

MALI

MORILA

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.

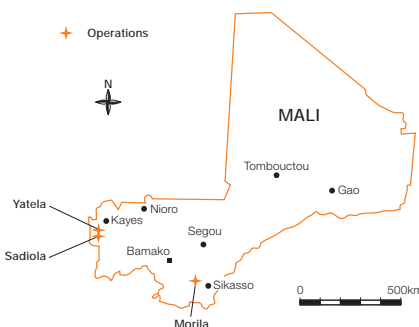
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Message from Richard Le Sueur

At Morila we take a longer term view of safe and efficient gold production. A key aspect of our strategy is our performance in the areas of occupational health and safety, the environment and interaction with communities. This is because we value our people, we respect our host communities and we believe that excellence in these areas is fundamental to the sustainability of business in the country in which we operate. We are committed to creating value for our shareholders and stakeholders alike in an environmentally responsible fashion.

We are proud that Morila was awarded second place in the National Safety Board Competition (*INPS – Institut National de Prévoyance Sociale*) in April 2005 for our performance during 2004. Morila's power generation plant shared the prize for the Rolls Royce Power VENTURES 'Best Overseas Operation', awarded for health, safety and environmental management, having won it outright in 2004. We will continue to improve our safety, health and environmental performance through behaviour-based safety initiatives and targeted risk reduction. Morila is vigorously pursuing ISO 14001 certification by the end of 2006, having achieved 80% compliance by December 2005. AngloGold Ashanti's adoption of the International Cyanide Management Code has been enthusiastically embraced by our management and full compliance is also expected by the end of 2006.

To date Morila has spent \$1.2 million on sustainable community projects, as well as funding malaria control and supporting HIV/AIDS awareness programmes in the local communities. In an exciting development, USAID has tabled a partnership proposal to assist both financially and technically in the management of sustainable community development.

Morila is a robust world-class orebody and has, since commissioning in October 2000, produced 3.7 million ounces of gold at an average unit operating cost of \$170 per ounce. Over the same period the operations have contributed some \$230 million in taxes, duties and dividends to the national economy. With the government exoneration period having expired on 15 November 2005, Morila will contribute proportionally more as full company taxes are levied.

During 2005 a huge effort was made to streamline the newly upgraded Morila plant and by year end the expanded plant capacity of 350,000 tonnes per month was reached. Three years of proven open-pit ore supply remain and gold production is planned to be in the region of 550,000 ounces per year (220,000 attributable). Thereafter Morila will supply its plant from lower grade surface stockpiles for an additional four years until closure in the first quarter of 2013. In response to the reducing reserve base, Morila has embarked on an aggressive exploration programme in 2006 to identify possible near-pit extensions to the existing orebody as well as to identify related but separate orebodies that may lie within our current lease area. Initial results are very encouraging.

We are well placed to take up the challenges of the future and the Morila team looks forward to life beyond 2013.

Richard Le Sueur
Chief Executive
Morila Gold Mine

Introduction

AngloGold Ashanti has three mines in Mali: Morila, Sadiola and Yatela. In July 2000 the company acquired a stake of 40% in Morila from Randgold Resources. AngloGold Ashanti manages Morila, which was officially opened in 2001.



Morila

Ownership: AngloGold Ashanti and Randgold Resources each hold a 40% interest in the Morila Joint Venture. The balance of 20% is held by the Malian government.

Location: This mine is situated some 180 kilometres by road south-east of Bamako, the capital city of Mali, which is 600 kilometres south-east of Sadiola mine.

Geology: Morila is a predominantly flat lying mesothermal shear-zone-hosted deposit which occurs within a sequence of metamorphosed Birimian meta-sediments (amphibolite facies). Gold mineralisation is associated with silica feldspar alteration and the sulphide minerals arsenopyrite, pyrrhotite, and pyrite (with minor chalcocopyrite).

