

## Guinea

The Siguiri mine is AngloGold Ashanti's only operation in the Republic of Guinea in West Africa. In 2005, it produced 246,000 attributable ounces of gold, at a total cash cost of \$301 per ounce.

### Siguiri

**Description:** Siguiri mine, an open-pit operation, is located 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 (approximately 50,000 inhabitants), located on the banks of the Niger River. AngloGold Ashanti has an 85% interest in Siguiri, with the balance (15%) held by the government of Guinea.

**Geology:** This concession is dominated by Proterozoic Birimian rocks which consist of turbidite facies sedimentary sequences. Two main types of gold deposits occur in the Siguiri basin and are mined, namely:

- laterite or CAP mineralisation which occurs as aprons of colluvial or as palaeo-channels of alluvial lateritic gravel adjacent to, and immediately above; and
- in situ quartz-vein related mineralisation hosted in meta-sediments with the better

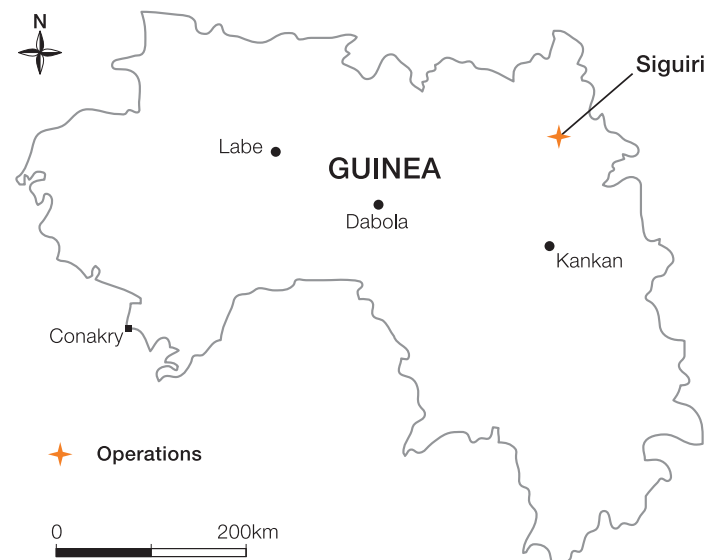
mineralisation associated with vein stockworks that occurs preferentially in the coarser, brittle siltstones and sandstones.

The mineralised rocks have been deeply weathered to below 100 metres in places to form saprolite or SAP mineralisation. The practice at Siguiri has been to blend the CAP and SAP ore types and to process these using the heap-leach method. With the percentage of available CAP ore decreasing, however, a new CIP plant has been brought on stream to treat predominantly SAP ore.

### Operating performance

Production at Siguiri rose during the year as the mine made the transition from heap-leach operations to the newly commissioned CIP plant. This was despite a delay in 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.



Siguiri	2005	*2004
Pay limit (oz/t)	0.017	0.017
Pay limit (g/t)	0.55	0.59
Recovered grade (oz/t)	0.035	0.032
Recovered grade (g/t)	1.21	1.10
Gold production (000oz) 100%	289	98
Gold production (000oz) 85%	246	83
Total cash costs (\$/oz)	301	443
Total production costs (\$/oz)	414	534
Capital expenditure (\$ million) 100%	36	57
Capital expenditure (\$ million) 85%	31	48
Total number of employees	1,978	2,606
Employees	1,170	1,194
Contractors	808	1,412

\* For the eight months from May 2004.

As a result, gross profit, adjusted for the effect of unrealised non-hedge derivatives, rose to \$12 million.

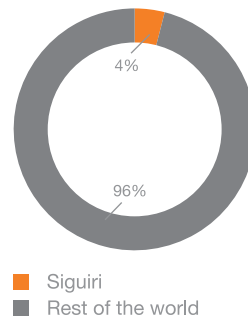
Capital expenditure, of \$36 million, was spent mainly on completion of the CIP plant.

On 27 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 a 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 its 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.

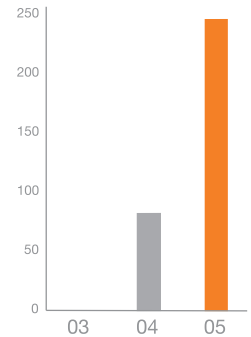
**Growth prospects**

The newly commissioned CIP project has changed the complexion of this operation. Whereas Siguiri was previously a heap-leach operation, constrained by limited economically treatable mineral resources, the mine is now able to economically exploit the saprolitic ores that extend below the base of the existing pits. There is still considerable exploration potential proximal

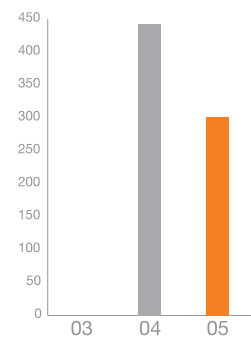
Attributable contribution to AngloGold Ashanti production in 2005 (%)



Gold production (000oz) Siguiri (attributable)



Total cash costs (\$/oz) Siguiri



to the existing mine infrastructure. In 2005 Level 3 exploration was conducted on a number of targets in Block 1 and on the most promising target in Block 2. Success was achieved particularly from two targets north of but proximal to the mine namely 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 commence on the 2005 discoveries whilst 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 be between 250,000 ounces and 260,000 ounces as residual heap leach ounces are depleted and CIP makes up all production. The total cash cost is expected to be between \$308 per ounce and \$320 per ounce. Capital expenditure is projected to be between \$21 million and \$22 million and will be spent mainly on a tailings storage facility, tailings pipeline replacement and exploration drilling.

Capital expenditure (\$m) Siguiri (attributable)

