

# 06

Country Report  
Australia





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## About this report

AngloGold Ashanti is committed to reporting to a broad range of stakeholders on its operational and financial performance as well as its economic, social and environmental performance.

For the 2006 financial year, AngloGold Ashanti's Annual Report comprises:

- the Annual Financial Statements, which are available on request or at ([www.agareports.com](http://www.agareports.com)); and
- the Report to Society, which is available as a printed document, and a more extensive Report to Society on our website ([www.aga-reports.com](http://www.aga-reports.com)) which includes additional information, including case studies and country reports, of which this is one.

Together these reports present a fair and balanced reflection of the group's operation and performance, its objectives, values, business principles, and the major issues and challenges that it is facing.



## Introduction

Acquired at the end of 1999, the Australian operations (formerly Acacia Resources Limited) comprise the Sunrise Dam and Boddington mines. AngloGold Ashanti has a 33.33% interest in the Boddington project which is currently under construction.

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### Message from Graham Ehm

The past year has been challenging but there have been a number of successes: Sunrise Dam gold mine achieved record production, while the underground development remained on track; the Boddington expansion project was approved and design and construction are in full swing; and greenfields exploration hit a high note with a discovery at Tropicana.

While our business has benefited from higher gold prices, the resources boom has presented challenges with higher operating costs for most operating inputs. Skilled personnel are in high demand, and in 2006 employee turnover increased.

Our company's values and business principles were beneficial in dealing with these difficulties. We sought to create value for everyone with a stake in our company: our shareholders, our employees, our business partners and our community.

We paid special attention to our employees and contract personnel. At Sunrise Dam, we improved the lifestyle balance by introducing shorter work rosters, and focused on dealing with fatigue and encouraging healthy living. Through our personnel development programmes we mapped out training schedules and career development plans. Thanks to our Virtual Organisation programme, several Australian employees are working on projects in other regions, while others have been seconded to Australia.

We continued to bring life to our company's values by conducting workshops to discuss their meaning and application. Our expanded management team developed strategies to improve internal communication and to enhance our leadership abilities. We conducted a leadership practices inventory and plan to roll this out to the wider organisation.

In 2006 we again achieved a 28% reduction in lost-time injuries and restricted work cases. We continued to focus on the identification and management of fatigue and of risks, and the enhancement of our safety behavioural programme. Regular audits are carried out to measure progress and these indicated that the underground mine showed the most improvement in 2006. The mine's rescue team continued to participate in mine rescue competitions in Western Australia.

Sunrise Dam gained ISO14001 environment certification. There were no major environmental incidents, though a number of minor incidents relating to hydrocarbon were reported. The tailings facility operated well, and we continued to closely

monitor wildlife activity there as part of an Australian Centre for Minerals Extension & Research research project.

Excellent progress was made towards compliance with the International Cyanide Code. The process of achieving certification started at year-end with a third party audit.

Sunrise Dam joined the federal government's Greenhouse Challenge Plus programme. The mine entered into a contract to convert the diesel power station to liquefied natural gas, through an innovative approach with our power contractor, enGen. Wind power was successfully used to power a remote bore at the tailings storage facility.

At Tropicana, a camp has been established and extensive exploration has been undertaken with minimal impact on the local flora species. Advanced environmental studies have started in anticipation of future exploration and development.

With the strong support of the local community and government, the Boddington expansion project was approved. All major environment and development approvals have been obtained. The project entered into a landmark agreement with the local Gnaala Karla Booja people to help preserve aboriginal culture and heritage, and to provide training and work opportunities.

AngloGold Ashanti and our partners, Carey Mining, Roche Mining, Curtin University and the Art Gallery of Western Australia, were awarded first place in the Prestige Partnership category in the 2006 Western Australian Business and Arts Partnership Awards for the gallery's Indigenous Curatorial Graduate Programme.

AngloGold Ashanti is a platinum sponsor of the Laverton Explorers Hall of Fame. We remain actively involved in the Laverton Leonora Cross Cultural Association.

In the year ahead, we aim to continue to improve our safety, health and environmental performance through a targeted risk reduction programme. We are working towards certification to the safety OHSAS18001 and International Cyanide Code standards. Our goals for 2007 are exciting and challenging: to achieve record production at Sunrise Dam; to increase the pace of the Boddington construction; and to advance exploration at Tropicana and in South-East Asia.



**Graham Ehm**  
**Regional Head: Australia**  
**20 March 2007**

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AngloGold Ashanti is one of the world's leading gold producers, with a varied portfolio of assets and orebody types in key gold-producing regions around the world. At the end of 2006, the company had 21 operations located in 10 countries (South Africa, Argentina, Australia, Brazil, Ghana, the Republic of Guinea, Mali, Namibia, Tanzania and the United States) on four continents, together with a substantial project pipeline and a focused, global exploration programme.

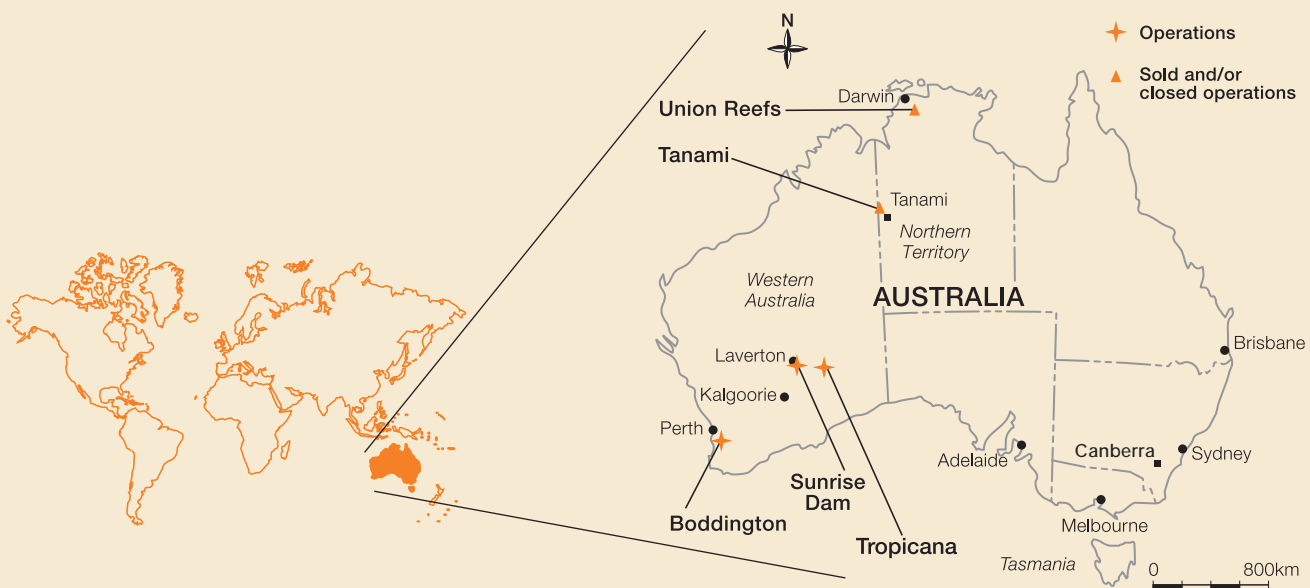
AngloGold Ashanti produced 5.6Moz of gold in 2006, of which 2.6Moz (46%) came from deep level hard-rock operations in South Africa and the balance of 3Moz (54%) from the shallower and surface operations around the world. Greenfields exploration is under way in Western Australia, Colombia and the Democratic Republic of Congo (DRC), and through exploration partnerships and joint ventures in Alaska, Russia, China, the Philippines and Laos. The group employed 61,453 people around the world.