Mining and processing: Mining is from a single open-pit operation, utilising conventional truck and shovel methods. On completion of mining, the final pit void will be approximately 1 by 0.8 kilometres and up to 240 metres in depth. The plant comprises a conventional carbon-in-leach (CIL) process with an upfront gravity section to extract the free gold. Throughput capacity is 350,000 tonnes per month; 4.2 million tonnes annually.

Operating performance: Morila's production rose to 262,000 attributable ounces for 2005, resulting from higher tonnages and an increase in the overall grade of 22% to 5.41g/t.

A strike by employees of the mining contractor in the third quarter affected both tonnages and costs. Overall, however, total cash costs were well contained and, at \$191 per ounce, are amongst the best in the industry.

Gross profit adjusted for the effect of non-hedge derivatives rose by 56% to \$39 million.

Capital expenditure of \$2 million (attributable) was at a similar level

to that of 2004, and was incurred mainly on plant modifications, infill drilling and the purchase of a tower crane.

Government remittance: In 2005 AngloGold Ashanti's attributable contribution to royalties was \$7 million. The Malian corporate tax exemption period ended on 15 November 2005.

Growth prospects: A regional drilling programme, with a view to finding another significant orebody, is being conducted throughout 2006 at a cost of approximately \$4 million.

Outlook: In 2006 gold production is expected to decrease between 215,000 and 223,000 ounces, at a total cash cost of \$274 to \$286 per ounce, reflecting predicted lower head grades. Capital expenditure of about \$0.8 million is anticipated. AngloGold Ashanti's attributable contribution to royalties was \$7 million. The Malian corporate tax exemption ended on 15 November 2005.

* Throughout this report \$ refers to US\$

Morila

		2005	2004
Gold production (100%)	000oz	655	510
Gold production (40%)	000oz	262	204
Total cash costs	\$/oz	191	184
Total production costs	\$/oz	293	263
Capital expenditure (100%)	\$ million	5	4
Capital expenditure (40%)	\$ million	2	2
Total number of employees		1,183	1,398
Employees		478	479
Contractors		705	919



Mineral resources and ore reserves

Mineral Resources and Ore Reserves are reported in accordance with 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, the three mines in Mali (Morila, Sadiola and Yatela) accounted for attributable Mineral Resources of 6.1 million ounces and Ore Reserves of 2.0 million ounces.



		Metric		Imperial			
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
Mineral resources – attributable (as at 31 December 2005)							
Morila (40%)	Measured	8.0	2.73	21.9	8.8	0.080	0.7
	Indicated	5.6	3.00	16.8	6.2	0.087	0.5
	Inferred	1.5	3.19	4.8	1.7	0.093	0.2
	Total	15.1	2.87	43.5	16.7	0.084	1.4
Ore reserves – attributable (as at 31 December 2005)							
Morila (40%)	Proved	6.4	2.78	20.5	7.0	0.081	0.7
	Probable	2.5	4.17	9.0	2.7	0.122	0.3
	Total	8.9	3.19	29.5	9.8	0.093	0.9



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 \$241,533 was spent by Morila.

In line with AngloGold Ashanti's business principles, social investment initiatives are aimed at making both a practical and a meaningful contribution in those areas of greatest need. A fundamental philosophy of the company is that its operations and activities should contribute towards the long-term sustainable development of its host communities. This is particularly challenging for sometimes short-lived mining operations or exploration projects. A difference can be made, however, through:

- supporting procurement activities;
- the contribution of redundant assets to the communities;

- assistance with the establishment and development of small- to medium-sized sustainable enterprises; and
- the outsourcing of the provision of goods and services to local vendors where appropriate.

Local non-government organisation ASERNI (*Association d'Etude et des Mise en Valeurs des Ressources Naturelles et des Institutions*) undertook a socio-economic review of the area surrounding Morila and this has formed the basis for the establishment of a development foundation at the mine. The foundation will manage long-term sustainable development projects aimed at preparing communities for mine closure.

