

# GHANA

## 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 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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**Message from David Renner**

During 2005, Iduapriem maintained its proud record on the health, safety and environmental fronts. The mine recorded no fatalities and no incidents of occupational disease; achieved a record 6 million man-hours worked without a lost-time injury in May; and was the winner in Zone A of the Ghana Mines Department/Chamber of Mines Safety competition and subsequently placed second in the national event of the same competition. To crown it all, Iduapriem was judged the Best Improved Mine in Safety Performance by the Mines Department of Ghana.

Following the liquidation of NOSA, the mine has opted for the OHSAS 18001 safety management system, including the accompanying risk management programmes. A gap audit has also been carried out in preparation for Cyanide Code compliance which will be undertaken during 2007.

With regard to the environment, the mine's ISO14001 certification was re-confirmed and no adverse environmental incidents occurred during the year. At Iduapriem, we believe that continual improvement in the management of the environment is a survival tool in terms of compliance with regulatory requirements. We have set ourselves the goal of enhancing our environmental management system through capacity building and we are striving for progressive land rehabilitation and responsible mine closure. The mine's closure plan has been accepted by Ghana's Environmental Protection Agency (EPA), a key regulatory body.

We continued to foster strong relationships with our neighbouring communities. In January 2005 the Hand-In-Hand alternative livelihood programme was launched jointly with our social development partner, Opportunities Industrialization Centres International (OICI). The programme has had a positive impact on about 500 individuals from the eight communities in our surrounding area in various aspects of economic enterprises. A strategic decision has been taken to continue with the programme for the next two years.

Gold production for the year was 205,000 ounces, down 6% on the previous year, largely as a result of problems encountered with the crushing plant and the carbon-in-leach (CIL) plant milling circuit. Associated total cash costs increased by 15% to US\$348 per ounce as a result of lower production, and increases in the costs of contract mining and of major consumables such as fuel, cyanide and lime. In spite of these challenges, we were able to make a final loan payment of US\$10.6 million to the International Finance Corporation (IFC). A feasibility study to upgrade the crushing and milling circuits is far advanced and we expect to receive approval during the course of the year to implement the recommendations.

In view of the improved gold price, we intend to undertake a scoping study in the coming year to evaluate the economics of exploiting the considerable low grade mineral resources below the economic limits of the pits.

**David Renner**  
**Managing Director: Iduapriem**

## Introduction

AngloGold Ashanti has three mines in Ghana: Iduapriem (open-pit), Obuasi (which comprises both surface and underground operations) and Bibiani (open-pit). Formerly assets of Ghanaian-based Ashanti Goldfields, they became part of AngloGold Ashanti in April 2004 when the business combination of Ashanti and South African-based AngloGold became effective. The Iduapriem and Teberebie properties are adjacent to each other and are part of the Tarkwaian gold fields.

Iduapriem, Obuasi and Bibiani together produced 680,000 ounces of attributable gold in 2005, at a total cash cost of \$339 per ounce.



## Iduapriem

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

**Location:** Iduapriem mine is situated 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 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 increased to 174,000 ounces\*, primarily as a result of improved plant availability and, consequently, increased throughput. This was despite the crushing and conveyor problems experienced in the second quarter. A mine-to-mill study undertaken in the first half of the year focused on optimising the front-end crushing system to increase crusher and plant throughput. This was largely successful although some unexpected downstream problems have arisen which are currently being addressed.

Total cash costs increased to \$348 per ounce because of a combination of below-budget gold production, and increases in contract mining costs and prices of major consumables such as fuel, cyanide and lime.

Gross loss adjusted for the effect of unrealised non-hedge

derivatives improved to \$2 million. Attributable capital expenditure was marginally higher at \$4 million and was spent mainly on the mobilisation of additional equipment, exploration and development, and the implementation of social programmes in neighbouring communities.

(\* The 2004 attributable production was for an eight-month period only.)

**Government remittances:** Iduapriem paid \$3 million in royalties in 2005. No corporate taxes were payable because of assessed tax losses.

**Growth prospects:** A scoping study will be undertaken to evaluate the economics of exploiting the considerable low-grade mineral resources of the other properties that lie in the Tarkwaian conglomerates extending below the economic limit of the pits.

