



**Joseph Ettrusson
Ellis (1885-1917)**
*One of the first
people to use
industrial methods
to mine the rich
seams at Obuasi.*

History of the Ashanti Goldfields Company

In late 1897, the principals of the newly formed Ashanti Goldfields Corporation led a team which dragged and carried 40 tonnes of equipment nearly 200 km from the coast to begin exploitation of their new property at Obuasi, in Ghana (formerly known as the Gold Coast). On New Year's Eve of that year they made their first mark on the land. It was the birth of an enterprise which, over 100 years on, is a flagship African Company and Ghana's foremost earner of foreign exchange. Over the years, 25 million ounces of gold have derived from its efforts - \$10 billion dollars' worth if it were all valued at today's price. Gold has long been panned and mined from the quartz reefs of Ashanti by local gold seekers, the *galamsey*.

But it was not until toward the end of the 19th century that the idea of an orderly commercial approach to gold mining in the Gold Coast began to gather momentum. Europeans had rarely ventured peaceably into the region - the powerful Ashanti dynasty had terrorised intruders and dominated neighbours for centuries - but travellers knew of this "neglected Eldorado", as Sir Richard Burton called it. British soldiers returned from the Ashanti wars with nuggets of ore bearing glittering streaks of the precious metal. One intrepid traveller told the Liverpool Chamber of Commerce that he had passed through districts where "you could pick up gold as you would potatoes". During the 1870s, a Frenchman, Marie Joseph Bonnat signed leases and exploited concessions on the River Ankobra at Awuda and later at Tarkwa, but his rights died with him in 1882. Thus it was two Fante merchants from Cape Coast, Joseph E. Ellis and Chief Joseph E. Biney, and their accountant, Joseph P. Brown, who opened the modern story of Ashanti gold. Lured by travellers' tales, they crossed the River Pra into the kingdom of Adansi and saw the outcrops being worked for the king of Bekwai by local prospectors. In March 1890, the partners negotiated the mining concessions for 25,900 hectares (100 sq miles) of land in the Obuasi

District. Among the foothills of the Moinsi and Kwisa ranges, between the rivers Oda and Offin, they laid claim to what was, and still is, one of the world's richest goldfields.

THE ELLIS MINE

Naming his new property the Ellis Mine, Joseph Ellis abandoned the tributors' primitive practice of pitting down on outcrops, which eventually became too deep and too dangerous to work. Instead he sank shafts on reef and laid out interconnecting tunnels. Stopping was limited to the richest seams showing visible gold. An experienced international trader and agent, he ordered mining equipment through the London firm of Smith and Cade, which was shortly to have a fateful impact on his endeavour. As well as essentials such as hammers, picks and shovels, he imported three hand-operated stamp mills and amalgam retorts. He also introduced the use of gunpowder for blasting and imported a gunpowder machine to grade and measure the charges for muzzle-loading guns and rock blasting.

Biney, Ellis and Brown formed a syndicate with the Mine Manager, J.P. Wilson. They ran the Ellis Mine for five years, but it must eventually have become apparent that the vast goldfield, stretching over several kilometres on the strike of the quartz reefs, required more expertise and capital and that the sale of the concession would be financially beneficial.

Biney had sent specimens of gold-bearing quartz to the London merchant who supplied his equipment. But little interest had been shown there until Edwin Arthur Cade joined the firm as a partner through marriage to one of Smith's daughters. When yet another batch of specimens arrived, this time with the urgent invitation to "come and see!" Cade had the sample assayed. The London assayers Johnson Matthey reported on 20 April 1895 that there was more than eight ounces of gold per ton of quartz.

Cade wasted little time in arranging to meet Biney and Ellis in Cape Coast. Only when he arrived did he realize that the gold-bearing area was not in the tranquil, accessible Cape Coast but in the remote and then hostile Ashanti region. "I am determined, however, to proceed at all risks," he wrote, "and so to shape my course that even in the event of a purchase not being at present possible, the position of the company may still be a desirable one in the event of annexation by Her Majesty's Government."

