

GHANA

OBUASI



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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 Adrian de Freitas

The past year has been challenging for Obuasi and its people. Following the business combination between Ashanti Goldfields and AngloGold at the end of April 2004, the continued integration of our systems and reporting has taken up much time and has, in many instances, changed the way we do things. At the same time, we have had a difficult period operationally, and have struggled to deliver the production that this operation is capable of. Gold production for the year amounted to 391,000 ounces at a total cash cost of \$345 per ounce.

The major expenditure in 2005 was on a state-of-the-art multi-million dollar refrigeration plant to improve the quality of the underground work environment. There was also a considerable investment made in the computerisation of mineral resource management, upgrading of the STP processing plant, mine infrastructure and services, the malaria control project and training. Capital expenditure, at \$78 million, was significantly more than it was in the previous year and it is set to increase again – to \$92 million – in 2006. The focus will be on underground equipment, infrastructure, and environmental and planning systems for existing operations.

While we have been engaged in an upgrading and re-engineering exercise at Obuasi, attention has been paid to ensuring that the ethos of the mine remains intact. The mine is firmly intertwined with the Obuasi community – and, indeed, with the country as a whole. We at AngloGold Ashanti recognise this and are committed to continuing significant capital expenditure to optimise the orebody, and evaluating and bringing to account Obuasi Deeps and, in so doing, extending the life of the mine to 2040.

At the same time we will remain a fair employer; carry on contributing in a meaningful way to the communities surrounding the operation and to the country as a whole; and actively manage safety and health issues as integral to operational performance.

Some of the ways in which we have and will continue to have an impact on our communities are discussed in this report. These include the Obuasi apprenticeship and sustainable development initiatives; the continuing upgrade of the Edwin Cade Memorial Hospital facilities; the malaria prevention programme, which will be commissioned in the first half of 2006; and the enhancement of the environment through improved waste management and rehabilitation programmes. While this is not an exhaustive account of our efforts, it does provide some indication of the way we conduct our business.

With our capital programme over the past 18 months having laid the foundation for further initiatives to improve productivity and the working environment in 2006, I believe we are better placed to meet the expectations of our shareholders, and our employees and their communities.

Adrian de Freitas
 Acting Managing Director: Obuasi

Introduction

AngloGold Ashanti has three mines in Ghana: Obuasi (which comprises both surface and underground operations), Iduapriem (open-pit) 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.

Together these mines produced 680,000 ounces of attributable gold in 2005, at a total cash cost of \$339 per ounce.



Obuasi

Ownership: Wholly owned by AngloGold Ashanti

Location: The Obuasi mine is located in the Ashanti region of Ghana, some 80 kilometres from Kumasi.

Geology: The gold deposits at Obuasi are part of a prominent gold belt of Proterozoic (Birimian) volcano-sedimentary and igneous formations which extend for a distance of approximately 300 kilometres in a north-east/south-west trend in south-western Ghana. Obuasi mineralisation is shear-zone-related and there are three main structural trends hosting gold mineralisation: the Obuasi trend, the Gyabunsu trend and the Binsere trend.

Two main ore types are mined:

- quartz veins which consist mainly of quartz with free gold in association with lesser amounts of various metal sulphides such as iron, zinc, lead and copper. The gold particles are generally fine-grained and are occasionally visible to the naked eye. This ore type is generally non-refractory; and
- sulphide ore which is characterised by the inclusion of gold in the crystal structure of a sulphide material. The gold in these ores is fine-grained and often locked in arsenopyrite. Higher gold grades tend to be associated with finer grained arsenopyrite crystals. Other prominent minerals include quartz, chlorite and sericite. Sulphide ore is generally refractory.

Mining and processing: Historically, Obuasi has been an underground mine, although there was large-scale surface mining between 1990 and 2000. The mine normally has two active treatment plants: the sulphide treatment plant to process underground ore and the tailings treatment plant to handle tailings reclamation operations. A third plant, the oxide treatment plant, which is used to batch treat remnant open-pit ore and stockpiles from time to time, will be shut down at the end of 2006 following completion of oxide open-pit operations.