The Sunrise Dam Gold Mine is the company's only currently operating mine in Australia, while the partly-owned Boddington mine is under construction.

In 2006, gold production from Sunrise Dam amounted to 465,000oz (8% of group production). Also, in 2006, the company employed on average 478 people (111 employees and 367 contractors) in Australia.

AngloGold Ashanti is a values-driven organisation and our values and business principles underpin all that we do. This applies equally to our approach to sustainable development. Thus, our values guide our relations with all those that have an interest in the business – our stakeholders – and inform our business principles that govern those relationships. We measure our performance against our stated values and business principles and report our progress against these in this document.

## ur profile





AngloGold Ashanti's mission, values and business principles were developed in consultation with employees and are reviewed as part of an ongoing process to ensure that they more accurately reflect the group's purpose and the way in which it does business.

# ur mission & values

## AngloGold Ashanti's mission

Our business is gold. We consistently strive to create value for everyone with a stake in our company, by finding and mining gold and by developing the market for our product.

## Our values

AngloGold Ashanti consistently strives to generate competitive shareholder returns. We do this by replacing profitable gold reserves and by continuously improving the performance of our key resources – our people, our assets and our product. We conduct ourselves with honesty and integrity.

We provide our employees with opportunities to develop their skills while sharing risks and rewards in workplaces that promote innovation, teamwork and freedom with accountability. We embrace cultural diversity.

Every manager and employee takes responsibility for health and safety; and together strive to create workplaces that are free of occupational injury and illness.

We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there. We are committed to working in an environmentally responsible way.

## Our business principles

We live our values through our business principles. These principles are applicable across AngloGold Ashanti and in all the countries in which we do business.

They inform the way in which we go about achieving our mission, balancing key economic, social, environmental and ethical values. These business principles which will evolve over time as we interact with our stakeholders, both internal and external, are:

- AngloGold Ashanti – a responsible and ethical corporate citizen
- AngloGold Ashanti and the environment
- AngloGold Ashanti as an employer – safety and health
- AngloGold Ashanti in the community
- AngloGold Ashanti as an employer – labour practice





## SUNRISE DAM

### Background

**Ownership:** 100% owned by AngloGold Ashanti

**Location:** Sunrise Dam lies on the eastern shore of Lake Carey, some 770km north-east of Perth, 220km north-north-east of Kalgoorlie and 55km south of Laverton in Western Australia.

**Geology:** Gold ore at Sunrise Dam is structurally and lithologically controlled within gently dipping high-strain shear zones (for example, Sunrise Shear) and steeply dipping brittle-ductile low-strain shear zones (for example, Western Shear). Host rocks include andesitic volcanic rocks, volcanogenic sediments and magnetic shales.

**Mining and processing:** The mine comprises a large open-pit operation and an underground project. Mining is carried out by contractors and ore is treated in a conventional gravity and leach process plant.

### Economic and financial performance

**Operating review:** Production increased slightly at Sunrise Dam in 2006 to a record 465,000oz. This was primarily because of the record production of 153,000oz in the final quarter, when mining concentrated, as planned, on the high-grade GQ lode in the open pit. Mining from the known underground reserves increased significantly, especially in the Sunrise and Western Shear zones. Gold production from the underground mine was 67,000oz. Record throughput was achieved in the process plant as a result of additional crushing and grinding circuit optimisation.

Total cash costs rose to US\$298/oz (A\$396/oz), primarily as a result of increased costs associated with diesel fuel and mining contractor rates, while gross profit, adjusted for the effect of unrealised non-hedge derivatives and other commodity contracts, went up significantly year-on-year to US\$137 million (A\$182 million) as a consequence of the higher price received.

Progress continued on the Sunrise Dam underground project, with 2,305m of underground capital development and 5,901m of operational development having been completed during the year.

Capital expenditure in 2006 amounted to US\$24 million (A\$32 million) compared with US\$34 million (A\$44 million) for 2005.

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**Growth prospects:** The underground mining project involves the development of two declines and 125,000m of drilling from surface and underground. These declines have been developed in the vicinity of defined underground reserves which are now being mined. They have also provided access for underground exploration drilling.

Underground resources have increased to 1.5Moz. The mineralisation is complex, varying in orientation, width and grade, although mining of the known reserves has provided valuable operating experience and prospectivity remains high. Underground exploration is planned to continue in 2007.

**Outlook:** In 2007 gold production is expected to be about 580,000oz as mining of the open pit will continue in the high-grade GQ lode for the year. Production, which will be supplemented from the underground operation, is expected to be approximately 85,000oz.

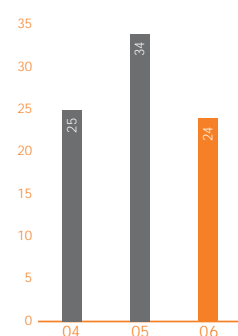
Total cash costs of around US\$266/oz (A\$354/oz) are expected. Capital expenditure is forecast to increase to approximately US\$34 million (A\$45 million), which is to be spent primarily on the maintenance of infrastructure and underground development.

