



# NAMIBIA

## NAVACHAB

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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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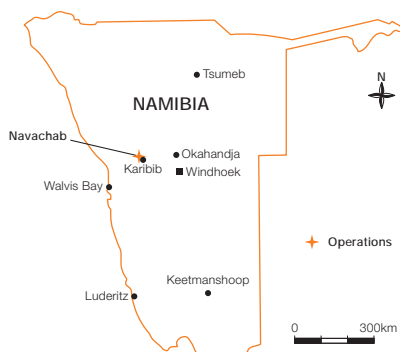
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### Message from Peter Geleta

Starting the review of 2005 on the safety front, Navachab was on the brink of reaching 365 days without a lost-time injury when, unfortunately, we had our first injury in April after 344 shifts. The mine subsequently suffered a further two lost-time injuries, thus ending off the year with a total of three lost-time injuries. These injuries highlighted the need for a basic shop-floor risk assessment 'tool box' as all three accidents involved experienced employees doing routine work. We are committed to having no injuries in 2006.

During the first half of the year the mine suffered badly from a low gold price averaging around N\$86,000 a kilogram which was well below our budgeted price of N\$90,200 a kilogram. Fortunately, the gold price recovered and we ended off the year with an average price of N\$91,055 a kilogram which assisted us in exceeding our budgeted profits by 50%.

In terms of production we had a poor start to 2005 with our mining being hampered by high rainfall and our gold production negatively affected by a serious crusher bearing failure which led to the mill being unable to operate for eight days. Our single line operation (single crusher and single mill) system remains one of our biggest operational risks. The high standard of maintenance and the purchase of strategic crusher spares during the year have reduced this risk for the future. The second half of 2005 went well and we managed to make up the backlog and achieve our budgeted gold production of 80,000 ounces.

One of the highlights was completing our mining in pit bottom down to 950 metres before the start of the rainy season. We are now expanding the pit and have commenced mining on the eastern pushback – we plan to get to pit bottom again in 2011. With an improved gold price and further reductions in our operational costs, expansion opportunities do exist on the western side of the pit.

The Ministry of Mines and Energy is currently considering the imposition of a royalty payment of up to 5% on gross revenue for the mining industry. If this is implemented it would have a major impact on the mine's ability to fund its stay-in-business capital from 2007 onwards. It would also limit opportunities for any further expansion plans. Discussions on the issue continue with the ministry.

Our people are our most important asset. We currently have six bursary students studying towards mining related qualifications in South Africa. We have had a renewed focus on training and development, and in 2005 we started with a business understanding programme which is aimed at equipping all employees with the skills to enable them to understand the business of gold mining. Personal development plans are being put in place for each employee with the aim of enabling all our people to reach their full potential.

**Peter Geleta**  
General Manager: Navachab

## Introduction

The first gold-bearing quartz veins were discovered in Namibia in the Rehoboth district as early as 1899. Although many prospects opened up and were exploited in 1933 and 1934, all later closed down, mainly because of the low and erratic grade of the mineralisation. The Navachab gold deposit was discovered as a result of a geochemical exploration programme in 1984 during exploration for carbonate-hosted gold deposits. Navachab has been in production since 1989, and is the only gold mine in Namibia. AngloGold Ashanti's interest in Navachab dates back to 1998, when it bought a 70% stake in the mine. In 1999 it increased its stake from 70% to 100%.



## Navachab

**Ownership:** Navachab is wholly owned by AngloGold Ashanti.

**Location:** Navachab is situated 10 kilometres south-west of Karibib and 170 kilometres north-west of Windhoek on the southern west coast of Africa.

**Mining and processing:** Navachab mine is an open-pit mine. Its processing plant, with a production capacity of 110,000 tonnes per month, includes mills, carbon-in-pulp (CIP) and electro-winning facilities.

**Geology:** The Navachab deposit is hosted by Damaran greenschist-amphibolite facies, calc-silicates, marbles and volcano-clastics. The rocks have been intruded by granites, pegmatites and (quartz-porphry dykes) aplite and have also been deformed into a series of alternating dome and basin structures. The mineralised zone forms a sheet-like body which plunges at an angle of approximately 20° to the north-west. The mineralisation is predominantly hosted in a sheeted vein set ( $\pm 60\%$ ) and a replacement skarn body ( $\pm 40\%$ ).

The gold is very fine-grained and associated with pyrrhotite, and minor trace amounts of pyrite, chalcopyrite, maldonite and bismuthinite. Approximately 80% of the gold is free milling.

**Performance:** In 2004 AngloGold Ashanti assumed control of the mining operations at Navachab from the mining contractor, employing additional people and purchasing its own equipment. This transition to owner mining meant that only limited operations were conducted in the first half of that year.