Performance in 2005: Production improved modestly during the course of the year. Initial increases came with the start of mining of the Kubi pit surface oxides and latterly as a result of some improvements in mining mix and flexibility. Delayed access to high-grade areas as a result of unstable ground had a negative impact on grades, although measures were put in place to reduce dilution and more effectively identify and mine quality ounces. Overall, however, operational performance continued to be hampered by inadequately drilled and developed reserves.

A breakdown of the motor at the semi-autogenous mill at the main processing plant in the first quarter had an adverse effect on tonnage throughput; this was further exacerbated by the failure of the primary crusher in the third quarter.

As a result, total production amounted to 391,000 ounces for the year, at a total cash cost of \$345 per ounce, which was 13% higher than for the previous year*. The gross loss adjusted for the effect of unrealised non-hedge derivatives was \$16 million. Capital expenditure in 2005 amounted to \$78 million, and was mainly used for infrastructural upgrades, the refrigeration project, exploration and shaft equipment.

(*In 2004 production was reported for the last eight months of the year only.)

Government remittances: Obuasi paid \$5 million in royalties in 2005. No corporate taxes were payable because of assessed tax losses.

Growth prospects: A key reason for the business combination between AngloGold and Ashanti, the development of the deep-level ore deposits at the Obuasi mine (referred to as Obuasi Deeps), remains a major objective. Should this project proceed, it could extend the life of mine by 35 years. An investment of \$44 million over the next four years on further exploration and the necessary feasibility studies is required.

Depending upon the results, the full development of Obuasi Deeps may proceed. Initial scoping studies have indicated that the development of Obuasi Deeps will require an estimated capital expenditure of \$570 million in real terms over the anticipated life of mine.

Outlook: Based on current performance, the original production target of 500,000 ounces a year is unlikely to be reached. The revised production target for 2006 is between 407,000 and 423,000 ounces at a total cash cost of between \$319 and \$332 per ounce.

Capital expenditure in 2006 is expected to be between \$88 and \$92 million, and will be used mainly for exploration, completion of the fridge plants, infrastructure upgrades and the replacement of equipment, and malaria control.

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

Obuasi

		2005	2004*
Gold production	000oz	391	255
Total cash costs	\$/oz	345	305
Total production costs	\$/oz	481	426
Capital expenditure	\$ million	78	32
Total number of employees		8,295	6,747
Employees		5,852	6,029
Contractors		2,443	718

* For 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 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, Obuasi accounted for Mineral Resources of 24.9 million ounces and Ore Reserves of 8.6 million ounces (the respective numbers for the Ghanaian operations as a whole are 28.8 million ounces and 10.6 million ounces).



		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 2005)							
Obuasi	Measured	60.5	4.42	267.5	66.7	0.129	8.6
	Indicated	48.8	5.79	282.6	53.8	0.169	9.1
	Inferred	31.7	7.05	223.5	34.9	0.206	7.2
	Total	141.0	5.49	773.6	155.4	0.160	24.9
Ore Reserves (as at 31 December 2005)							
Obuasi	Proved	10.7	2.67	28.5	11.8	0.078	0.9
	Probable	39.0	6.17	240.4	42.9	0.18	7.7
	Total	49.6	5.42	268.9	54.7	0.158	8.6

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 \$266,206 was spent in Obuasi.

Guidelines for community relations in Ghana have been set by the local Environmental Protection Agency (EPA) and the Mines Inspectors' Department. Close contact is maintained with the chiefs and traditional authorities, including paying homage – particularly to the Asantehene, the King of the Ashanti – at significant events.

Community activities

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.

