



Guinea

Message from Brent Horochuk

Operationally it was a challenging year for Siguiri. Gold production of 98,000 ounces (of which 83,000 was attributable to AngloGold Ashanti) was disappointing. (Gold production is reported for the eight months from 1 May 2004, following the business combination between AngloGold and Ashanti.) This was primarily as a result of the government embargo placed on the sale of gold and the import of fuel, which literally halted operations for 16 weeks during the second and third quarters. The embargoes were subsequently lifted and discussions relating to certain disputed claims and the renegotiation of the Convention de Base continue.

Siguiri has seen many changes since it was acquired by the Ashanti Group in 1996, with several process upgrades during this time. The latest and most recent expansion has been the construction of a new hybrid carbon-in-pulp (CIP)/heap leach plant designed to produce about 310,000 ounces of gold per annum at an estimated construction cost of \$85 million. Capital expenditure of \$57 million (\$48 million attributable) was largely spent on the CIP plant.

Having overcome the crippling 2004 embargo, and with commissioning of the new process plant underway, Siguiri is poised to significantly improve its performance in 2005 thus ensuring a firmer foundation for its future. This will enable the critical time needed for delineating and exploiting additional resources thus adding to the life of the current operation.

The new CIP/Heap Leach Process plant places Siguiri as the largest gold mining/processing operation by ore tonnes in Africa, a position which all management and staff at Siguiri will endeavour to maintain with the highest of standards regarding health, safety, environment and community needs.

Alongside our operational and financial targets, are those that relate to the contribution we make to surrounding communities. Siguiri pays the Government of Guinea a direct 3% royalty on revenue, and an additional 0.4% of revenue is provided as a community development levy. This amount is controlled by a community development committee chaired by the local Prefecture who works in conjunction with Siguiri's representative CECl (Centre Canadien D'Etude Et De Cooperation Internationale). To date, several construction projects – government buildings, a soccer stadium, primary and high schools, mosques, a radio station, several potable water wells, roads, community farm projects, bridges, water control dams, health centres, etc, have been provided to local communities. In addition to the mandated taxes, Siguiri provides community donations, supports minor projects, and provides assistance where legitimate requests are made from the surrounding villages as per local customs and traditions.

Siguiri also operates a full-service company hospital with three medical doctors and support staff for use by company employees. Emergency services are also provided to the community as needed. A company primary school is operated by the mine and provides for the education needs of employees' dependents in addition to several children who have access to the facility via commuting.

Brett Horochuk
General manager, Siguiri



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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 reports, 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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On 4 August 2003, AngloGold Limited (based in South Africa) and Ashanti Goldfields Company Limited (based in Ghana) announced that they had agreed the terms of a recommended business combination. The Ashanti board announced on 14 October 2003 that it was recommending the final offer from AngloGold and, on 28 October 2003, the government of Ghana, which held 16.8% of Ashanti's issued share capital, announced its support for the AngloGold offer, as well as the principal terms of a Stability Agreement which the government of

Ghana intended to enter into with AngloGold. The business combination was effected by means of a scheme of arrangement, under Ghanaian law, which required and obtained the approval of Ashanti shareholders and the confirmation by the High Court of Ghana. The business combination became effective on 26 April 2004 after the Court Order from the High Court of Ghana was lodged with the Ghana Registrar of Companies. Ashanti's 85% stake in Siguiri thus transferred to AngloGold Ashanti at the end of April 2004.

Siguiri

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

Location: Siguiri gold mine is located in the Siguiri District in the north-east of the Republic of Guinea, West Africa, approximately 850 kilometres from the capital city of Conakry.

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

Ore is currently processed using the heap-leach method. The heap-leach facility has a capacity of 9.0 mtpa. It includes the heap-leach pad area, ore crushing, agglomeration and stacking system, solution ponds and gold extraction plant.

Geology: This concession is dominated by Proterozoic Birmanian rocks which consist of turbidite facies sedimentary sequences. Two main types of gold deposits occur in the Siguiri basin and are mined. These are laterite or CAP mineralisation which occurs as aprons of colluvial or as palaeochannels of alluvial lateritic gravel adjacent to, and immediately above in situ mineralisation.