Sunrise Dam		2006	2005	2004
Pay limit †	(oz/t)	0.05	0.07	0.07
	(g/t)	1.64	2.27	2.14
Recovered grade ††	(oz/t)	0.099	0.107	0.101
	(g/t)	3.39	3.68	3.46
Gold production	(000oz)	465	455	410
Total cash costs	(US\$/oz)	298	269	260
	(A\$/oz)	396	352	353
Total production costs	(US\$/oz)	376	363	326
	(A\$/oz)	500	475	443
Capital expenditure	(US\$ million)	24	34	25
	(A\$ million)	32	44	33
Total number of employees		382	375	356
Employees		99	95	88
Contractors		282	280	268

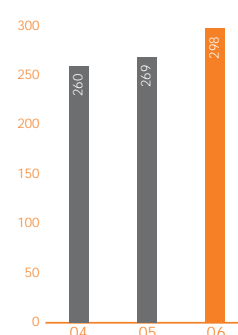
† The grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the total cash cost including Ore Reserve development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses).

†† The recovered mineral content per unit of ore treated.

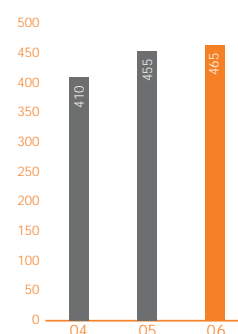
Capital expenditure (US\$m)  
Sunrise Dam



Total cash costs (US\$/oz)  
Sunrise Dam



Gold production (000oz)  
Sunrise Dam



## BODDINGTON

### Background

**Ownership:** AngloGold Ashanti holds 33.33% equity in the Boddington project, a joint venture with Newmont Mining Corporation.

**Location:** The operation is situated approximately 130km south-east of Perth.

**Geology:** Boddington is located in the Saddleback Greenstone Belt, a northwest-trending fault-bounded sliver of greenstones about 50km long and 8km wide within the Archaean Yilgarn Craton.

The Boddington resource is situated within a 6-km strike length and consists of felsic to intermediate volcanics and related intrusives. The resource is subdivided into Wandoo South and Wandoo North. Wandoo South is centred on a composite diorite stock with five recognisable intrusions. Wandoo North is dominated by diorites with lesser fragmental volcanic rocks.

### Economic prospects

In late February 2006 the Boddington expansion project was approved. On a 100% project basis, approximately US\$669 million (A\$890 million) of a total budget of US\$1.35 to US\$1.5 billion (A\$1.80 to \$2.27 billion) had been committed by the end of 2006. Based on the current mine plan, mine life is estimated to be approximately 17 years, with attributable life-of-mine gold production totalling 4.7Moz of gold. Average attributable gold production in the first five years will be between 320,000oz to 350,000oz a year, while on a life-of-mine average basis, attributable production is estimated to be between 270,000oz and 300,000oz a year. AngloGold Ashanti's share of copper production, which will be sold as concentrate, is expected to be between 10,000t and 12,500t per year.

Capital expenditure for 2007 is expected to be approximately US\$312 million (A\$415 million).

At the end of 2006 engineering was approximately 42% complete and site construction had begun. The project is on schedule to start up in late 2008/early 2009.

Boddington		2006	2005	2004
Capital expenditure	(US\$ million) – 100%	180	12	8
	(A\$ million) – 100%	239	16	11
Capital expenditure	(US\$ million) – 33.33%	60	4	3
	(A\$ million) – 33.33%	80	5	4
Total number of employees		97	166	45
Employees		12	18	12
Contractors		85	48	33



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### TROPICANA

AngloGold Ashanti holds a 70% interest in the Tropicana Joint Venture project, a 12,626km<sup>2</sup> tenement package situated to the east and north-east of Kalgoorlie in Western Australia. Prior to the start of AngloGold Ashanti's exploration at Tropicana in 2002, no significant gold exploration had been undertaken in the district. Joint venture partner Independence Group NL holds a free-carried interest in the project until the completion of a pre-feasibility study at which point it is required to begin to contribute in terms of its 30% interest.

Initial target generation at Tropicana has been achieved using primarily soil geochemistry, with wide-spaced soil sampling completed over the majority of the granted tenure. Drilling to date, at both the Tropicana zone and the recently discovered Havana zone, has confirmed the potential for the project to host a multi-million-ounce gold resource. Additional early-stage targets requiring closer-spaced follow-up soil sampling and drill testing have also been identified regionally.

Gold mineralisation at the Tropicana prospect (including the Havana zone), which is located 200km east-south-east of AngloGold Ashanti's Sunrise Dam operation, has been drilled by both reverse circulation and diamond drilling to extend over a strike length of approximately 4km. The mineralisation is open to both the south- and down-dip, and drilling is currently testing a potential block of fault-offset mineralisation to the north. The company is currently undertaking an intensive exploration and resource development drilling programme at Tropicana, and a pre-feasibility study is expected to begin in early 2007.

First-pass aircore drilling at the Beachcomber 1 prospect, situated 220km south of the Tropicana prospect in the southern portion of the tenement package, has intersected 4m at 43.5g/t from a depth of 24m. Additional drilling is currently under way to understand the dimensions and significance of the result.

### Payments to national and state governments

Australia	2006 US\$ million	2006 A\$ million	2005 US\$ million	2005 A\$ million
Royalty (2.5% royalty paid to the Western Australian state government, based on ounces produced and the spot gold price)	7.1	9.43	5.12	6.81
Taxation	12.2	16.2	6	7.98
Payroll tax (a state government tax, based on employee numbers, wages and salaries paid)	1.2	1.63	0.98	1.3



## Mineral Resources and Ore Reserves

Ore Reserves and Mineral Resources 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 2000 Code). Mineral Resources are inclusive of the Ore Reserve component unless otherwise stated.

AngloGold Ashanti had Mineral Resources of 181.6Moz and Ore Reserves of 66.9Moz at 31 December 2006. Of these, the Australia region accounted for Mineral Resources of 13.9Moz and Ore Reserves of 6.4Moz.

