

COMMUNITY

Case study



Fostering partnerships in Patagonia

AngloGold Ashanti's Cerro Vanguardia (CVSA) mine is located in one of the most remote and unpopulated gold mining regions of the world. The mine is a partnership between AngloGold Ashanti and Formicruz (which is owned by the Santa Cruz province in which the operation is located). The nearest town to CVSA is San Julian, with some 7,500 inhabitants.

San Julian is one of the oldest port towns in Argentina and, although the region is steeped in history, its remote location means that it remains off the main tourist routes. Up until 1990 the area was a significant sheep farming region. But the region was sorely affected when, in 1991, Mount Hudson in southern Chile – the site of one of the largest 20th century volcanic eruptions, sent millions of tonnes of volcanic ash into the atmosphere which left a trail of barren land over large tracts of Patagonia. The result has been a lack of economic activity and socio-economic

Development agency



Since 2004, CVSA has provided support for the San Julian Development Agency, contributing some ARS500,000 (Argentinian peso) per year towards the agency's ability to assess the feasibility of various socio-economic development projects.

Says AngloGold Ashanti's Alberto Carlocchia, "Although we were initially a bit disappointed with the progress that was made with the development agency – there was little initiative or sense of ownership by the local community – we were never discouraged with the project. It was also very important that CVSA did not simply step in and run the process – this needed to be a community-based initiative which was supported by CVSA and not the other way around. During the first year it was very difficult to manage the differences between the partners in the development agency, considering the dissimilar professional origin of them (CVSA, local businessmen and political representatives); This led to a disparity of criteria for the future, and demanded a lot of work. Finally, after that work was done, the partners in the development agency – CVSA, local business and the local municipality – took the decision in 2005 that we needed to recruit a specialist and dedicated manager to oversee the agency. Following a nationwide search and close on 90 applicants we identified Alejandro Ramos as the new Manager and, since his appointment in March 2006, steady progress has been made in doing the groundwork for the agency."

CVSA is more confident that now, with the appropriate leadership in place, the development agency will take advantage of the support of CVSA during its current life of mine to plan for the future.

Says Alejandro Ramos of the task ahead: "Our first step is to get the support of the community and local government and actively engage with them to get recognition both for the need of local economic development and the role that they and such an agency can play."

One of the things that Alejandro is very keen on is to capitalise on the natural resources in the area for economic development – for example, the agency is looking at the possibility of developing a farming industry around "choique" (similar to the ostrich) and "guanaco" (similar to the llama), and hardy enough to survive the harsh climate. Alejandro uses the example of the ostrich leather, feather and particularly meat industries that have sprung up in other places around the world, or the wool industry relating to llamas in Peru.

"Where the agency can help is in the commissioning of research for example, or in developing a business plan".

The San Julian Development Agency is the only one of its kind in the province of Santa Cruz and could serve as a model for development in the future.



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stagnation in San Julian, with an over-dependence on the both the province and the CVSA mine as primary sources of employment and economic activity.

While this is an issue of concern today, this is likely to be even more of a challenge in the future – in 10 years' time – when the mine is anticipated to reach the end of its life.

While the company is an active participant in the community and supports a number of social investment projects which are of immediate benefit to the community, the mine is focused on delivering longer term benefits to the community in a number of ways and which will continue to support this community once mining has ceased. Key amongst these efforts are the company's support for the San Julian Development Agency and the company's partnership with the University of Patagonia, both of which received substantial support in 2006.

University of Patagonia



The relationship with the University of Patagonia (UNPA) is one which CVSA hopes will benefit the local community and mine employees alike by providing access to recognised and accredited educational qualifications in their home town and often while already employed.

Says Natalia Moscardi, Human Resources Manager at CVSA, "Our relationship with the UNPA is a symbiotic one and our support for UNPA not only provides scope for our employees to grow, but also provides an opportunity for other people in the area to improve their skills and qualifications and to become part of an employment pool in the future. "

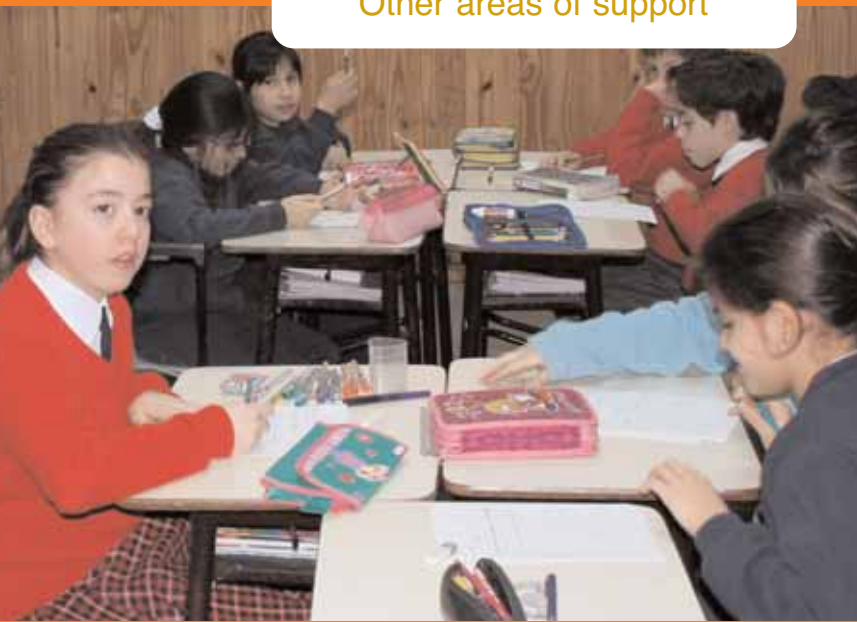
UNPA provides both distance learning and satellite campuses in San Julian and four neighbouring towns and offers courses in administration, healthcare and nursing, mining, tourism, and natural sciences. Distance learners make up about 70% of the student body. The UNPA has also endeavoured to make further education affordable, tapping into both national funding for education and by providing scholarships.

UNPA students at the University of San Luis, a traditional mining province are currently undertaking research into the destruction of cyanide used in the gold leaching process through the application of resin.

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Other areas of support



There are numerous other examples of support and interaction with the community, such as:

- CVSA's involvement with the Instituto Maria Auxiliadora, an 81-year-old convent school providing education to 320 children between the ages of 4 and 15. Apart from the lack of space being a huge challenge to the school (there is a waiting list for entry), the lack of teachers is a common problem in the area. The school is open to all community members, including children of CVSA employees.
- Support for the local hospital, bringing first-class health care to local residents of San Julian, in partnership with local government.
- CVSA's partnership with the historical Sporting Club, renovating and upgrading a number of buildings.