AngloGold Ashanti strives to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments which affect them, throughout the lifecycle of its operations. Extensive stakeholder engagement structures exist, including relations with government, media, organised business and the communities themselves, and communication is conducted on a regular basis.



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.

Environmental incidents

AngloGold Ashanti's reporting protocol enables the company to identify and manage the risks and impacts and 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.

In March 2005, 12 bird fatalities were recorded on the tailings storage facility (TSF) at Morila. The most probable cause of death was cyanide poisoning after consumption of contaminated water. Controls were tightened up after this incident.

Use of cyanide

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

AngloGold Ashanti 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 for all its operating mines, including Morila, by the end of 2006.

Tailings rehabilitation

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 preparation for mine closure in 2013, Morila is conducting technical studies at its TSF and waste rock dumps to establish the most efficient and cost-effective rehabilitation measures at these two sites.

The pilot study, which is being carried out by Morila's on-site environmental team, is investigating whether mine-specific factors may have an impact on generally accepted best practice closure plans. Because operating and climatic conditions vary from



operation to operation and from country to country, the trials may prove that there is no 'one-size-fits-all' model. For example, generally accepted best practice may specify that 300 millimetres of topsoil is needed for effective re-vegetation of a non-specific waste rock dump, whereas technical studies may indicate that at Morila the volume of topsoil needed could be reduced drastically, if mixed with non-acid-forming waste rock. This would obviously have significant cost advantages.

A number of simulated tests are being undertaken at the TSF and the waste rock dump, both of which will eventually be rehabilitated with rock and/or soil. The waste rock dump will be re-vegetated with indigenous trees. Tests are being conducted at the TSF to determine the chemical characteristics of the various tailings types, and their potential to produce acidic leachate, also known as acid rock drainage. This substance has the potential to contaminate ground and surface water.

The results of the test will inform the type and amount of cover required to cap the TSF. Using 2-metre-high columns, the experiment will simulate the effect of rainfall and in-situ water on layers of tailings materials, to analyse the best cover type, its thickness and composition, as well as what quantity will be required to prevent significant leaching.

The final cover for the waste rock dump, as well as the slopes of the TSF, requires the addition of some organic matter to stimulate vegetation growth. Analysis is being conducted on which ratio of

rock and soil combinations provide the best stability and minimal susceptibility to erosion.

Other expected outcomes from the technical studies are that restoration measures at both the TSF and waste rock dump will prove to be sustainable over a long period of time. It is anticipated that through the addition of waste rock, which is in plentiful supply, the amount of topsoil cover will be reduced and that erosion, which compromises slope stability, will be minimised. The studies will also identify the most suitable plant species for the restoration of vegetation.

The technical studies started at the beginning of 2005 and are expected to continue for two years, after which they will be subject to an external independent review for the purposes of validation and verification.

AngloGold Ashanti Mali – environmental statistics 2005

Environmental liability	\$ million	13.4
Cyanide use*	kg	6,873,000
Water usage**	m ³	17,093,115
Energy use***	GJ	1,530,354

* Total cyanide usage by operations and not attributable usage.

** Total water usage by operations and not attributable usage.

*** Total energy usage by operations and not attributable usage.

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.

Occupational safety and health

Morila recorded a fatality-free year in 2005, a significant improvement on the two fatalities recorded in 2004 which resulted in a fatal injury frequency rate (FIFR) of 0.32. However, the lost-time injury frequency rate (LTIR) increased to 2.17 per million man-hours from 1.94 in 2004.

Managing safety and health

AngloGold Ashanti is committed to providing a working environment that is conducive to employee safety and health. Safety and health performance is monitored and managed as an integral part of operational performance.

Medical surveillance, as a key aspect of the management of occupational health and safety, is managed by the on-site medical practitioner and undertaken at the mine clinic which caters for employees and, in some cases, their dependants. Each employee undergoes an annual medical examination, while random testing of employees in specific work-risk categories is also undertaken.