Mine/project	Resource category	Metric			Imperial		
		Tonnes (000s)	Grade (g/t)	Contained Gold Grams (000s)	Tons (000s)	Grade (oz/t)	Contained Gold Ounces (000s)
<b>Ore reserves (as at 31 December 2006)</b>							
Sunrise Dam	Proved	9,147	2.38	21,815	10,082	0.07	701
	Probable	7,577	4.87	36,926	8,353	0.14	1,187
	<b>Total</b>	<b>16,723</b>	<b>3.51</b>	<b>58,741</b>	<b>18,434</b>	<b>0.10</b>	<b>1,889</b>
Boddington*	Proved	45,735	0.94	42,845	50,414	0.03	1,377
	Probable	125,581	0.78	98,471	138,429	0.02	3,166
	<b>Total</b>	<b>171,316</b>	<b>0.82</b>	<b>141,316</b>	<b>188,843</b>	<b>0.02</b>	<b>4,544</b>
<b>Mineral resources (as at 31 December 2006)</b>							
Sunrise Dam	Measured	18,835	1.63	30,681	20,763	0.05	986
	Indicated	11,250	4.10	46,151	12,402	0.12	1,484
	Inferred	6,617	5.48	36,293	7,294	0.16	1,167
	<b>Total</b>	<b>36,703</b>	<b>3.08</b>	<b>113,123</b>	<b>40,459</b>	<b>0.09</b>	<b>3,637</b>
Boddington*	Measured	52,384	0.88	45,909	57,743	0.03	1,476
	Indicated	202,688	0.69	140,129	223,425	0.02	4,505
	Inferred	226,651	0.59	134,019	249,840	0.02	4,309
	<b>Total</b>	<b>481,723</b>	<b>0.66</b>	<b>320,057</b>	<b>531,008</b>	<b>0.02</b>	<b>10,290</b>

\* Attributable to AngloGold Ashanti



## Occupational safety and health

One of AngloGold Ashanti's core values relates to the safety and health of employees. It states that every manager and employee takes responsibility for health and safety; and all strive to create workplaces that are free from occupational injury and illness.

The company is committed to complying with all relevant occupational health and safety laws, to implementing safety and health systems based on internationally recognised standards, and to providing a working environment conducive to safety and health. While safety and health is regarded as a prime responsibility of management (from executives down to supervisors), AngloGold Ashanti strives for employee involvement and consults with employees to gain their commitment.

All the necessary resources – a system of medical surveillance and the provision of protective equipment, for example – are made available to enable compliance with the company's safety and health principles. Deliberate breaches in standards and procedures are not tolerated and risk assessments are conducted to anticipate, minimise and control occupational hazards.

Performance in terms of safety and health objectives is measured and the effects of the company's operations monitored on a regular basis. AngloGold Ashanti communicates openly on safety and health issues with employees and other stakeholders and ensures that at all levels employees receive appropriate training. Contractors are required to comply with the company's safety and health principles.

Following the liquidation of the South African-based National Occupational and Safety Association (NOSA), which was used by a number of operations in terms of specifications for safety management systems and external auditing and certification, the company is moving towards the implementation of an alternative specification, Occupational Health and Safety Assessment Series (OHSAS) 18001. The series provides both a framework for identifying business risks associated with safety and health, and guidelines for implementation and achieving certification. The series has international acceptability which facilitates benchmarking.

### AngloGold Ashanti Australia overview

#### Managing safety and health

Sunrise Dam achieved a significant improvement in its Lost Time Injury Rate (LTIR) year-on-year: from 3.06 in 2005 to 1.81 in 2006.

The operation falls under the mining laws and regulations in Western Australia: the Mines Safety and Inspection Act (WA) 1994 and the Mines Safety and Inspection Regulations (WA) 1995.

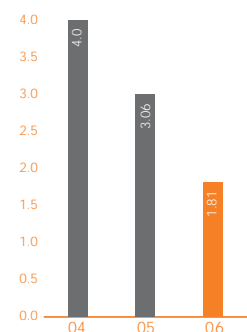
Sunrise Dam has its own Safety and Health policy which complies with AngloGold Ashanti's safety and health principles. Although safety and health is ultimately the responsibility of line management supported by the members of the occupational health and safety team, much is done to involve employees across the board. Safety representatives are empowered to manage safety issues and work groups are created to research specific work practices. Safety and health issues form an important part of the daily pre-shift instruction meetings held throughout the site and these sessions, together with the mine's ongoing site-wide safety behavioural programme, ACTSAFE, encourage workers to take responsibility for safety and to report potential hazards.

The mine manager holds weekly safety and health meetings with all contractors.

OHSAS18001 will be implemented at Sunrise Dam in 2007 and will form part of an integrated management system.



LTIFR – Australia  
(per million man-hours worked)



### **Risk assessment**

In 2006 each department developed its own health and safety risk registers, which were reviewed by an external consultant, to meet ISO requirements. Each department is currently assessing its top three risks.

Every quarter training in hazard identification and risk assessment is undertaken. The emphasis is on eliminating hazards through engineering rather than placing reliance on personal protective equipment.

### **Medical surveillance**

In terms of the Mines Safety and Inspection Act, all employees are required to undergo a health assessment before starting work. At Sunrise Dam, the medical centre is staffed by two registered nurses. This centre handles all on-site injuries and emergencies.

As part of the government's health surveillance programme, dust monitoring is carried out on specific job classifications identified by the regulatory body. These classifications are known for dust levels that may exceed the statutory limits. Every quarter an external consulting company specialising in this area undertakes dust monitoring. The results for 2006 were within regulatory standards. Designated noise monitoring is also undertaken as part of the health monitoring programme on site.

### **Preparing for emergencies**

Sunrise Dam has an emergency management plan that deals with on-site and off-site emergencies. There is a voluntary emergency response team on the mine who are trained to deal with fire fighting, spillage of hazardous chemicals, vehicle extraction, underground mine emergencies and first-aid.

### **Challenges**

Given the current boom in the resources sector and the number of new projects being developed in Western Australia, the biggest challenge for Sunrise Dam in 2006 is the high turnover of employees and contractors.

Significant progress, however, has been made with regard to fatigue management, an important issue since the mine operates on continuous rotational shifts. The Western Australian government has implemented a Code of Practice for industry which addresses the safety and health risks of long working hours. Working hours across all departments at Sunrise Dam were reviewed and a new shift roster system has been adopted to reduce the level of risk to employees and to provide a better working environment (*see case study in Human Resources section*).

With the aim of getting employees to take responsibility for their health, various initiatives have been developed including 'quit' campaigns and health talks, and encouraging walking and cycling to work.



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## Human resources

One of AngloGold Ashanti's core business principles is that employees are provided with opportunities to develop their skills while sharing risks and rewards in workplaces that promote innovation, teamwork and freedom with accountability. The company embraces cultural diversity.

AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO), ensuring the implementation of fair employment practices by prohibiting forced, compulsory or child labour. It is also committed to creating workplaces that are free of harassment and unfair discrimination.

The company seeks to understand the different cultural dynamics in host communities and adapts work practices to accommodate this where doing so is possible.

All employees are given the opportunity to participate in training that will improve their workplace competency. The company is committed to developing motivated, competent and experienced teams of employees through appropriate recruitment, retention and development initiatives. An emphasis is placed on the identification of potential talent, mentoring and personal development planning.

Remuneration systems reward individual and team effort in a meaningful way. AngloGold Ashanti works with stakeholders to ensure minimum standards for company-provided accommodation; assures access to affordable health care for employees and, where possible, for their families; and is committed to prompt and supportive action in response to any major health threats in the regions where the company operates.

### AngloGold Ashanti Australia overview

The members of the Sunrise Dam workforce are not unionised. Although no formal structures are in place, freedom of association is encouraged. Informal interaction takes place with employees and contractors on a daily basis.

AngloGold Ashanti principles aside, stringent Australian legislation requires the company to maintain a workplace that provides equal employment opportunities and that are free from harassment and discrimination. Policies and practices are in place to reinforce these requirements and are continually reviewed to keep abreast with changes in legislation. In 2006, 21% of employees were female.

Cross-cultural training for new AngloGold Ashanti Australia employees and contractors forms part of the induction process. The course also aims to demonstrate the links between Aboriginal culture and the local environment as well as to bridge the gap between Western and Aboriginal cultures.

### Training and career development

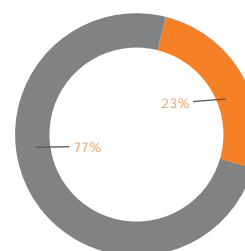
The remoteness of Sunrise Dam results in a high turnover of staff and a complete development plan is in place in order to retain as many skills and competencies as possible. Management training takes place through the group's Talent Management Programme which identifies management for the future by focusing on the development, retention and monitoring of talent.

The mine offers scholarships in mining-related disciplines such as mining engineering, geology and metallurgy. In 2006 there were three students sponsored by the company at a cost of A\$18,000 (US\$13,534) and a fourth on a scholarship which was purchased for a once-off payment of A\$39,900 (US\$30,000).

A recent initiative that has produced some success is the hosting of key talent from operations in South America and South Africa for two-year contracts. The employees benefit from the international experience and the organisation benefits from their international expertise. In 2007 up to four AngloGold Ashanti employees will start two-year contracts at the Australian operation.



Number of employees and contractors



■ Employees  
■ Contractors

### Employee remuneration and benefits

Remuneration reviews are undertaken every January and are based on individual performance and the market. If necessary, a further market-related adjustment takes place at mid-year.

Because Sunrise Dam is in a remote location, accommodation and meals are provided for workers who are flown in and out of site. Health care is provided by the government's health system and employee-funded additional health insurance. It is also provided by on-site nurses and other health care professionals.



### Case study

#### Retaining quality people – reducing labour turnover

Sunrise Dam sources the majority of its labour from the Perth area and employees work on a fly-in/fly-out (FIFO) basis. Until recently the roster allowed for 14 days' work followed by 7 days at home.

The mine has experienced difficulty in maintaining its workforce and replacing nearly half of its employees each year has proved to be a difficult and costly process. This problem has been exacerbated by the labour shortage in Australia, more particularly in Western Australia where turnover figures at Sunrise Dam reflect the difficulties facing the resource sector as the availability of skilled labour struggles to keep pace with the boom in that sector.

In order to investigate ways of ameliorating the difficulties associated with employees working in remote locations, AngloGold Ashanti Australia commissioned a study in 2005 and 2006 that explored the trends of FIFO operations. The report resulting from the study established that a 14/7 roster was no longer viewed as competitive when compared with other job opportunities, as employees looked to improve their quality of life.

Although the mine facilities were seen as excellent, the roster only allowed employees to return home every third weekend, and the time spent away from family and friends was viewed as significant. The lack of competitiveness of the roster was confirmed by the labour turnover statistics. The 12-month average to June 2006 was 36% and the annualised turnover for the six-month period from January to June 2006 was 44%. These statistics were reinforced by several key people indicating in the study that they were looking for alternative employment that offered a better roster cycle than the 14/7 cycle then in place at Sunrise Dam.

A decision was taken in June 2006 to change the roster to eight days on and six days off. Employees who had previously indicated a desire to leave have been retained as they are now more able to maintain a balance between their work and personal lives. The annualised labour turnover figures for June to September dropped to 10%, an acceptable number for workers in a FIFO operation. The change to the roster was effected with only minimal increases in direct personnel costs.

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## Environment

AngloGold Ashanti is committed to working in an environmentally responsible way, recognising that the long-term sustainability of its business is dependent upon good stewardships in both the protection of the environment and the efficient management of the exploration and extraction of mineral resources. The company complies with all the applicable environmental laws, regulations and requirements.

Committed to establishing and maintaining management systems to identify, monitor and control the environmental aspects of its activities, AngloGold Ashanti conducts audits to evaluate the effectiveness of these systems and makes sure it has the financial resources available to meet its reclamation and environmental obligations. AngloGold Ashanti works continually to improve its environmental performance and to prevent pollution from its operations.

The company ensures that its employees and contractors are aware of its environmental policy and communicates and consults with interested and affected parties on the environmental aspects of its activities, and participates in debate on environmental matters at international, national and local levels.

The group environmental policy guides the broad practices of the company while site-specific policies, which are required to be consistent with group policy, direct and regulate each operation in accordance with local conditions, requirements and regulations.

AngloGold Ashanti has formally adopted ISO14001 certification as the standard for the company's environmental management system. The International Standards Organization (ISO) is a voluntary, not-for-profit network of national standards institutes from 146 countries. ISO14001 focuses on environmental management systems. Certification is based on regular auditing by an appropriately accredited external body.

AngloGold Ashanti was party to the development of the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold and was one of the first signatories to the code in November 2005. Signatories to the code must have their operations audited by an independent third party to demonstrate their compliance by 2008.

### AngloGold Ashanti Australian overview

#### Laws, regulations and requirements

Environmental statutory requirements for the Australia region are governed by the Environmental Protection Act 1986 and the Environmental Protection Regulations 1987. AngloGold Australia Australia recorded no areas of non-compliance in 2006.

