



Ghana Iduapriem

Message from David Renner

The year was an exceptional one in all aspects of our health, safety and environmental performance. The year ended without a fatality or lost time injury. In fact, there has been no LTI for 16 continuous months. The mine achieved NOSA five-star status in December and was also adjudged the winner of the Regional Chief Operating Officer's safety award for the year. On the environmental front, the mine was successful in maintaining its ISO 14001 certification and no adverse environmental incident was reported during the year.

A new clinic - named after AngloGold Ashanti President Sam Jonah - was commissioned in October as part of management's commitment to improve health care delivery to our employees and their dependants.

Gold produced for the year was just under 220,000 ounces which is 9% lower than the previous year (125,000 ounces attributable to AngloGold Ashanti). During the course of the year, a strategic decision was taken to discontinue the heap leach operation due to low recoveries whilst a SAG mill gearbox failure in the fourth quarter also affected production significantly. As a result the total cash cost was \$303 per ounce. Attributable capital expenditure amounted to \$3 million.

A mine-to-mill study is to be commissioned in the first quarter of 2005 to address the problems that have been encountered which impact the smooth operations of the CIL plant. It is expected that the outcome of the study will give a holistic view of pertinent reengineering opportunities that are feasible to enable the mine to optimise plant throughput and reduce its high operating costs.

In our neighbouring communities, we continued to build strong relationships through the Consultative Committees fora. A number of important infrastructural projects were also commissioned to address education, water and sanitation requirements.

Our current focus is on the implementation of the Community Development Plan (CDP) which will be launched in January 2005. The main thrust of the CDP is to create alternative livelihood opportunities to prepare the communities for economic empowerment prior to mine closure. The CDP is being implemented jointly with Opportunities Industrialisation Centres International (OICI), a local NGO. The main challenge with our community relations remains the resolution of compensation payments to farmers whose lands have been affected by our Teberebie waste dumps.

David Renner
Managing Director
Iduapriem



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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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2 | Introduction

On 4 August 2003, AngloGold Limited (based in South Africa) and Ashanti Goldfields 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 improved 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. From the effective date, Ashanti became a private company and AngloGold changed its name to AngloGold Ashanti Limited following approval by its shareholders at a general meeting held on 8 April 2004.

AngloGold Ashanti has three operations in Ghana: the Obuasi mine (which comprises both surface and underground operations), the Iduapriem mine (open-pit) and the Bibiani mine (open-pit with underground development). The Iduapriem and Teberebie properties are adjacent to each other and are part of the Tarkwaian gold fields.

Iduapriem

Ownership: AngloGold Ashanti has an 80% interest in the Iduapriem gold mine, with the balance of 20% owned by the International Finance Corporation. In June 2000, Ashanti acquired a 90% interest in the Teberebie gold mine, which is adjacent to Iduapriem. The government of Ghana has a 10% interest in Teberebie. The combined AngloGold Ashanti interest is 85%.

Location: Iduapriem mine is located in the Western Region of Ghana, some 70 kilometres north of the coastal city of Takoradi, and 10 kilometres south-west of Tarkwa.

Mining and processing Iduapriem is an open-pit mine. Its processing facilities include a carbon-in-pulp (CIP) plant and a heap-leach plant which has since been closed down.

Geology: The Iduapriem and Teberebie gold mines are located along the southern end of the Tarkwa basin. The mineralisation is contained in the Banket Series of rocks within the Tarkwaian System of Proterozoic age. The outcropping Banket Series of rocks in the mine area form prominent, arcuate ridges extending southwards from Tarkwa, westwards through Iduapriem and northwards towards Teberebie.

Performance: Attributable gold production for the eight months in which Iduapriem was part of AngloGold Ashanti was 125,000 ounces from both the CIP and heap-leach processing facilities. Total cash costs at \$303 per ounce were higher than planned, a result of decreased production and high crushing and processing costs. Attributable capital expenditure was \$3 million, and was spent mainly on retro-fitting work on the CIP plant.

Growth: In 2005, re-engineering studies principally focused on the crushing and CIP plants, but covering the entire business, will be undertaken with a view to reducing the cost per tonne and increasing the number of ounces in the ore reserve and the NPV of the properties. A scoping study will also be undertaken to evaluate the economics of exploiting the considerable low grade mineral resources of the GAG and TGL properties which lie in the Tarkwaian conglomerates extending below the economic limit of the open-pits.

Outlook: Attributable gold production is expected to reach 206,000 ounces in 2005, at a total cash cost of \$281 per ounce. Capital expenditure of \$21 million will principally be applied to increasing throughput at the CIP plant.

Iduapriem		
		*2004
Gold production – 100%	000oz	147
Gold production – 85%	000oz	125
Total cash costs	\$/oz	303
Total production costs	\$/oz	423
Capital expenditure – 100%	\$ million	4
Capital expenditure – 85%	\$ million	3
Total number of employees		1,306
Employees		709
Contractors		597

*From the eight months from May 2004.



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, the Ghanaian operations accounted for mineral resources of 34.3 million ounces and ore reserves of 11.8 million ounces.