Community relations

The Obuasi community relations policy takes cognisance of AngloGold Ashanti's business principles and includes:

- forging and enhancing strong partnerships between the company and its stakeholders, including employees, their families and dependants, the communities and society in general;
- regular consultation and engagement to achieve peaceful and harmonious co-existence with the communities, governmental agencies and civil society in general;
- undertaking social investment initiatives in the communities and other areas where the company can make short- and long-term meaningful contributions in the socio-economic sphere;
- promoting capacity building and alternative livelihood programmes; and
- the provision of assistance in the areas of education, agriculture, health and sanitation.

Communication and consultation

Interactions with communities within the Obuasi Mine Concession are managed through monthly consultative meetings. The process

Local community development

The upliftment of the local economy and the development of alternative livelihoods is a fundamental focus of the company's corporate social responsibility programme in West Africa.

In 2005, 32 polytechnic and technical graduates were admitted to the Obuasi Apprenticeship Programme. Most of them underwent a year's practical training in plumbing, welding,

electrical, mechanical and electronic engineering. The four-year-old apprenticeship programme, which has cost about \$54,000 to date, has benefited more than 200 people, most of whom come from the communities around Obuasi Municipality. The mine provides free accommodation and allowances to the apprentices while they are in training.

involves the formation of consultative committees comprising ten 'opinion leaders' from the local community, namely the chief, two of his traditional elders, the youth organiser and secretary, two women representatives and three representatives of the local government administration.

Capacity building at Ayanfuri mine

Ayanfuri, part of the greater Obuasi mine in Ghana, is the subject of the country's first decommissioning plan following the pit's closure in September 2001. Prior to this, there was no national legislation in Ghana governing mine closure, which in certain instances resulted in foreign-owned miners leaving the country and abrogating their environmental and social responsibilities.

As one of the leading Ghanaian-owned gold-mining companies, Ashanti Goldfields was approached by the country's EPA to submit a formal decommissioning plan, which would serve as a possible blueprint for future closures. This occurred before Ashanti's business combination with AngloGold in April 2004.

While much preparatory work was done to address issues like public safety, site stability, revegetation, provision of social infrastructure and sustainable livelihood support, it was not until AngloGold Ashanti was formed that the decommissioning plan finally got under way in July 2004. A six-year closure plan was proposed by the decommissioning team comprising three years for the implementation of the decommissioning plan, followed by a three-year monitoring period until the issuing of a final closure certificate by the EPA in 2010.

Sustainable livelihood programme

As a firm believer that communities should benefit from mining operations once they have ceased, an important element of AngloGold Ashanti's decommissioning plan was the establishment of a sustainable livelihood intervention programme for the communities in an around Ayanfuri mine. Seven communities were affected: the largest being Ayanfuri with a population of approximately 2,500; and Gyaman, Fobinso, Abnabna, Dadieso, Ntwintina and Nkonya with a combined total of 4,500 inhabitants. Consultation took place with the chiefs, elders, opinion leaders, assembly members and youth structures of each village to inform them of the decommissioning process and the implementation of income-generating activities for sustainable development following Ayanfuri's closure. This was an important exercise in rebuilding community trust since, until that point, the perception was that the mine had abandoned them. They charged that, while the mine had assisted in building infrastructure, little effort had gone into capacity building.

Much of the mine's rehabilitated land was found to be suitable for sustainable livelihood support projects, including mined-out pits containing water which could be used for aquaculture. Reclaimed land could be used for crop production, grazing and forestry. Sites owned by individuals were also earmarked as areas for sustainable projects.

Discussions around sustainable enterprises

A number of organisations were invited to take part in discussions

around setting up sustainable enterprises. The Ministry of Food and Agriculture gave input with regard to farming; the Fisheries Department, which was approached to give expert guidance on aquaculture projects, showed an interest in using the proposed Ayanfuri ponds as a training site; and the Centre for Biodiversity Utilisation and Development (CBUD), from the Institute of Renewable Natural Resources at the Kwame Nkrumah University of Science and Technology, offered suggestions on a range of sustainable livelihood projects which it could assist in establishing.