Sunrise Dam is implementing the ISO14001 management system. The first internal audit was completed in September 2006 and showed 90% compliance. The final certification audit took place in early December and Sunrise Dam has received certification.

#### Managing environmental issues

AngloGold Ashanti Australia has an environmental policy which is consistent with group policy and regulates its operations in accordance with local conditions, requirements and regulations.

Employees and contractors are made aware of the company's policy and environmental management requirements during the induction process. Environmental information is circulated throughout the company through the use of handbooks, training sessions, the intranet and noticeboards.



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Regional and site personnel communicate and consult with a number of stakeholder groups, including the Chamber of Minerals and Energy, the Department of Consumer, Employment and Productivity, the Department of the Environment and Conservation, the Department of Water in Western Australia, the Department of Industry and Resources, and local stakeholders.

Nationally, AngloGold Ashanti Australia regularly participates in debates on environmental matters with various stakeholder groups including the Minerals Council of Australia (MCA). The region is currently engaged with other industry representatives in discussions with the National Industrial Chemicals Notification and Assessment Scheme, the Australian government regulator for industrial chemicals, as part of an evaluation process currently directed at cyanide use. AngloGold Ashanti Australia also participates in conferences and workshops such as the MCA's annual Environmental/Sustainable Development Conference; the Sustainable Mine Closure Workshop, presented by the Australian Centre for Mining Environmental Research (ACMER); and ACMER's International Cyanide Workshop.

The AngloGold Ashanti Australia region has an environmental reporting process which assigns environmental incidents a risk ranking based on their actual or potential consequence. There were no incidents during 2006 that required reporting under the corporate guideline.

### International Cyanide Management Code

Sunrise Dam completed a third-party audit on the International Cyanide Code in July 2006. Results indicated full compliance with seven principles and substantial compliance with two. An action plan has been developed to address the areas where compliance is not complete.

Further discussions with the auditor and the International Cyanide Management Institute (ICMI) on the outstanding actions, has resulted in Sunrise Dam being granted certification in terms of the code. This is the first carbon leach operation in the world to be certified in terms of the code.

### Rehabilitation and closure

Currently, closure of Sunrise Dam is planned for around 2015. Rehabilitation of the paddock tailings facility at Sunrise Dam is scheduled for 2008 with trials on different cover strategies being undertaken in 2007. An economic recovery programme to recycle tailings through the plant to the central thickened discharge disposal facility is still being evaluated.

An amount of \$A93.6 million (US\$70.4 million) has been set aside to cover liabilities for the closure (rehabilitation and closure) of Sunrise Dam and Boddington.

### Rehabilitation and decommissioning liabilities

	2006			2005
	Rehabilitation	Decommissioning	Total	
Total A\$ million	84.7	8.9	93.6	43.5
Sunrise Dam	35.4	7.1		
Boddington	49.3	1.9		
	Rehabilitation	Decommissioning	Total	2005
Total US\$ million	63.7	6.7	70.4	32.7
Sunrise Dam	26.6	5.3		
Boddington	37.1	1.4		

**Case study****LNG fuelled power generation at Sunrise Dam**

Sunrise Dam gold mine is located in an extremely remote and arid area. Obtaining energy that is both cost-effective and environmentally friendly has been an important challenge for the company and an area in which it has made significant strides in 2006.

Since 1994 Sunrise Dam has relied on an on-site, stand-alone diesel-fuel-operated powerhouse, which generates electricity supply for the underground mine, the processing plant, other surface infrastructure and the camp facility. The powerhouse is run and maintained by Energy Generation (Pty) Limited, a 100% subsidiary of Wesfarmers Group, one of Australia's largest public companies. The plant comprises 22 Cummins generators each with a capacity of 1MW; and two 1.5 MW Deutz generators. Maximum demand of the powerhouse is 18.1MW. Daily power production averages 14MW to 14.5MW.

During 2006 an alternative fuel source was investigated and reviewed as the rising price of diesel had increased the costs of operating the powerhouse. A sensible solution to Sunrise Dam's power requirements was identified when Wesfarmers announced the development of a 175-tonne-per-day liquefied natural gas (LNG) plant in Perth. This resulted in Sunrise Dam signing a LNG Power Purchase Agreement with Energy Generation (Pty) Ltd, thereby becoming a foundation customer for the LNG plant

LNG will be trucked to Sunrise Dam where the power station diesel engines will be replaced with engines which operate on natural gas.

The application of LNG to provide natural gas for power generation at a remote mine site is unique and provides a platform for Sunrise Dam to reduce its greenhouse gas emissions, while at the same time reducing the costs associated with gas pipelines and diesel fuel.

Liquefied natural gas is created by chilling natural gas to minus 160°C, which converts the gas to a liquid. At this temperature, the gas is reduced to 1:600th of its original volume, making it cost

efficient to transport over a long distance where natural gas pipelines do not exist. LNG is transported by specially designed cryogenic (having extremely low temperatures) road tankers and stored in double walled steel with an extremely efficient insulation between the walls. Pressure in the tanks is very low and usually less than 35kpa.

LNG is odourless, colourless, non-corrosive and non-toxic – all properties which render it a safer, cleaner alternative to diesel-fuelled power. When vapourised, LNG only burns in concentrations of 5% to 15% when mixed with air. Neither LNG nor its vapour can explode in an unconfined environment.

At current prices LNG is substantially less expensive than diesel fuel. An added advantage is that it is a fuel that is sourced locally, which means that it is not subject to fluctuations in the oil price and currency exchange rates.

On an energy equivalent basis, LNG has a substantial environmental benefit as it is the cleanest burning fossil fuel available. Results from the study undertaken by AngloGold Ashanti Australia indicate that the conversion of the powerhouse to LNG will result in greenhouse gas emissions reducing by 18% to 20%. Further environmental benefits flowing from the use of LNG are:

- a reduction in the particulates emitted (dust);
- lower carbon dioxide emissions;
- zero effect on groundwater supplies; and
- a 50% reduction in the noise levels of engines.

During 2007 the storage facility, which consists of four containers known as bullets, will be constructed and installed on site. In addition, 12 diesel sets will be replaced. It is planned that a minimum of 85% of Sunrise Dam's power requirements will be produced with LNG. The powerhouse is scheduled for conversion to LNG by the first quarter of 2008.