CADES CONCESSION

In July 1895, Cade, Ellis and Biney, who had reached an agreement over the sale of the Ellis Mine, journeyed to Obuasi to obtain approval for their proposed transaction from the Chiefs of Bekwai and Adansi. On 16 August, the transfer of the

concession to Cade was signed and sealed in the presence of the Chiefs and Elders at Bekwai. On their return to Cape Coast, the provisional agreement with the vendors (Biney and Ellis) and the specially set up Cote d'Or Mining Company was signed in Cape Coast Castle and dated 27th August 1895, with a 200 pound sterling deposit from Cade.

He returned to London with his grants in his pocket, but it was to be another two years before he could begin to exploit his new acquisition. With the destoolment and deportation of the Ashanti King, Nana Prempeh I, in 1896, the Ashanti Protectorate was brought more directly under British control and Cade went to great lengths to ensure that the grant for the concession was ratified by the British Government. In April 1896, approval was given for mining, trading and agricultural rights over the 259 sq km (100 sq miles) of territory which lay partly in Bekwai and partly in Adansi. Thus a man with no knowledge of mining acquired what was to turn out to be one of the world's richest gold mines and the largest concession on the Gold Coast.

Cade and his associates registered a new company in the City of London known as the Ashanti Goldfields Corporation Ltd. (AGC). On 11 June 1897, the Cote d'Or Mining Company's assets and liabilities were transferred to AGC, and on the same day this new company was listed on the London Stock Exchange with a nominal capital of £250,000 in shares of £1 each.

In early dealings on the London share market, Ashanti £1 shares soared to an incredible £18. For market players who were interested in Africa, the timing was right: investment in South Africa's mines looked increasingly hazardous in the political climate that was to lead to the Boer War.

A year or so later, The Financial Times recorded the founders' shareholdings as: E.A. Cade, 6,000; J.E. Biney 1,100; J.E. Ellis, 770; J.P. Brown, 299. On the death of Edwin Cade in 1903 the shares' value fell sharply, but such was the confidence in the Obuasi goldfield that they soon climbed back to reach £17.

Difficult days at Obuasi



On 22 November 1897, Cade, along with the mining engineer John Daw and a team of 15 miners, surveyors, fitters and assayers, arrived at Cape Coast Castle. They brought with them 40 tonnes of machinery and equipment, including a five-battery stamp mill, tubular boilers, a sectionalised engine and saw-milling plant, all of which was landed on the beach by canoes that had to battle through dangerous surf. Local carriers, women as well as men, were hired to struggle with the heavy machinery, dismantled into 27kg (60lb) head loads, for 200 km (120 miles) through forests, across rivers and along bush paths until they finally arrived at Obuasi on Christmas Eve 1897. For Cade and his team that was when the hard work really began.

"It is doubtful whether any gold-mining venture that has eventually won through to success has been burdened from the start with a greater load of adverse conditions," observed W.R. Feldtmann, John Daw's successor, in *The Mining Magazine* in 1916. Yet, somehow, the forest was cleared for dwellings, the saw mill and the stamp mills were erected and the team got to work. Apart from the fact that it contained gold, the site's only favourable natural feature was its topography: the hills around Obuasi were ideal for John Daw's policy of adit mining, giving quick, easy and impressive results that led to a boundless optimism about the corporation's future prospects. From March 1898 to June 1899, 3,108 tonnes of ore yielded 2,544 ounces of gold. The next year, 4,673 tonnes yielded 7,812 ounces. In the first few years, new discoveries were continually being announced and the erroneous impression arose that many fabulously rich reefs existed beneath the corporation's property. That this was not in fact the case only became clear later, when a systematic survey was made and a reliable picture of the occurrences was obtained.