Mine	Category	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)							
Iduapriem (85%)	Measured	41.2	1.64	67.7	45.4	0.048	2.2
	Indicated	16.8	1.61	27.0	18.5	0.047	0.9
	Inferred	8.2	1.43	11.7	9.0	0.042	0.4
	Total	66.1	1.61	106.4	72.9	0.047	3.4
Ore reserves (as at 31 December 2004)							
Iduapriem (85%)	Proved	25.2	1.81	45.5	27.8	0.053	1.5
	Probable	5.4	1.85	9.9	5.9	0.054	0.3
	Total	30.5	1.81	55.4	33.7	0.053	1.8

Community

In line with its business principles, social investment initiatives are aimed at making both a practical and meaningful contribution in those areas of greatest need. A fundamental philosophy of the group is that its operations and activities should contribute towards the long-term sustainable development of its host communities.

Community relations efforts are focused on education, health care/sanitation and agricultural projects. Some \$635,000 was spent on community development projects in Ghana during the year. Projects at Iduapriem included:

- provision of primary health care, including HIV/AIDS education by the company's own peer educators, for the community comprising some 7,400 people;

- Commissioning in early 2004 of an Early Childhood Development Centre at a cost of \$20,000
- provision of electricity to about 500 local rural residents at the Wassa West-Mile 7 village, at a cost of \$10,000;
- design and installation of filters to remove naturally-occurring manganese and iron from borehole water at the Mile 7, Adieyie, Nkwantakrom, Teberebie and Adisakrom villages benefiting some 4,000 residents;
- construction of a new six-classroom building (to accommodate 240 learners) at Abompuniso at a cost of some \$30,000; and
- piloting of a snail farming venture in the area.

Labour

The Ghanaian operations employ some 8,924 people, comprising 7,217 employees and 1,707 contractors. Iduapriem employs a total of 1,306 people, comprising 709 employees and 597 contractors.

AngloGold Ashanti 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).

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which seeks to promote an organisational culture that recognises the diversity of the societies within which the company conducts its business, and which affords all employees the development

opportunities that will enable them to achieve their optimal levels of career development in the course of their employment with the company.

Training and development is 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 which improves 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.

About 87% of the total labour force and all non-supervisory employees belong to the Ghana Mineworkers' Union.

Literacy levels are 100% at Iduapriem. Company bursaries are granted to the dependents of employees who have gained admission to government-approved secondary and tertiary educational institutions. 1,380 bursaries were granted to the Ghanaian operations overall during 2004.

4 | Occupational safety and health

Iduapriem's safety and health record is exemplary. The mine achieved a zero lost time injury frequency rate (LTIFR) for the eight months from May 2004. On 25 September 2004, the mine was recognised by NOSA

(National Occupational Safety Association) based in South Africa for achieving four million hours without a disabling injury. It was also acknowledged with a NOSA 5-star rating during 2004.

Model mine medical facility at Iduapriem



Iduapriem's on-site clinic – named the Sam Jonah Clinic – was upgraded in 2004 to a model medical facility. The clinic provides 24-hour primary health care and occupational health services for employees as well as their registered dependants, while contractors are treated for work-related conditions. The clinic services about 7,000 people in total.

The clinic is staffed by one medical officer, two registered nurses (one of whom is qualified in occupational health), and two enrolled nurses. The clinic has adopted the AHS model where the registered nurses screen patients prior to consultation with the medical officer.

Between 30 and 50 out-patient consultations are processed daily. Current occupancy of the 12-bed in-patient section (for general medical and minor surgical conditions) is low, and the acuity levels of the cases admitted to the wards is also low. The well-stocked pharmacy fills approximately 30 prescriptions a day, and there is a fully equipped medical laboratory on site. No obstetrical service is currently

available at the clinic, but a feasibility study is underway to determine whether this service will be cost-effective. A theatre for minor procedures will be commissioned in February 2005, while radiology investigations are performed at the local Tarkwa hospital. An ambulance is available for emergency response. In the occupational health section, pre-employment, routine and exit medical examinations are performed, as well as medical surveillance, informed by occupational hygiene data. Audiometric assessment, lung function testing and electro-cardiometry are performed. A code of practice is in place to deal with possible cyanide exposure.

The major health care challenge at the mine remains malaria – this is the single most significant driver of health service costs and medical absenteeism at Iduapriem, not to mention the local community. AngloGold Ashanti is reviewing a potential integrated approach to malaria control in the area in conjunction with other mining companies, and the experiences being gained at Obuasi will be an important contributor to this.

Environment

AngloGold Ashanti's environmental philosophy and practice is guided by the group's business principles and the group environmental policy. The latter was reviewed in 2004 following the business combination between AngloGold and Ashanti. In addition, its 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. Iduapriem mine is ISO 14001 certified.

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. The protocol aims to streamline operational reporting requirements yet provide the appropriate level of information necessary to advise the executive and the board of the nature and occurrence of important incidents and developments and management response. 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. No such incidents were reported at Iduapriem during the year.

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 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 commencement of operation 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 thus made during mine life. Closure liabilities for Iduapriem currently amount to \$5.7 million (\$4.8 million attributable to AngloGold Ashanti). This estimate is based on studies carried at the operation and will likely change as further technical investigations, that may influence the closure provisions, are carried out.