#### Case study

### Investment in wind power

Sunrise Dam operates a 3.8Mtpa processing plant from which it produces more than 450,000oz of gold a year. The tailings (or waste material) generated from the processing plant is stored in a centrally thickened discharge tailing storage facility (TSF). The TSF covers approximately 320ha and has a current holding capacity of 33Mt. Sunrise Dam's energy policy is to use renewable energy whenever possible, as exemplified by the solar-powered pumps which operate in the trench system. In 2006, the mine investigated and introduced another renewable energy source – wind power – and its implementation could lead to further alternative energy developments at the operation and other remote mine sites in the future.

The continuous monitoring of the ground water levels, and the flora and fauna surrounding the TSF forms an essential part of Sunrise Dam's environmental management programme. The hyper-saline ground water at Sunrise Dam means that water levels must be actively managed and constantly kept at a minimum level of 5m below ground level. This minimises salt migration to the surface and the consequent deterioration of the surface vegetation.

The TSF is surrounded by a network of about 3.2km of trenches through which water is pumped to maintain the underground water table levels. The trenches slope towards the pumping stations and recovered groundwater is pumped by the solar-powered pumps to the processing plant. The system of trenches covers more than half the diameter of the TSF, with the remaining area containing a number of dewatering bores that activate when the water table rises.

In 2005 a study was undertaken to evaluate the effectiveness of using wind power generation to supply power to a bore pump with a design capacity of 360kl per day. Although solar panels are used to power a portion of the pump system, they only pump small volumes of water. The power needed for the remaining area would have required a large number of solar panels and hence the decision to investigate an alternative method. The technology required to directly power the bore pump from a wind turbine did not exist in Australia. Sunrise Dam, in conjunction with Westwind, a company that manufactures wind turbines and has a direct alliance with Murdoch University in Perth, developed a control system to operate a 5.5kW pump. This is the first time in Australia that a stand-alone control system has been successfully developed, installed and operated. The system has been in operation for the past year.

The economic viability of the wind electric system is one of its key strengths – it compares favourably in cost effectiveness with a traditional diesel power generator. Theoretically, a 5.5kW pump would require a 30KVA generator, which would consume approximately 42,000 litres of fuel per year and would incur additional costs in maintenance. In contrast, a wind turbine power system has no operational costs and has minimal maintenance costs in comparison to traditional power sources.

The design of the wind electric power system was developed with potential further application in similar circumstances as a driving factor. The mining industry in Western Australia operates in remote areas, where good quality water is a scarce commodity and is often pumped over long distances to meet mine site requirements. The positive impact that has been achieved through this project demonstrates that this technology can be applied in other water-scarce remote areas which have an adequate wind source. The independent electric control system brings a low-maintenance, high-capacity pumping solution to any remote site with sufficient wind source that does not have a developed electricity supply. Although the technology was developed for this mine, its potential for broader applications in industries that require a renewable and clean power source is vast.

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### Key indicators

Key indicators of environmental performance for AngloGold Ashanti are:

- the use and management of cyanide;
- efficient use of resources, including water and energy;
- mine closure planning and the rehabilitation of disturbed lands; and
- the prevention of pollution, through proper waste management, and hazardous waste management practices.

In recent years, increasing attention has also been focused on issues relating to:

- climate change and greenhouse gas emissions; and
- biodiversity.

Further information may be found on our website, including a detailed breakdown of environmental performance against the GRI 2002 indicators ([www.aga-reports.com/06/GRI.pdf](http://www.aga-reports.com/06/GRI.pdf)).

### AngloGold Ashanti Australia – environmental statistics

	Usage		Efficiency (Usage/oz)	
	2006	2005	2006	2005
Cyanide (kg)	1,720,074	1,671,651	3.70	3.67
Fresh water (m <sup>3</sup> )	2,254,970	*2,319,654	4.85	5.10
Total energy (GJ)	2,275,396	2,149,981	4.89	4.73

\* Correction to previously published 2005 data, where CTD recycled water was included.

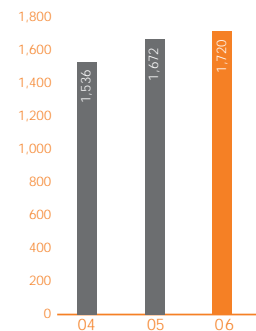
## Community

One of AngloGold Ashanti's values relates to the communities in which the company does business. This states that the company strives to form partnerships with host communities, sharing their environments, traditions and values; that it wants communities to be better off for AngloGold Ashanti having been there; and that it is committed to working in an environmentally responsible way.

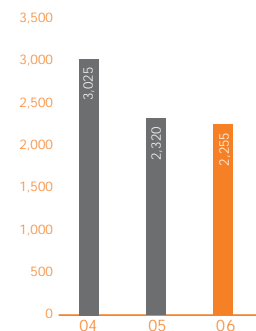
With respect to communities, the company subscribes to the business principles summarised below. AngloGold Ashanti:

- aims is to have a positive impact on the people, cultures and communities in which it operates. The company will be respectful of local and indigenous people, their values, traditions, culture and the environment;
- strives to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments that affect them, throughout the life cycle of the company's operations;
- undertakes social investment initiatives in the areas of need where the company can make a practical and meaningful contribution, in particular to those areas of education and health care relevant to AngloGold Ashanti's business activities, and those most likely to be sustainable after operations have closed;
- encourages its employees to make themselves available for participatory and leadership roles in the community;
- 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 will abide by appropriate guidelines for resettlement, where they exist, and will work with the local communities to develop workable plans for any resettlement; and

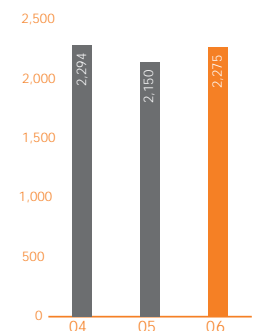
Cyanide usage (000kg)



Fresh water usage (000m<sup>3</sup>)



Total energy usage (000GJ)



- strives to contribute to the sustainable economic development of host communities through procurement activities; the contribution of redundant assets to the community; assistance in the establishment and growth of small- to medium-sized sustainable enterprises; and the outsourcing of goods and services from local vendors where appropriate.

AngloGold Ashanti is committed to engaging with non-governmental organisations (NGOs) and other stakeholders on issues of mutual concern.

The company has developed a Human Rights policy which it has asked several external agencies to comment on prior to approval by its Executive Committee. It is expected that this policy will be implemented in a phased approach by the end of 2007.