In the meantime, for Cade and his team, the most important goal was to demonstrate as quickly as possible the promise and value of the property they had purchased. New machinery was readily available. With South Africa now preoccupied with the Anglo-Boer conflict, equipment destined for its mines was diverted to Cape Coast. The partners increased output and convinced the government that the railway line should be extended from Tarkwa up to Obuasi. Work on the railway, however, was not begun in earnest until after the Ashanti uprising against the British of 1900.

TROUBLED TIMES

The effect of the uprising was disastrous: operations were suspended and the workings inevitably suffered from lack of maintenance. There were heavy falls and many of the reef drives collapsed. Some of the ore on the upper levels of the Obuasi reef remains trapped to this day.

Despite the anti-colonial war raging around them, the European staff at Obuasi seem to have escaped the hostilities. White staff remained unharmed at the mines all through the campaign. As a precautionary measure, they built a stockade around the foot of the hill where the Manager's bungalow stood, and still stands, and took up their quarters there for the duration. The rebels allowed one faithful retainer to leave the stockade each day to fetch water for the Europeans. This "sporting spirit" was ascribed to the good relations that Cade and Daw had built up with their local employees.

The arrival of the railway at Obuasi roughly coincided with the start of a period of disillusionment. By 1904-5, shareholders dissatisfied with diminishing dividends were becoming sceptical of Daw's promises of higher output. Disappointment was made keener by the high hopes that had earlier prevailed.

In 1905, the Board commissioned W.R. Feldtmann, a leading chemist, and J.A. MacTear, a mining engineer, to carry out an independent assessment of the various mines. Their report was highly critical of the early policy of adit mining off reef drives.

They were faced with: "the approaching exhaustion of the most easily accessible ore, previously obtained from adit workings, and a realization that ore bodies above valley level were neither so numerous and extensive nor, in some cases, of such high value as had at first been believed." Daw shouldered the blame and resigned as Consulting Engineer in favour of Feldtmann. He relinquished his directorship in 1906, ending his contribution of courage and vision on a sad note.

A CHANGE OF DIRECTION

As a result of Feldtmann's report, output was checked for a time in order to allow a vigorous shaft sinking and development programme to be carried out. Henceforth attention was to be directed increasingly to deeper mining. Profits were sacrificed for the next few years and ploughed back into the business. With a rail link to the coastal town of Sekondi, it was now possible to import new improved machinery, including winding engines and headgear. Stores and workshops were built, tramlines in the mines were extended to connect the different workings, and the surface infra-structure was generally much improved. There was slower progress underground, and the capacity of the new stamp mills was not taxed until the discovery in 1908 of an important deposit that came to be known as Justice's Mine. A few months later, the rich Obuasi shoot was cut at level 3 of the Ashanti mine.

Feldtmann also devoted much thought and experiment to evolving a more satisfactory method of treating the ores. Using his Western Australian experience in dry crushing and roasting preparatory to treatment with cyanide, he had an experimental unit erected and when this proved successful he added two further units so that by 1908 five ball mills and two Edwards roasters were in operation. Payment of dividends, which had been intermittent in the first 12 years of the mine's existence, became regular only in 1910, although they still fell somewhat short of earlier expectations.

Feldtmann, who was to remain with the company for 20 years, introduced a new, more scientific approach and, in a way, a new era. From then on, reflecting a general trend in the evolution of business in the 20th century, the story of the Ashanti mine would focus less on personalities and a pioneering spirit than on a hard-headed struggle for growth in a mechanized and troubled world.

Surviving two World Wars



Head loads of Gold bars begin their journey to London by rail to the port of Sekondi. Today, the company aircraft takes the bullion to Accra, where it changes planes to go the final processing plant in Switzerland

A shortage of European staff and stores during the First World War (1914-18) meant cutting back production, concentrating on the profitable Ashanti mine and closing Ayenim and Justice's mines. Because of soaring working costs at the end of that war, it was not until 1933 that these two mines could be reopened.