**Outlook:** Attributable gold production is expected to rise to between 185,000 and 193,000 ounces in 2006, at a total cash cost of between \$302 and \$314 per ounce. Capital expenditure of between \$14 and \$15 million will be spent mainly on tailings dam wall lifts and upgrades to the crushing plant and milling circuit.

† Throughout this report \$ refers to US\$.

### Iduapriem

		2005	* 2004
Gold production 100%	(000oz)	205	147
Gold production 85%	(000oz)	174	125
Total cash costs	(\$/oz)	348	303
Total production costs	(\$/oz)	451	423
Capital expenditure 100%	(\$ million)	5	4
Capital expenditure 85%	(\$ million)	4	3
Total number of employees		1,283	1,306
Employees		698	709
Contractors		585	597

\* For the eight months from May to December 2004.



## Mineral resources and ore reserves

Mineral Resources and Ore Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition), and also conform to the standards set out in 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 175.8 million ounces and ore reserves of 63.3 million ounces as at 31 December 2005. Of these, the Ghanaian operations accounted for Mineral Resources of 28.8 million ounces and Ore Reserves of 10.6 million ounces.



		Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
<b>Mineral resources</b> (as at 31 December 2005)							
Iduapriem (85%)	Measured	35.3	1.67	59.0	38.9	0.049	1.9
	Indicated	14.5	1.74	25.2	16.0	0.051	0.8
	Inferred	6.8	1.45	9.9	7.5	0.042	0.3
	<b>Total</b>	<b>56.6</b>	<b>1.66</b>	<b>94.1</b>	<b>62.4</b>	<b>0.048</b>	<b>3.0</b>
<b>Ore reserves</b> (as at 31 December 2005)							
Iduapriem (85%)	Proved	24.8	1.78	44.1	27.4	0.052	1.4
	Probable	7.3	1.81	13.3	8.1	0.053	0.4
	<b>Total</b>	<b>32.2</b>	<b>1.78</b>	<b>57.4</b>	<b>35.5</b>	<b>0.052</b>	<b>1.8</b>

## Labour practices

AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO) and endeavours to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour. By virtue of its South African domicile, the company is subject to certain conventions signed by the South African government including the ILO's human rights and social conventions (ILO 29, 87, 98, 100, 105, 111 and 138).

### Collective bargaining

In line with the company's upholding of human rights conventions, freedom of association is encouraged and collective bargaining structures are recognised in the regions where these structures commonly exist as they do in Ghana. Some 93% of the total labour force at AngloGold Ashanti's operations in Ghana belongs to the Ghana Mineworkers' Union. New rates of pay were negotiated between the company and the union during 2005.

### Employment equity

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which aims to promote an organisational culture that recognises the diversity of the societies within which the company operates, and which affords all employees the development opportunities that will enable them to achieve their optimal levels of career development during the period of their employment. AngloGold Ashanti's employment equity and equal opportunity programme covers employee development and retention, strategies to counteract losses, career development and the promotion of mobility in an environment that is free of unfair discrimination.

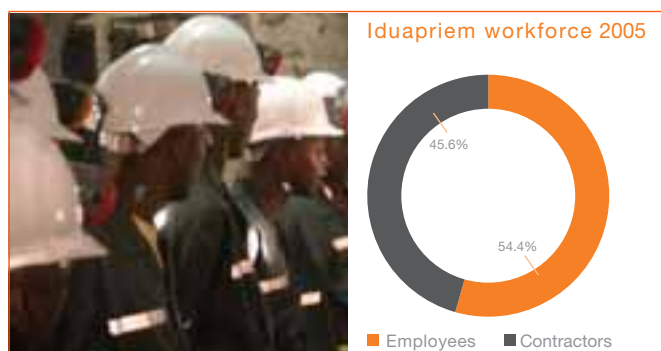
### Localisation of workforce

In Ghana the use of expatriate labour is overseen by government and the state approves the company's expatriate quota on an annual basis. Expatriates are employed on a two-year contract during which it is required that local staff are trained to take over their roles.

### Training and development

AngloGold Ashanti places great emphasis on the training and development of its workforce. It is committed to providing all employees with the opportunity to participate in training that will improve their workplace competency and to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of that person's workplace.

Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to AngloGold Ashanti. As part of this, company bursaries are granted to the dependants of employees in Ghana who have gained admission to government-approved secondary and tertiary educational institutions.