Performance in 2004: Attributable gold production for the eight months from May to December 2004 amounted to 83,000 ounces. Total cash costs of \$443 per ounce reflected decreased production during the year, as well as increased transportation and power costs, a result of higher fuel prices. Attributable capital expenditure rose to \$48 million, largely on the Siguiri CIP plant.

Growth prospects: The CIP project will transform Siguiri mine, from a heap-leach only operation, constrained by limited economically

Siguiri*		
		2004
Gold production (000oz) – 100%		98
Total cash costs	(\$/oz)	443
Total production costs	(\$/oz)	534
Capital expenditure – 100%	(\$ million)	57
Capital expenditure – 85%	(\$ million)	48
Total number of employees		
Total		2,606
Employees		1,194
Contractors		1,412

*For the eight months May to December 2004

treasurable mineral resources, to a property capable of economically exploiting the saprolitic ores that extend below the base of the existing pits and with considerable exploration potential proximal to the existing mine infrastructure.

Outlook: Attributable gold production in 2005 is expected to be in the region of 264,000 ounces with total cash costs of \$291 per ounce. Capital expenditure is expected to be \$10 million and will be spent on completion of the CIP project and exploration of the concessions.



Mineral resources and ore reserves

Mineral resources and ore reserves are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code), together with 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 218.2 million ounces and ore reserves of 78.9 million ounces as of 31 December 2004. Of these, Siguiri accounted for mineral resources of 4.2 million ounces and ore reserves of 1.7 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 2004)							
Siguiri *	Measured	32.6	0.78	25.4	35.9	0.023	0.8
	Indicated	74.4	1.00	74.6	82.0	0.029	2.4
	Inferred	25.7	1.18	30.4	28.3	0.034	1.0
	Total	132.7	0.98	130.4	146.3	0.029	4.2
Ore reserves (as at 31 December 2004)							
Siguiri **	Proved	21.6	0.77	16.6	23.9	0.022	0.5
	Probable	32.7	1.10	35.9	36.0	0.032	1.2
	Total	54.3	0.97	52.5	59.9	0.028	1.7

* Resources attributable to AngloGold Ashanti

** Reserves attributable to AngloGold Ashanti

Rounding of figures in this report and in the supplementary statistics document may result in minor computational discrepancies.

Community

Siguiri has adopted the AngloGold Ashanti group policy on community relations. The region abides by the guidelines set by the local Environmental Protection Agency (EPA) and close contact is maintained with the chiefs and traditional authorities, showing respect for local norms and customs. Good relationships are maintained with the Prefecture in Siguiri.

Structures are in place for members of the community to lay complaints and air grievances. These are then investigated by the community development manager and appropriate action taken.

Siguiri mine allocates 0.04% of the mine's revenue for social investment and community relations projects (as per government levy), amounting to \$286,544 in 2004. It is AngloGold Ashanti's view that this is a particularly good mode for royalty payments, as local communities benefit directly from the operation of the mine. Some of the main projects in 2004 are listed below.

- The mine is currently financing the construction of the Boukaria mosque in the predominantly Muslim district of Kintinian. Work started early in 2004 and the \$50,000 project is expected to be completed in 2005. In addition to being a place of worship, the mosque is also the main Koranic school in the region.
- As part of a project to reconstruct the district capital, the mine is funding the development of a public cemetery in Siguiri Town at a cost of some \$45,000.
- Siguiri is funding the establishment of a community radio station – including the construction of a studio and offices – at a cost of

\$35,000. The radio station is to be used to create awareness among the community of diseases and their prevention (such as malaria, HIV/AIDS, tuberculosis (TB), sexually transmitted diseases (STDs), etc) and other issues that have an impact on the lives of the community.

- The mine also spent \$32,000 in 2004 on the expansion and modernisation of the Siguiri Sports Stadium.

Dealing with artisanal miners

Siguiri's mining operations are in the immediate environs of six large communities which all have extensive histories of artisanal gold mining. This poses an ongoing problem regarding confrontation between the mine and the community as many artisanal miners are unwilling to fully surrender the tenements granted by the government to the mine in terms of its mining licence. At times, several intrusions have occurred across the property challenging the mine's own security. To deal with this difficult situation, a fully cooperative resolution to the problems posed by artisanal mining is being sought in conjunction with all levels of local government, communities and security forces to ensure that such confrontations are avoided, thus ensuring ongoing safe and productive operations.