After the war, an extraordinary cocoa boom became the Gold Coast's major commercial occupation. At the Ashanti goldfields, a shortage of labour for cutting firewood led to the abandonment of dry crushing. However, experiments with wet crushing were so unsuccessful that the old process was restored in 1924. Until the outbreak of the Second World War in 1939, each year showed an increase in tonnage treated and in gold output. In the early years of the Second World War it was possible to continue work and an impressive 12,702 m (41,6730 ft) out of x8,z88m (60,000 ft) of development was achieved in the Ashanti mine alone.

Important discoveries made in 1937 on the Obuasi fissure meant that from 1938 on developments concentrated on proving the reef in depth rather than laterally. Results of other explorations gave grounds for considerable optimism and justified budgeting for an increase in output. Plans were made to sink new shafts, build an aerial ropeway to connect all shafts with the

treatment plant and begin a programme of large-scale reforestation.

The Second World War inevitably had a profound influence not only on the Ashanti goldfields but also on the entire gold mining industry in the then Gold Coast. In fact most mines were closed down, except for a few profitable ones, including AGC, which were placed on a "care and maintenance" system. The dozen or so mines that remained operational survived on rather obsolete equipment since management could not obtain additional capital for refurbishment.

Money paid by AGC in export duty on gold premium, along with the payment of wages to local workers, as well as payments for customs duties and other services, meant that the corporation made a substantial direct and indirect contribution to the economic prosperity of the Gold Coast.

ASHANTI IN THE DOLDRUMS

Despite the country's gold potential, it seemed impossible to shake off the post-war stagnation that had beset the gold mining industry. Since 1942 it had been unable to attract any major foreign investment or participation. Many mines that had opened during the second "jungle boom" (an African post-war equivalent of the American gold rushes) had closed down and many exploration ventures were postponed. Only four mines remained in operation, of which the most important was AGC. Throughout this period, the company's nominal and distant leader was General Sir Edward Spears, Chairman from 1937 until 1973. Spears treated the business as a personal fiefdom.

He spent little time in the country. When he did visit, his style was to indulge leaders such as the then Prime Minister, Dr. Kwame Nkrumah, blurring the fact that the company was by now paying derisory royalties to the government - about £9000 a year.

In 1966, the first military government, the National Liberation Council, began to query the contribution of AGC and other mining concessions to the local economy. When General Spears realized that AGC's leases might not be renewed on the same terms as before, his response was to threaten to flood the mines. The Commissioner of Mines and Energy, R. Sylvan Amegashie, was mandated by General Ankrah's government to seek potential new investors in Ghana's mining industry.

THE LONRHO TAKE-OVER

Coincidentally, an outside party was already assessing the potential of AGC. Action quickly followed. R.W. "Tiny" Rowland's company Lonrho (London and Rhodesia Mining and Land Company), a multinational conglomerate with a particular interest in prospecting and mining in Africa, began its acquisition of the company, leading to its delisting on the London Stock Exchange.

The cost to Lonrho was £3 million, plus a limited share issue, for a mine that many experts considered to be in the last two or three years life. In return for granting a 50-year extension of the land leases, the Ghana government received 20 percent of the company with an opt another 20 percent at the fixed price of £1 a share.

After the coup led by Colonel Ignatius Acheampong which, in January 1972, toppled Dr. K.A. Busia's democratically elected government, acquired by decree 55 percent of all mining companies. The Ashanti Goldfields Corporation, which was to become the Ashanti Goldfield was ordered to transfer its head office from London to Accra.

During this turbulent period, the company's autocratic chairman, Sir Edward Spears, was deposed by Lonrho. The government appointe representative on the Board of AGC Lloyd A.K. Quashie, a distinguished Ghanaian geologist with an expert understanding of mining. As Managing Director, Quashie paid particular attention to improving the conditions and prospects of indigenous staff. Promising young Gha sent overseas to further their education, to qualify them to take over the so-called expatriate positions. Among the first beneficiaries of th was Sam E. Jonah, the current Chief Executive of AGC.