Projects for future development

Funded by the Royal Netherlands Embassy in Accra, the CBUD aims to stimulate and promote sustainable development through the use of natural resources, paying equal attention to conservation. Some of the projects it has proposed for future development include duck, rabbit and pig farming; honey production; aquaculture; and seedling nurseries. In accordance with AngloGold Ashanti's request, however, the initial ventures were limited to training in snail and indigenous leafy vegetable farming; and grasscutter rearing (grasscutters are small rodents which are a source of protein in Ghana and other African countries). The total CBUD budget for capacity building and start-up costs in these ventures was €804,100,000 (US\$84,660).

Getting started

Of the approximately 5,000 people who applied to take part in the projects, 1,000 were selected to take part in concurrent training in snail and vegetable farming and 100 for grasscutter rearing which has high start-up costs. Criteria for acceptance were that participants originated from the Ayanfuri enclave and, to ensure the security of ventures, that they owned a piece of land next to their home. Participants who did not own land could request the community chief to make land available for individual projects. In order to empower as many people as possible, participants were expected to take part in skills transfer on completion of the programme. The one-year programme was split into three milestone stages:

- intensive six-month on-the-job training and capacity building by a team of 19 CBUD trainers, who were seconded to residences on the mine (a CBUD office was established at Ayanfuri for the benefit of the community);
- appraisal of participants to assess those whose businesses had become viable enough to warrant micro credit from the mine's €640,000,000 (US\$67,368) micro-credit budget (banks do not offer credit to first-time applicants), as well as training in managerial, business, marketing and organisational skills; and
- demonstrable business expansion.

Training was carried out in groups, and those who reached the micro-credit milestone formed co-operatives, while at the same time retaining individual ownership of ventures. Of the 1,000 participants who originally started training in snail and vegetable farming, 300 successfully completed the milestones, to the point that they could be weaned off CBUD assistance, while the remainder continued with coaching. One hundred people trained in grasscutter rearing, of whom 30 have become fully self-sustaining.

While the programme has been fairly successful to date, it has not





been without its challenges. These have included:

- meeting the 2010 closure plan deadline, which the EPA has indicated is too ambitious;
- aligning community support with the mine's objectives;
- creating organised markets for products (currently produce reverts to the CBUD when markets cannot be found); and
- preparing for business expansion well ahead of the CBUD's scope of one year.

Going forward

In terms of the decommissioning plan, AngloGold Ashanti's period of financial responsibility was over at the end of the year-long training programme in July 2005, after which funding was made available from CBUD donors to ensure the sustainability of current projects and to embark on new ones. The decommissioning team, however, continues to receive monthly progress reports on the projects. Although neighbouring Obuasi mine has a projected life of mine of 30 years, AngloGold Ashanti has given assurances that a programme of skills transfer will be extended to the eight communities in and around the mine, to ensure that sustainable livelihood programmes are firmly in place long before mine closure. Discussions have already commenced with the CBUD to this end.

Procurement

As part of AngloGold Ashanti's contribution to sustainable development, it tries to procure goods and services locally.

At Obuasi about 12% of the company's material requirements are sourced from local businessmen. The transport of employees and of materials to and from the mine is handled by local private companies. Foodstuff and drinks for the employees' club houses and the canteen are sourced from businesses in the area.

Artisanal mining

Artisanal mining poses substantial challenges for mines operating in areas with long traditions of artisanal mining. This includes most mines in Ghana. AngloGold Ashanti has begun working closely with a number of other stakeholders in addressing how best to find a balance between its own commercial interest in its mining concessions and the small-scale miner's claims. Artisanal mining remains a safety, health and environmental concern (to employees and artisanal miners) that needs to be managed. Furthermore, the

company's security arrangements are under ongoing review to ensure that human rights considerations are fully factored into all dealings with the artisanal miners and concerned parties.

At Obuasi the issue of unlawful artisanal mining on company property has become significant. While the company is making ongoing attempts to engage with the artisanal miners or 'galamseyers' to stay out of the lease area and to protect its property, clashes have occurred between the artisanal miners and the company, resulting in injuries to both groups.

