lives of its employees and neighbouring societies.