## Community

A fundamental philosophy of the company is that its operations and activities should contribute towards long-term sustainable development and that communities should be better off for AngloGold Ashanti having been there. Total corporate social investment expenditure in 2005 was \$8,752,407, of this amount \$357,535 was spent at Iduapriem.

### Engaging with the Community

AngloGold Ashanti strives to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments which affect them, throughout the lifecycle of its operations. Extensive stakeholder engagement structures exist, including relations with government, media, organised business and the communities themselves, and communication is conducted on a regular basis.

In Ghana, monthly meetings are held with consultative committees generally comprising the traditional chiefs or heads of the community, community elders, a female community leader, a youth representative, representatives from non-government organisations (NGOs) and representatives from a district authority.

### Encouraging employees to get involved

Management and employees at the Ghanaian operations serve on a wide range of boards and advisory bodies, including the Kumasi Polytechnic, the Presidential Advisory Commission on Health, the Board of Governors of the University of Mines and Technology at Tarkwa, and various other schools, churches/mosques, youth organisations and sporting clubs.

An outreach programme is being formed at Iduapriem for interested employees to volunteer to teach mathematics, general science and civic education in schools in the surrounding area. Most of these schools lack qualified teachers.

### Resettlement

AngloGold Ashanti seeks to acquire and use land in a way that promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, the company abides by appropriate guidelines for resettlement, where these exist. In any event, it will work with the local communities to develop

workable plans for any resettlement that may be necessary.

At Iduapriem most of the farmers due for compensation for loss of cropland following the extension of a rock dump, have been paid. The 35-member Concerned Farmers' Association is the exception. The matter is before the courts for settlement at the request of the farmers. Local consultants have been employed to streamline and expedite the payment of compensation at the mine.

A Stakeholders' Advisory Committee, headed by an independent chairperson, has been established. Finding a resolution to these issues is a core focus of management and the process is being overseen by the IFC (AngloGold Ashanti's joint venture partner at Iduapriem).

### Contributing to sustainable development

A central focus of sustainable development activities at Iduapriem is the Hand-in-Hand Programme, an alternative livelihoods initiative, aimed at uplifting the economic and social fabric of communities both during operations and after they cease.

The programme was established at the beginning of 2005 through a partnership between AngloGold Ashanti and non-profit NGO Opportunities Industrialization Center International (OICI), a US-based institution which fosters economic self-reliance through human resource development in Africa, Poland and the Philippines. OICI has provided development assistance programmes for disadvantaged communities in Ghana for the past 35 years. Besides the initial funding of approximately \$268,000 to the Iduapriem programme (representing about 80% of the mine's total social investment budget), AngloGold Ashanti has also provided a field office for the OICI manager and five supporting officers. The objectives of the programme are to:

- build the livelihood capacity of households;
- develop human capacity in health, nutrition and education;
- augment income-generating activities for the disadvantaged; and
- boost community resilience and participation.

The initial three-year Hand-in-Hand Programme aims to assist as many people as possible in the eight communities, which are located in the vicinity of the mine: Adisakrom, Adieyie (Mile 8), Mile 7, Techiman, Nkwantakrom, Wangarakrom, Teberobie and Abompuniso. The youth, who comprise 25% of the 7,500-strong population, are being specifically encouraged to take part in the initiative which offers





alternative employment opportunities to artisanal mining, a centuries-old traditional form of employment, which is often both dangerous and illegal.

Building capacity and promoting economic activity are the two main pillars of the Hand-in-Hand Programme. Under capacity-building falls:

- entrepreneurial skills training;
- micro-credit management training;
- animal husbandry and livestock training;
- technical skills training in food processing and value-adding technologies;
- training in water, sanitation and personal hygiene;
- training in participatory decision-making and problem-solving; and
- teacher training for early childhood development centres.

Almost 700 people have benefited from the capacity-building drive since the programme was launched at Adieyie in January 2005.

Ninety people have learnt the art of soap- and pomade-making as part of enterprise development. Over 500 have been trained in lending and credit management. Of the annual budget, \$36,000 has been placed in a revolving fund and loaned to 18 groups, comprising 317 participants, to create new businesses or to expand existing ones.