Incidents in 2005

The illegal activities of galamseyers flared when mining operators cut the electric cables that feed the pumps running tailings slurry from the Kokoteasua Dam Pump Station to the Pompora Tailings Treatment Plant, in the midst of a heavy rain storm. The pumps seized, causing the sumps to become silted up and large amounts of tailings material escaped into the external environment. The surrounding downstream communities of Kokoteasua, Abompekrom and Nkamprom were affected by the spillage. AngloGold Ashanti deployed the necessary staff and resources to clean up the spillage and assess damage, with the intention of paying compensation to affected communities.

On 21 May 2005 tensions between the mine and galamseyers again increased when a group of 21 military personnel and police assisted Obuasi management in destroying 15 to 20 illegal pits, constructed by galamseyers around the Ellis and West shafts. This followed an ultimatum, which was given to the galamseyers by the company several weeks before this event, to cease their illegal activities.

A further incident occurred on 21 June 2005 when it was alleged that Awudu Mohammed, a galamsey suspect, was shot by AngloGold Ashanti security staff. A comprehensive internal investigation was undertaken and the company has maintained its original contention that Awudu Mohammed was injured by falling on the spikes of a security gate when he tried to avoid arrest.

These incidents have led to the company being on the receiving end of allegations of human rights abuses by two non-government organisations (NGOs), the Third World Network and the Wassa Association of Communities Affected by Mining (WACAM). AngloGold Ashanti recognises that these NGOs have a significant role to play in communities such as that of Obuasi and is committed to engaging with them and all other stakeholders to deal with problems and concerns directly.

Award

The President of Zambia, who visited Obuasi this year with four of his ministers and the Vice President of Ghana, commended the mine for the professionalism of its employees and its social responsibility projects.



Occupational safety and health

Regrettably, seven employees died at Obuasi mine during 2005, reflecting a fatal-injury frequency rate (FIFR) of 0.29. The management of Obuasi extends its condolences to the families of the deceased. The mine's lost-time injury frequency rate (LTIFR) per million man-hours increased from 2.53 in 2004 to 2.89 in 2005.

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.

A safety day was held for the first time at the Ghanaian operations, at Obuasi, in September 2005 and was attended by employees and their families. This was followed by a safety workshop for senior production managers from the three operations in Ghana – Obuasi, Iduapriem and Bibiani – and Guinea. Following the workshop, these operations resolved to adopt OHSAS 18001 as their safety management system, including the accompanying risk management programmes. OHSAS 18001 is an Occupational Health and Safety Assessment Series specification which, rather than being prescriptive, suggests standards covering a number of key safety aspects.

Health care services are provided at Obuasi's Edwin Cade Memorial Hospital, which caters for employees, their dependants and the community. However, the burden of a large, non-paying community, an increased number of malaria patients, as well as ageing equipment and infrastructure, have led to reduced levels of service. As a result the hospital is to undergo a \$1.235 million upgrade of facilities over three years and is to appoint additional medical practitioners, nursing and other staff, including a malaria laboratory technologist for the planned malaria laboratory. Also envisaged is the refurbishment of the casualty and maternity sections; new kitchen facilities; the setting up of an in-service training facility; and a staff room.

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 and particularly at Ghana's Obuasi operation, which employs the greatest number of the country's three AngloGold Ashanti mines. During 2005, 17,460 cases of malaria were reported amongst its employees, reflecting a malaria lost-time injury frequency rate (MLTIFR) of 721.7 per million man-hours. 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.

The Edwin Cade Memorial hospital currently treats an average of 6,000 malaria patients per month, approximately 31.5% of whom are mine employees. Malaria results in a major loss in production, and monthly medication costs often exceed \$40,000.