CHANGING FORTUNES

In 1972, gold production at Ashanti peaked at 533,000 ounces, but output rapidly declined in the rest of that decade. A number of the hig shoots were exhausted, and high taxes, a lack of foreign exchange, a tightly controlled economy and an overvalued currency all made it for AGC to buy spare or replacement parts or to invest in new plant. By the end of this economically and politically troubled decade, annu had fallen to 232,000 ounces.

When Flight Lieutenant Jerry John Rawlings' military regime assumed power in 1982, the situation began to improve. As part of an Econ Recovery Programme overseen by the Minister of Finance, Dr. Kwesi Botchwey, the government took steps to create a more favourable investment in Ghana. The programme was launched in 1983 with the backing of the International Monetary Fund, the World Bank and W donors: its prime goal was the rehabilitation of the country's major export earners, one of which, of course, was gold.

As a result, in 1985 AGC was granted a much-needed shot in the arm - a loan of £159 million to fund an ambitious five-year schedule of and improvement. The project was financed by a consortium of banks led by the International Finance Corporation, the World Bank's pri affiliate, which specializes in the support of viable commercial enterprises in developing countries. In addition, the government of Ghana new Minerals and Mining Law, which would allow AGC to retain 45 percent of its export earnings; this additional source of capital was es the success of the project, enabling the company to repay its loans and invest for future expansion.

Sam Jonah, the company's new Managing Director, the first Ghanaian Chief Executive, appointed in 1986, oversaw the turn of the tide. the investment project's target of a return to 400,000 ounces of gold a year within three years. As well as the programme of shaft sinking development, AGC embarked on a three-year programme to modernize not only the mine and treatment plant but also services and the infrastructure.

AGC in the Nineties



On the trading floor of the New York Stock Exchange, l-r, Nana Oduro Numapau, President of the Ghana National House of Chiefs; Sam Jonah, AGC Chief Executive; Richard Grasso, NYSE Chief Executive; and Mark Keatly, AGC's former Chief Financial Officer, express their delight at the listing of Ashanti on the big board.

New mining equipment was purchased for mining surface oxides at Sansu and a new heap leach plant was commissioned. During March 1991 a new oxide treatment plant came online. With the help of International Fin Corporation loans, production soared to record levels in 1992, but it had already become clear that if increased levels were to be sustain investment would be needed.

For this reason the Ashanti Mines Expansion Programme (AMEP) was initiated, again financed by the IFC, with an annual target of 1.0 m million ounces) by 1995. The main thrust of the programme was to enable Ashanti to exploit the large, lower grade underground resourc been identified as the ones most likely to be profitable in the long term.

AN INTERNATIONAL COMPANY

In 1994, the Ghana government, the majority shareholder, announced plans to sell 20-25 percent of its interest in AGC in a share floatat company was listed on the London and Ghana stock exchanges. It was the largest floatation ever organised by any gold mining compan coordinating and advisory team alone numbered over 200 people. Each of the company's 10,000 employees received five free shares.

In 1996 AGC was listed on the New York Stock Exchange to raise new capital, it was the first African company to appear on Wall Street

A GOLDEN FUTURE

The mine at Obuasi has been in continual production for over 100 years, and the ore body continues to be highly prospective, with prove probable reserves estimated to be at more than 20 million ounces. AGC's plans and investments have the aim of maintaining group prod around one million ounces per year, and Sam Jonah is confident that he will meet this target. Ashanti operates one of the largest and richest gold mines in the world. At its present production rate it will remain one of the top ten gold producers for a long time to come.

But AGC now has new horizons: no longer a gold producer with a single mine in Ghana, it has operating, exploration and development projects on many of the most promising gold mineralisation belts of sub-Saharan Africa. The future certainly looks golden.