Individual regions and operations are encouraged to develop their own safety management systems and cultures. The focus at Morila remains on the implementation of the behaviour-based safety programme, first introduced two years ago. This is in an effort to reduce and ultimately eliminate accidents, which are still related to the behaviour and attitude of the individuals involved.

Employee participation

Safety and health agreements and policies, which have been negotiated with representative unions, are in place at many of the operations. At Morila, the union represents 100% of the workforce and it participates in, and signs off on, the election of safety representatives, in conjunction with the labour inspector from regional government. These 20 employees are elected for a period of three years. The union is an active participant in monthly safety and health management meetings, as well as at investigations into accidents and incidents.

Regional health threats

Malaria

Morila recorded 425 cases of malaria amongst employees and the malaria lost-time injury frequency rate (MLTIFR), expressed as the number of cases due to malaria for every million man-hours worked, was 138.3 during 2005. 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 workforce. Integrated malaria control programmes, which have been successfully implemented at Morila, have resulted in a decline in the malaria incidence rates.

HIV/AIDS

An HIV/AIDS policy is in place that addresses the needs of employees and their dependants. In 2005 the programme at the mine included the recruitment of a community health educator, the provision of HIV testing kits, community peer educator training, and specific awareness events (such as World AIDS day), condom distribution and training. The mine employs 19 peer educators; a ratio of one peer educator to 78 employees.



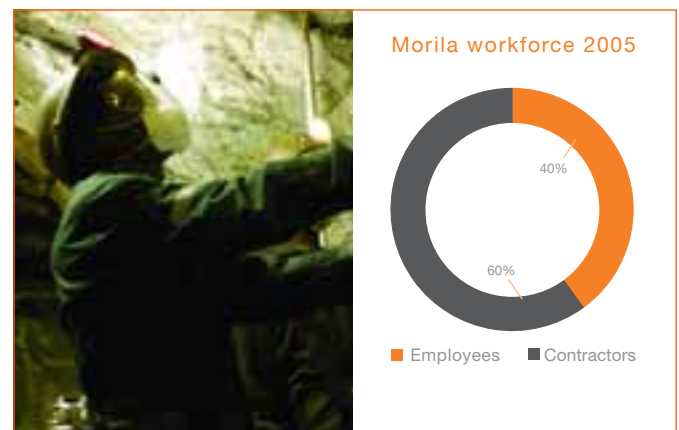
Labour practices

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. Certain ILO conventions (such as 128 dealing with child labour, and 29 dealing with forced and compulsory labour) are also governed in Mali by law and various codes such as the Malian Labour Code and Malian Collective Agreement.

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 Mali. At Morila, all employees are represented through the Mining Industry Union (SECNAMI) and there is an international agreement which provides for adaptation to the country's National Collective Convention.

There was no industrial action against AngloGold Ashanti at any of its Malian operations in 2005 although the mining contractor at Morila, Somadex, experienced a strike, but this did not affect gold production at the mine. Agreements at Morila were negotiated and concluded in 2005 on a production bonus scheme and a water allowance scheme.

Legislation in many African countries, including Mali, governs the recruitment of expatriate employees and promotes the localisation of the workforce. AngloGold Ashanti has policies in place to give preference to the employment of local citizens. There are also plans to increase the employment of local citizens and reduce the number of expatriates (particularly at management level) at the operations in these countries. The plans entail the identification and training of local citizens to replace expatriate staff once they have the requisite skills.



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.

Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to the company. In 2004 a bursary scheme was implemented in Mali. Ten top school leavers started their studies at the University of Pretoria in South Africa in the disciplines of mining, engineering, metallurgy, environment and geology, following a language bridging programme at Wits Technikon in Johannesburg at the end of 2003.

Award

Morila came second in the country's National Public Health Research Institute's (INPS) Safety Competition in April 2005