One of AngloGold Ashanti's objectives for 2006 is to implement an integrated campaign at the mine, targeting a 50% decrease in incidence and absenteeism within two years. The integrated malaria control campaign is planned start in April at Obuasi and all outlying villages within the Obuasi municipal assembly area. First reported on in the 2004 AngloGold Ashanti Report to Society, the campaign was originally scheduled to begin at the beginning of 2005, but was delayed to allow the mine and the medical staff more time to establish a proper scientific base from which to launch the project and to interact with the community to determine their exact needs with regard to preventing and treating malaria.

This programme aims to develop, implement and sustain a campaign that:

- reduces the severe burden of malaria at Obuasi;

Multi-million dollar refrigeration project for Obuasi

A major capital project to come on stream at Obuasi was the installation and commissioning in January 2006 of a new refrigeration plant, at a total cost of US\$25 million. Obuasi's underground workings are at an average depth of 1,500 metres, and current ventilation infrastructure is inadequate to keep working areas sufficiently cool for effective and safe underground mining. Extensive research has shown that workplace temperatures in excess of 29.5°C wet bulb have a marked negative impact upon people's ability to think logically and follow a sequence of tasks. Clearly, this has major safety implications, and is one of the reasons for which a workplace temperature of 27.5°C has been

adopted at AngloGold Ashanti operations. The implementation of the new fridge plant is expected to result in maximum underground temperatures below 30.5°C wet bulb, with most workings at 27.5°C wet bulb, in line with the AngloGold Ashanti standard. The project will not only improve air circulation underground but will serve to provide cooler and safer working areas, promoting more effective working underground. The completion of the first phase of the project means that average specific cooling will also improve by about 50%. Mining blocks in this area of the mine, which were put on hold due to high temperatures, can now be accessed.



- promotes community development and all means of preventative measures; and
- assists health practitioners in early detection and treatment of malaria, in partnership with relevant stakeholders and in line with the government's malaria policy.

The integrated malaria control programme for Obuasi comprises:

- **Vector control** – Indoor residual spraying of the estimated 90,000 structures in the town as well as the use of insecticide-impregnated bednets. The cost of the spraying alone is estimated at \$823,000 per year. Indoor residual spraying will take place twice a year in a five-month cycle of spraying.
- **Larviciding of temporal and permanent water bodies which support mosquito breeding.**
- **Disease management** – Effective treatment protocols (such as early detection and diagnosis of malaria) have been introduced at the hospitals in Obuasi. The provision of preventative drug treatment will help ensure acceptable cure rates for malaria and reduce the pool of infected individuals.
- **Surveillance and monitoring** – A malaria information system will measure programme outcomes to the established standards of the World Health Organisation (WHO) and monitor productivity, quality control and costs.
- **Information, education and communication** – Programme liaison teams and volunteer community advocates have been trained to provide health information on malaria prevention, diagnosis and treatment. Educational material such as pamphlets, posters and videos on malaria will also be circulated.

A malaria control centre, in the Sansu area, is nearing completion and although primarily the headquarters for the Obuasi programme, it will also serve as a training centre for members of AngloGold Ashanti's malaria projects at other mines. It will be used as a satellite research centre by the Noguchi Memorial Institute for Medical Research at the University of Ghana, government departments, and other agencies. This facility will be used for surveillance and research, and for maintaining a mosquito colony to measure and test insecticide efficacy. The resident entomologist is a local graduate, who was nominated by the Noguchi Institute at the University and sponsored for a doctorate in Entomology at the University of the Witwatersrand in South Africa.

Job creation

In addition to the entomologist, 125 additional jobs have been created within the local community. A course for spray team supervisors was conducted by Avima, the company supplying the insecticide, and covered all aspects of indoor residual spraying with the emphasis on community relations and administration.

Community involvement

The community liaison section of the malaria control centre is a vital component of the campaign since the success of the programme depends on its acceptance by the community. Presentations have been made to local stakeholders including the relevant government departments, the director of health services at Obuasi, the WHO malaria officer, community liaison committees, members of the local assembly, local and district chiefs, NGOs, church groups and schools.

