

## Review of operations – Guinea

The Sigiri mine is AngloGold Ashanti's only operation in the Republic of Guinea. The government of Guinea has a 15% stake in the mine with the balance of 85% being held by AngloGold Ashanti. In 2006, the mine produced 256,000 attributable ounces of gold at total cash cost of \$399 per ounce.

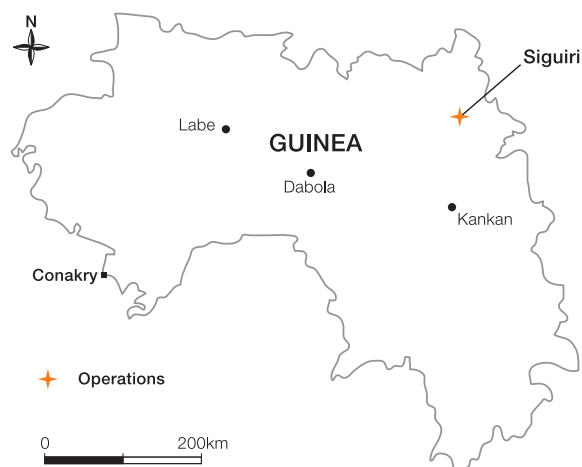
### Sigiri

**Description:** Sigiri mine, an open-pit operation, is located in the Sigiri 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 Sigiri (approximately 50,000 inhabitants), located on the banks of the Niger River.

**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 Sigiri 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 Sigiri 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 carbon-in-pulp (CIP) plant was brought on stream during 2005 to treat predominantly SAP ore.



### Operating performance

Once ball mill problems had been resolved in the first quarter of 2006, production at Sigiri improved and the operation finished the year with production of 256,000 attributable ounces, a 4% increase on that of the previous year.

Total cash costs were considerably higher year-on-year due to maintenance shut-downs and post-commissioning plant modifications, as well as higher fuel costs and increased royalty payments as a result of the rise in the gold price. Consequently total cash costs were \$399 per ounce in comparison with \$301 per ounce in 2005.

In spite of the higher spot price received for the year, gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts declined to a break-even position from \$12 million the previous year, mainly because of higher royalty payments, increased operating costs and additional amortisation charges related to the newly commissioned CIP plant.

## Review of operations – Guinea cont.

### Growth prospects

The new CIP plant has transformed this operation. Whereas Sigiri 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. In addition, there is still considerable exploration potential adjacent to the existing mine infrastructure.

### Outlook

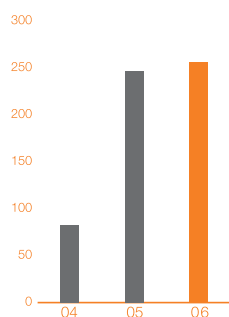
At Sigiri in 2007, production is expected to increase to around 270,000 ounces where it should remain for the next several years. Total cash costs are anticipated to remain relatively steady at \$399 per ounce as the CIP plant settles into steady-state operation. Capital expenditure will remain steady at \$14 million, the bulk of which will be spent on brownfields exploration, tailings dam extensions and various small infrastructure projects.

Sigiri	2006	2005	*2004
Pay limit (oz/t)	0.030	0.017	0.017
Pay limit (g/t)	0.94	0.55	0.59
Recovered grade (oz/t)**	0.032	0.035	0.032
Recovered grade (g/t)**	1.08	1.21	1.10
Gold production (000oz) 100%	301	289	98
Gold production (000oz) 85%	256	246	83
Total cash costs (\$/oz)	399	301	443
Total production costs (\$/oz)	552	414	534
Capital expenditure			
(\$ million) 100%	16	36	57
Capital expenditure			
(\$ million) 85%	14	31	48
Total number of employees	2,708	1,978	2,606
Employees	1,541	1,170	1,194
Contractors	1,167	808	1,412

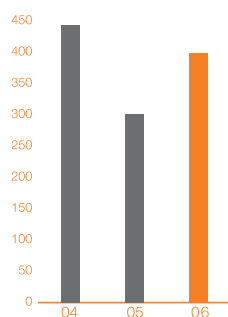
\* For the eight months from May to December.

\*\* Open-pit operations (2005 and 2006) and heap leach operations (2004).

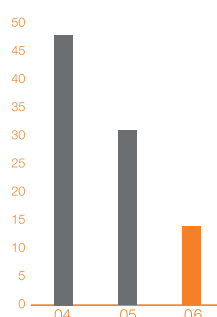
Gold production (000oz) (attributable) Sigiri



Total cash costs (\$/oz) Sigiri



Capital expenditure (\$m) (attributable) Sigiri



Attributable contribution to AngloGold Ashanti production in 2006 (%)