Seventy-four people have participated in water management and environmental sanitation courses, which provide training in hygiene and pump sanitation maintenance, as well as learning how to repair hand pump machines. Subsequent to these training modules, water and sanitation committees were formed in all eight of the Iduapriem communities.

In an effort to improve the academic standards in the schools, 12 people have undergone ECDC teacher training, and teaching aids have been provided to nursery schools. A scholarship scheme has also been established for students in junior secondary and senior secondary schools.

The promotion of economic activity has focused largely on

agricultural pursuits including pig, poultry and fish farming; vegetable and food crop production; goat and sheep rearing; and oil palm farming. Assistance was afforded to the 199 beneficiaries of the programme in the form of livestock; cassava sticks; oil palm and vegetable seedlings; spraying machines; and agro-chemicals.

As a holistic programme, Hand-in-Hand also endeavours to foster a community spirit by encouraging participation amongst its members. To this end, social welfare clubs, equipped with sports and games equipment, have been established in each community.

While AngloGold Ashanti believes that the programme is working well, a number of challenges have presented along the way. For example, a misunderstanding arose over micro-credit management which resulted in over-subscription of the micro credits and difficulty in recovering loans from some of the participating groups. In another instance one sheep farmer misunderstood the concept of sheep-rearing and instead slaughtered a sheep to bring in income. Because subsistence farming is the most popular economic activity, some vegetable producers are still trying to find a better market for their produce.

Recognition of how well the programme is proceeding overall, is that it received two commendations in 2005 for the mine's efforts to uplift surrounding communities: one from the district director of agriculture, who visited Iduapriem at the beginning of 2005; and the other from the NGO Wassa Communities Affected by Mining (WACAM) when it visited the mine in July 2005. (WACAM aims to improve the socio-economic lives of communities mainly in the Obuasi, Tarkwa, Yamfo and Bogoso areas.)

#### Procurement initiatives

In a separate initiative from the Hand-in-Hand programme but forming part of the mine's commitment to sustainable development, Iduapriem has contracted a local company to transport employees and mining consumables to and from the mine. In 2005, 7% of its material requirements were procured from local vendors, a 5% increase in local procurement compared with 2004.

#### Awards

- The Ghanaian Ministry of Agriculture has commended Iduapriem's efforts to improve the socio-economic lives of the people in the area.
- The president and chief executive of Opportunities Industrialization International/USA has commended Iduapriem's social investment for being 'long-term' focused.



## Environment

AngloGold Ashanti's environmental philosophy and practice are guided by the company's business principles and environmental policy. Operations are subject to the environmental laws, rules and regulations of the countries in which they are situated. Where no such laws exist or where these laws are perceived to be inadequate, the operations are guided by the company's business principles, environmental policy and the tenets of good practice.

The company's environmental policy and strategy is overseen by the board Committee on Safety, Health and Sustainable Development and driven at the corporate level. Within each region, the environmental manager provides advice to the relevant management teams. At most operations, on-site environmental professionals are responsible for implementing the mine's environmental programme and advising the general manager. Regional environmental offices and the operations themselves may engage specialists who consult to the operations.

### Environmental incidents

AngloGold Ashanti's reporting protocol enables the company to identify and manage the risks and impacts of environmental incidents as well as their associated costs. The protocol provides the appropriate level of information to advise the executive of the board of the nature and occurrence of important incidents and management's response to these. It also stipulates that a major incident must be reported within 24 hours. No major incidents took place at Iduapriem during 2005.

AngloGold Ashanti has formally adopted ISO 14001 as the standard for the company's environmental management system;

#### About ISO 14001

The International Organization for Standardization (ISO) is a voluntary not-for-profit network of national standards institutes from 146 countries with a Central Secretariat in Geneva, Switzerland, that co-ordinates the system. ISO 14001 focuses specifically on environmental management systems, and was first published in 1996. It applies to those environmental

aspects over which the organisation has control and over which it can reasonably be expected to have an influence.

ISO 14001 certification is the only ISO 14000-series standard against which it is currently possible to be certified by an external certification authority. Based on regular auditing by an appropriately accredited external body, an organisation may state that it is ISO 14001 certified.

## Occupational safety and health

Iduapriem reported a fatality-free year, although the mine's lost-time injury frequency rate (LTIFR) per million man-hours increased from zero in 2004 to 0.58 in 2005. However, the mine won two awards recognising safety efforts implemented at the mine.