One hundred and fifty community malaria advocates (volunteers from the different communities and surrounding villages) were appointed to educate people on the need to change the environment in which they live, so as not to encourage or harbour mosquito breeding. These volunteers followed an intensive two-day training course presented by the Obuasi Malaria Control staff and were issued with a distinctive shirt and cap to ensure they were easily recognisable so the community could approach them with questions or concerns.

This feature of the campaign has been extremely successful and the advocates have assisted the Noguchi Institute during their baseline malaria prevalence study at Obuasi and the town planning department of the local municipality. They will also help the spray teams with community awareness during the indoor residual spraying phase.

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.



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.

An Environmental Steering Committee has been established at a corporate level and is made up of the regional environmental managers. The insights of this group are used to identify and debate critical environmental issues facing the company, to develop strategic recommendations and to formulate plans for practical implementation.

Strategic review

A strategic review of environmental management at Obuasi was carried out by a team of international environmental specialists

AngloGold Ashanti Ghanaian operations – environmental statistics 2005

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

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. There were three major incidents at Obuasi during 2005:

- a tailings spillage from Sansu tailings dam resulted in approximately 4,000,000 cubic metres of water entering the Nyam River. On detection, the portion of the dam that was damaged through the activities of artisanal miners was repaired. Security around the dam was also stepped up to

prevent future damage to the dam walls;

- the Kokoteasua tailings treatment retention sumps overflowed resulting in the flooding of a school and number of residences downstream of this facility. The sumps have been cleaned and stormwater drainage control has been improved. The school and houses downstream were cleaned and appropriate compensation given; and
- in February two birds died after drinking from a pool of arsenic-contaminated water at the new arsenic storage yard. The store has been covered with a high-density polyethylene liner.

Environmental management

AngloGold Ashanti has formally adopted ISO 14001 as the standard for the company's environmental management system during 2005 and has set itself the target of achieving certification of all its operating mines, including Obuasi, by the end of 2006.

Use of cyanide

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 a 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. During 2005 the AngloGold Ashanti operations in Ghana used 5,954,000 kilograms of cyanide.

Closure plans

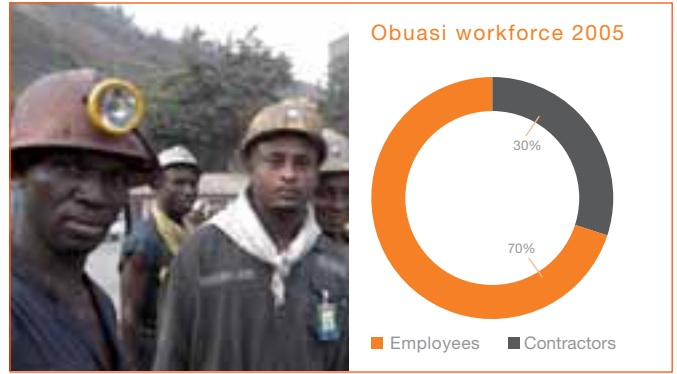
In all jurisdictions in which the group operates, the company is required to provide financial assurance – in a form prescribed by law – to cover some or all of the costs of the anticipated closure and rehabilitation for the operation. AngloGold Ashanti devises plans before the start of the operation and these are updated regularly to take into account life-of-mine projections.

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.



Labour practices

AngloGold Ashanti employed 10,295 people in Ghana in 2005 of whom 8,295 worked at Obuasi. 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.

Consultation

Management and employee representatives meet both formally and informally at industry, company and operational level on a wide range of issues to share information and address matters of mutual interest. The Ghana region has a Mine Standing Negotiation Committee which provides a consultative platform for management and branch representatives of the union. The union is also represented on the divisional board of the company.

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.

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.

Human rights

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).

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.

AngloGold Ashanti has in place a variety of strategies and structures designed to promote participation at all levels within the company. These are developed and adapted regularly to meet operational requirements and changing circumstances.