In 2005 gold production rose by 21% to 81,000 ounces as grade increased to 2.05g/t. Total cash costs decreased by 8% to \$321 per ounce as a result of the increased volumes.

Gross profit adjusted for the effect of non-hedge derivatives increased to \$10 million as a result of higher production, lower costs and the higher cost price received.

Capital expenditure of \$5 million was significantly down on that for

the previous year and included expenditure on the transition to owner mining, additional owner-mining facilities, mining equipment, plant automation and ongoing exploration.

**Growth prospects:** Previous studies on a potential pit expansion, which was then uneconomic, are being reconsidered given the current outlook for the gold price. Several brownfields prospects are situated within trucking distance and are currently under investigation.

**Outlook:** Gold production is expected to rise to between 81,000 and 85,000 ounces in 2006, at a total cash cost of between \$301 and \$313 per ounce. Capital expenditure of \$1.4 million is planned.

**Government remittances:** Navachab did not pay tax in 2005 as it was in a capital allowance period because of the N\$138 million capital investment made in owner mining in 2004.

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

### Navachab

		2005	2004
Gold production	000oz	81	67
Total cash costs	N\$/oz	2,043	2,158
Total cash costs	\$/oz	321	348
Total production costs	N\$/oz	2,075	2,411
Total production costs	\$/oz	326	389
Capital expenditure	N\$ million	33	130
Capital expenditure	\$ million	5	21
Total number of employees		315	251*
Employees		315	251
Contractors		-	-

\* No mining labour, contract or otherwise, was on site during the first half of 2004.



## Mineral resources and ore reserves

Mineral Resources and Ore Reserves are reported in accordance with the minimum standard described by 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 are inclusive of the Ore Reserve component unless otherwise stated.

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, Navachab accounted for Mineral Resources of 1.8 million ounces and Ore Reserves of 0.5 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)							
Navachab	Measured	10.3	0.88	9.1	11.4	0.026	0.3
	Indicated	27.9	1.42	39.5	30.8	0.041	1.3
	Inferred	6.0	1.20	7.1	6.6	0.035	0.2
	<b>Total</b>	<b>44.2</b>	<b>1.26</b>	<b>55.8</b>	<b>48.7</b>	<b>0.037</b>	<b>1.8</b>
<b>Ore reserves</b> (as at 31 December 2005)							
Navachab	Proved	1.2	1.85	2.2	1.3	0.054	0.1
	Probable	8.9	1.65	14.7	9.8	0.048	0.5
	<b>Total</b>	<b>10.1</b>	<b>1.67</b>	<b>16.9</b>	<b>11.1</b>	<b>0.049</b>	<b>0.5</b>



## 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 \$470,000 (N\$3 million) was spent in Namibia.

In 2005 social investment initiatives were focused on education, agricultural projects and local economic development. The local Karibib Private School received N\$2 million in subsidies from Navachab. It has maintained its status as one of the top schools in the country, boasting a 100% pass rate for grade 12 learners in

comparison with a national pass rate of 50% in 2005.

Programmes are in place to support local industries and 78% of Navachab's goods and services are procured within the country.

Navachab recently re-examined its stakeholder engagement processes. An interested and affected parties' meeting is held on an annual basis, with a mine tour, presentations and an opportunity for discussion provided.

Issues discussed include environmental impacts, sustainable development and mine closure. Navachab is active in the community and is represented in a number of local committees and the town council.

## Labour practices

AngloGold Ashanti is committed to upholding the Fundamental Conventions of the International Labour Organization (ILO), thus it seeks to ensure fair employment practices by prohibiting forced, compulsory or child labour. A wide range of agreements is also in place at an operational level to ensure that human rights are protected. These include recognition and collective bargaining agreements, disciplinary, grievance and appeal procedures and non-discrimination agreements.

### Recognition agreement

At Navachab a recognition agreement is in place with the Mineworkers Union of Namibia (MUN) to which 76% of the workforce belongs. The union bargains with the company on behalf of all employees in the A1 to C3 Paterson bands. An 18-month wage agreement was signed during 2005, allowing for a 6.5% wage increase. A shift agreement, developed as part of the transition to owner mining, was also signed in November 2005. While collective bargaining forms the basis of remuneration packages, incentive bonuses and individual bonuses, based on individual appraisals, are also awarded.

### Employee benefits

At Navachab 80% of employees reside in company housing while the remainder receive a housing allowance for rented accommodation. Employees are entitled to private health care through membership of a medical scheme to which the company contributes. An on-mine clinic provides primary health care and occupational health services.

### Equal opportunities

As a company, AngloGold Ashanti is committed to providing development opportunities to all its employees and to ensuring that no grouping (and that includes women) is discriminated against. In Namibia equal employment is promulgated in the Employment Equity and Affirmative Action Act and the mine's recruitment policies are aligned with this legislation. A three-year plan has been submitted to the Office of the Equity Commissioner, detailing plans for the advancement of women in the company.