Labour

AngloGold Ashanti is committed to being a responsible and fair employer. In 2004, 1,413 people (employees and contractors) were employed in Guinea.

The group is committed to upholding the Fundamental Conventions of the International Labour Organization (ILO) and seeks to ensure fair employment practices group-wide. The group's business principles underpin this commitment, and reflect the spirit of the Universal Declaration and the Fundamental Human Rights Conventions of the ILO. By virtue of its domicile in South Africa, AngloGold Ashanti is subject to certain conventions signed by the South African government. These include human rights and social conventions (ILO 29, 87, 98, 100, 105, 111 and 138).

AngloGold Ashanti's broader human resources strategy seeks to promote an organisational culture that recognises the diversity of the

societies within which the company conducts its business, and that affords all employees the development opportunities to enable them to achieve their optimal levels of career development in the course of their employment with the company. Key elements of the group's employment equity programme include employee development and retention, the implementation of strategies to counteract losses, to develop careers and to promote mobility in an environment that is free of discrimination. A particular area of focus is to increase the local component of the workforce, particularly at management level.

Training and development are a primary focus area for the group. In line with AngloGold Ashanti's belief that all employees should be provided with the opportunity for appropriate training to improve their workplace competencies, the company is also committed to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of their workplace.

Environment

AngloGold Ashanti's environmental philosophy and practice is guided by the group's business principles and environmental policy. The latter was reviewed in 2004 following the business combination between AngloGold and Ashanti. In addition, group operations are subject to the environmental laws, rules and regulations of the various countries in which they operate. Where no such laws exist or where these laws are perceived to be inadequate, the operations are guided by the company's business principles and deemed good practice.

Environmental management systems (EMSs) form the backbone of environmental management at an operational level and Siguri has started developing an EMS.

As environmental incidents can represent a significant risk and cost to the company, AngloGold Ashanti has developed a reporting protocol that allows the company to effectively identify and manage these risks and associated costs. Major environmental incidents are reported to the regional management, as well as the corporate environmental office, within 24 hours of the time that operational management becomes aware of the incident. For purposes of this reporting, an environmental incident is defined as 'an event, action or non-conformance with a procedure that results, or has the potential to result, in an adverse impact on the surrounding environment; or any event, action or occurrence which is contrary to the AngloGold Ashanti business principles'. No such incidents were reported at Siguri in 2004.

In all the 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 cost, of the anticipated closure and rehabilitation costs for the operation. (Rehabilitation refers to the process of reclaiming or restoring mined land to a similar use to that in place before mining or a pre-determined, agreed use post-mining.) These amounts are derived from the mine closure plans, which are also regulated by law. Closure plans are devised prior to the start of operations and are regularly updated based on life-of-mine projections. Although the final cost that will be incurred at closure is not definite, ample provision is made during mine life. Closure liabilities for Siguri currently amount to \$9 million (\$7.7 million attributable to AngloGold Ashanti.) This estimate is based on studies conducted at the operation and will likely change as further technical investigations, that may influence the closure provisions, are carried out. They represent the best current estimate of amounts that are expected to be incurred when the remediation work is performed within current laws and regulations or the terms of the respective mining licences.

Primary environmental concerns for the company include the use and management of cyanide, mine closures, water use and management, the use of other resources (such as energy), biodiversity issues, as well as surface and land rehabilitation during mining operations.

AngloGold Ashanti has been actively involved in the development of the International Cyanide Management Code (Code) and has adopted published protocols and standards of practice for cyanide management. Substantial progress has been made with its implementation and internal audits of compliance will be conducted in Guinea in early 2005.

Safety and health

The group's values and business principles on safety and health and accompanying safety and health policy are minimum guidelines for the group in respect of safety and health.

AngloGold Ashanti is committed to complying with all relevant laws, regulations and standards applicable to the countries in which its operations are located. In the absence of appropriate laws, regulations or standards, or

where these are perceived to be inadequate, the company will adopt standards reflecting good practice.

AngloGold Ashanti encourages both employee involvement in matters relating to safety and health, and communication with employees in this regard. Siguri's safety and health performance was exemplary during 2004, with a lost time injury frequency rate of 0.94 per million man hours.