### AngloGold Ashanti Australia overview

#### Community policy and practices in Australia

AngloGold Ashanti's Community policy in Australia states that long-term relationships and partnerships will be fostered with the communities in which it operates through mutual understanding, co-operation and respect. The social investment initiatives aim to deliver meaningful and lasting benefits to employees, the community and key stakeholders.

The policy is communicated to all employees and contractors during their induction when they also receive cross-cultural training. The course aims to demonstrate the links between Aboriginal culture and the environment as well as to demystify the differences between Western and Aboriginal culture.

Project- and/or area-specific inductions are held for field and mine site staff to highlight safety, environmental and community aspects related to operational or exploration activities. Field staff are trained to recognise Aboriginal archaeological sites, flora, fauna and geomorphological features that may be of cultural significance.



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Ethnographic and anthropological consultations are held with indigenous people prior to the start of major exploration or mining activities.

The Boddington project has employed a number of tools – a detailed stakeholder analysis, a social atlas, stakeholder mapping, a survey of perceptions – to complete an impact assessment; to quantify perception drivers within the target communities; to develop mitigation strategies for the social impacts (both actual and perceived); and to develop community engagement, consultation and public issues management plans for the project during the approval process and construction phases.

In 2006 a community partnership agreement was signed between the Gnaala Karla Booja people and the owners and operators of the Boddington project during a traditional ceremony on the mine site. The purpose of the agreement is to establish a long-term relationship that details financial benefits and benefits to the community including training, education, employment, business development, community development and a contribution towards the establishment of a cultural centre.

### Communication and consultation

The company has developed formal communication strategies for managing and consulting with key stakeholders. Sunrise Dam holds regular open days to which stakeholders are invited for discussions and to visit the operations. Annual meetings are held with Aboriginal communities to discuss current and planned mining activities and to hand over an annual activity report. The local council visits the mine annually to meet with management and this provides the forum for discussions on operational changes and future plans.

At the Boddington project, stakeholder engagement and community consultation have included monthly newsletters, the establishment of a toll-free call line, expansion plan updates on the website and community information workshops. This level of engagement has led to the establishment of a Boddington Gold Community Environmental Committee to develop and maintain a communication process to keep the public informed on key environmental matters that relate to the project. Monthly meetings are also held with the local council to discuss project progress and community needs.

### Encouraging local development

Sunrise Dam continues to make opportunities available to the community to provide services and it is hoped that a number of local businesses will consider entering into contracts for the supply of goods and services to the mine.

Sunrise Dam has initiated a proposal to create a cross-cultural training video to be used during site inductions. A local business will be involved in the production of the video and members of the community will be filmed as they demonstrate aspects of their culture.

AngloGold Ashanti Australia is working with Barrick and the Wongatha Wonganara Aboriginal Corporation (WWAC) to determine a suitable site for a horse-riding venture on one of its exploration tenements. Documentation on the lease area has been drafted and is awaiting approval from the WWAC elders. Once agreement is reached the company will become involved in providing equipment for the building of stables and materials for fencing. Another initiative flowing from the company's contribution to WWAC is discussed in a separate case study on page 22.

A long-time supporter of the Royal Flying Doctor Service, Sunrise Dam continues to be involved in its fund-raising venture, the Outback Car Rally, and sponsors the publication of the *Royal Flying Doctor Service Safety and Survival Handbook*.

A total of \$331,170 (US\$249,000) was spent on corporate social investment projects in Australia in 2006, an increase from the A\$117,040 (\$88,000) spent in 2005.





#### Case study

### Plants for People – Wongatha Wonganara Partnership Project

Started in 2005, the Plants for People (P4P) Wongatha Wonganara Partnership Project, sponsored by AngloGold Ashanti Australia, is a collaborative effort between Curtin University in Western Australia and WWAC.

For AngloGold Ashanti Australia it marks a significant shift in approach, namely to create the right environment at community level so that new projects are generated by the community rather than the impetus coming from company level as was previously the case.

The P4P project is designed to empower the local Aboriginal community of Laverton (situated some 50km from the Sunrise Dam) to revitalise traditional knowledge, in particular with regard to plants and their uses, and to apply this knowledge to health, education and enterprise development initiatives.

With a strong focus on engagement with the local Aboriginal community, the project aims to document the historical uses of land, plants and animals in the local area of Sunrise Dam's operations and to investigate the application of this information into current mine closure planning activities. Opportunities for supporting local community ventures are also being explored, particularly in the areas of general health, education, economic enterprise and employment opportunities. The community has already indicated interest in exploring opportunities to produce cosmetic lotions and creams using traditional ingredients commonly referred to in Australia as 'bush medicine'. The cottage industry for indigenous sourced cosmetic products in Australia, and indeed globally, is growing rapidly.

In line with AngloGold Ashanti's philosophy of relying on partnerships in community initiatives, the project started with a series of meetings and discussions between project team members from Curtin University and members of the Wongatha Wonganara community. These discussions focused on project activities that might be incorporated into a three-year programme. The initial thrust was to conduct a plant audit aimed at identifying species of value to the local Aboriginal community with the objective of using these in Sunrise Dam's site rehabilitation programme. The view was that strategic planting of selected local species in rehabilitation areas could provide a useful post-mining resource for local people that could feed into 'bush medicine' enterprises.

Another spin-off has led to project staff engaging with the local school to involve children in related project fieldwork to highlight the value and significance of Aboriginal traditional knowledge. Plant distillation demonstrations and field trips led by Aboriginal elders are taking place, with additional activities planned for 2007. These activities help to bring together children from all backgrounds within the local community, with the aim of reinforcing the notion that both Aboriginal and Western knowledge systems hold equal weight and validity in modern society.

The project also provides an alternative focus for students by combining their normal curriculum with real-life activities, which may then translate into future growth enterprises. An added benefit is derived from the fact that elders in the community are re-deployed in the teaching environment, providing for them a platform from which to pass on traditional Aboriginal knowledge, an opportunity not otherwise available in mainstream education.

The local school has welcomed this addition to its school programme as it enhances the 'stay at school' initiatives, which is a key objective for remote area education where school student drop-out rates are very high.

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**Feedback**

We welcome your feedback on our Report to Society 2006 and this country report. A feedback form may be found on our website at [www.aga-reports.com](http://www.aga-reports.com) or email [MLeroy@anglogoldashanti.com.au](mailto:MLeroy@anglogoldashanti.com.au)