### Managing safety and health

Safety and health performance is monitored and managed as an integral part of operational performance. While AngloGold Ashanti sets minimum guidelines for the company as a whole in respect of safety and health, regions and operations are encouraged to develop their own specific principles, guidelines and policies in line with local conditions and legislation. At Iduapriem, the most significant safety challenge relates to vehicular safety. A high-profile campaign implemented in the latter half of 2005 has shown some success and will be continued in 2006.

Following a safety day held at Obuasi in September 2005, a safety workshop was held for senior production managers from the

Iduapriem achieved certification in February 2003.

### Cyanide code

The use of cyanide in the recovery of gold is a core concern for the gold mining industry and is critical to its viability. AngloGold Ashanti was party to the development of the International Cyanide Management Code and was one of the first signatories announced in November 2005. The code is a voluntary industry programme for companies that use cyanide in the production of gold. Its codes and principles commit signatories to manage cyanide in a responsible manner.

### Preparing for mine closure

In all 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 costs of the anticipated closure and rehabilitation for the operation. AngloGold Ashanti devises plans before the start of the operation and these are updated regularly to take into account life-of-mine projections.

### AngloGold Ashanti Ghanaian operations – environmental statistics 2005

Total environmental liability	\$ million	47.1
Cyanide use	kg	5,954,000
Water usage	m <sup>3</sup>	15,670,000
Energy use	GJ	3,142,796



schedule is overseen by the health and safety manager, who also liaises with the community on emergency-related issues.

### Employee participation

AngloGold Ashanti strives for employee involvement and consultation with employees or their representatives in the implementation of safety and health principles. Safety and health agreements and policies, which have been negotiated with representative unions, are in place at many of the operations. In Ghana, employee safety and health is catered for in the collective bargaining agreements with the unions that cover all categories of employees.

The company also believes in the importance of communication with employees on safety and health issues to create awareness and commitment to standards and best practices. Communication tools include meetings, notices and signage, the intranet, mine-based newsletters, safety newsletters, launches and other events, posters, videos and induction procedures.

### Regional health threats

#### Malaria

Malaria is a significant health threat in West Africa. During 2005, 1,287 cases of malaria were reported amongst Iduapriem's workforce and the malaria lost-time injury frequency rate (MLTIFR) was 416.5 per million man-hours, the lowest at AngloGold Ashanti's Ghanaian operations. The MLTIFR allows the rate to be compared with the conventional LTIFR and demonstrates the negative impact malaria has on productivity and health in the workforce.

AngloGold Ashanti aims to implement an integrated malaria programme at its West and East African operations in an effort to

reduce the incidence of malaria amongst its employees and their dependants. The programme will comprise:

- vector control, which involves mosquito identification and insecticide susceptibility tests, as well as indoor residual house spraying, house screening and the provision of insecticide-impregnated bed nets;
- disease management, which relates to effective diagnosis and treatment;
- surveillance and monitoring of both the vectors and parasites (for drug resistance) and the compilation of accurate records; and
- information, education, communication and health promotion. A set of indicators has been developed to monitor the disease and its effects on local communities and the AngloGold Ashanti workforce and also to establish baselines against which the outcomes of regional malaria control programmes can be assessed.

#### HIV/AIDS management

Although the prevalence rate of HIV/AIDS is not as high in other African countries as it is in South Africa, programmes are in place at all the operations to deal with the impact on both employees and their communities. Individual operations are responsible for the programmes and initiatives which are frequently undertaken in collaboration with government bodies and NGOs.

In Ghana a policy was developed under the auspices of the Ghana Employers' Association and the Ghana AIDS Commission. Although there is no formal voluntary counselling and testing (VCT) centre, the Iduapriem clinic is equipped to undertake VCT and undertook four tests in 2005. There are no confirmed cases of employees infected with HIV at Iduapriem. In 2005 the main thrusts of the mine's HIV/AIDS programme were the distribution of condoms and the training of 35 peer educators.

### Awards

- Achieved 6 million man-hours without a lost-time injury in May 2005
- Won the Ghana Mines Department/Chamber of Mines Safety Competition and was runner-up to Bibiani in the national event
- Was judged the most improved mine in safety practices by the Ghana Mines Department