### Localisation of workforce

The employment of local citizens is also given priority in line with Namibian legislation governing the recruitment of expatriate employees and promoting the localisation of the workforce. Plans to increase employment of local citizens and reduce the number of expatriates, particularly at management level, are under way. These include the identification and training of local citizens to replace expatriate staff once they have the requisite skills. Understudies have been identified for all positions held by non-Namibians, as is required by legislation. The understudy programme is aimed at groups rather than individuals and is separate from the succession planning programme which is aimed at individuals.

### Training and development

AngloGold Ashanti's policy is to provide Adult Basic Education and Training (ABET) to ensure that all employees can become literate and numerate. Navachab mine is to review its ABET programme after it was stopped about two years ago. A needs analysis is to be conducted with a view to reinstating the programme. Under investigation will be the identification of current literacy levels; identification of candidates for the programme; and consideration of the cost implications. Awareness sessions are also to be introduced, advising employees of the benefits of enrolling. It is envisaged that 14% of the workforce will attend ABET when it resumes, mainly at levels 1 and 2.

Study assistance programmes are provided at all AngloGold Ashanti operations. Six bursaries, worth N\$400,000, were awarded by the mine in 2005. The Namibian bursary programme is open to all Namibians (not necessarily employees or their dependants). Bursaries are offered in the fields of geology; metallurgical, chemical, mechanical and electrical engineering; human resources and accounting.

A training-for-life programme is in place to equip employees or ex-employees with skills for alternative employment opportunities or self-employment in the event of termination of employment as a result of ill health or mine closure. In terms of an agreement with the MUN, employees receive assistance (87.5% of fees) for study in certain courses which may or may not be related to their job disciplines. Sixteen employees participated in this programme in 2005, at a cost to the company of N\$100,000.





## 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.

During 2005 a 'major incident' environmental reporting system was implemented, and notable improvements have been made to environmental data collection and reporting systems. A series of environmental guidelines are being developed to provide appropriate guidance to operations in terms of their impact on the

environment.

AngloGold Ashanti 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 for all its operating mines, including Navachab, by the end of 2006.

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.

### Namibia – environmental statistics 2005

Total environmental liability	\$ million	3.0
Cyanide use	kg	814,441
Water usage	m <sup>3</sup>	1,031,554
Energy use	GJ	227,524

#### 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

While Navachab enjoyed another fatality-free year, the mine's lost-time injury frequency rate rose to 3.02 per million man-hours in 2005 from 0.90 in 2004.

### Managing safety and health

Navachab used the NOSA (South African-based National Occupational Safety Association) specifications for safety management systems and external auditing and certification, until the organisation was placed in provisional liquidation in May 2005. In line with other AngloGold Ashanti operations, it will now use an alternative specification in the form of the Occupational Health and Safety Series (OHSAS 18001). OHSAS does not state specific occupational health and safety criteria but rather encourages operations to set their own management system in accordance with each operation's specific requirements.

Risk assessments are conducted at both group and operational levels in order to identify and either reduce or eliminate potential safety and health risks. In recent years, risk assessment has been extended to the rock face, with basic hazard identification skills being taught to front-line supervisors and employees. At Navachab, internal risk assessments were conducted by every department during 2005, and an overall risk assessment was also completed. External consultants are employed to conduct risk assessments of specific issues, such as pit slope stability and stability of the tailings storage facility.

Because the mine operates on continuous rotational shifts, fatigue is considered one of the highest safety risks. A study on fatigue management is currently being undertaken at the Sunrise Dam operation in Australia and this is to be extended to Navachab during 2006. Extensive work has gone into assessing the risks,

identifying potential problems and implementing appropriate controls, elements of which will be transferred to the Navachab situation.

As one of AngloGold Ashanti's smaller operations, Navachab has its own on-mine medical facilities to cater for employees and, in some cases, for their dependants.

### Emergency management

The mine's emergency preparedness plan is currently under review and includes assisting the local community in the event of an emergency. The following emergency drills were held in 2005:

- pit evacuation;
- a motor vehicle accident simulated on the main road;
- fire drills in different departments;
- a fire drill in conjunction with two first-aid cases at the plant; and
- cyanide 'man down' drills.

### Employee participation

Safety and health agreements are in place with the MUN. The MUN participates in the mine's Health and Safety Steering Committee.

### HIV and AIDS management

The prevalence level of HIV/AIDS amongst employees at Navachab mine is estimated at about 8%. The mine's on-site clinic provides voluntary counselling and testing (VCT) and anti-retroviral therapy (ART) as part of an integrated HIV/AIDS management campaign. In 2005, 42 employees underwent VCT and three employees were on ART.

### Awards

The mine received a NOSA award for safety at an open-pit mine in Namibia. It also retained its NOSA 4-Star status.

