

06

Country Report
Brazil





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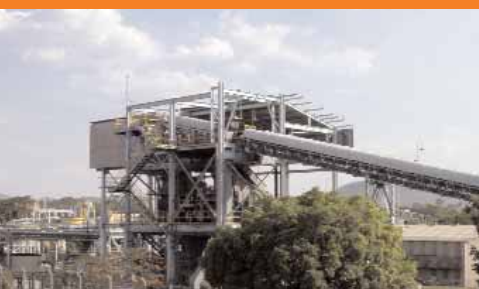
AngloGold Ashanti is committed to reporting to a broad range of stakeholders on its operational and financial performance as well as its economic, social and environmental performance.

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

- the Annual Financial Statements, which are available on request or at (www.aga-reports.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) which includes additional information, including case studies and country reports, of which this is one.

Together these reports seek to 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.

** Throughout this report, dollar or \$ refers to US dollars, unless otherwise stated.*



Introduction

AngloGold Ashanti's operations in Brazil comprise the wholly owned AngloGold Ashanti Brasil Mineração (formerly known as Morro Velho) and a 50% interest in Mineração Serra Grande. In 2006 these mines produced 339,000 attributable ounces of gold at total cash costs of \$195/oz and \$198/oz respectively.

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Message from Agostinho Tibério Marques and José Gregório da Mata

The Brazilian operations have had a successful 2006. This is thanks to our ongoing commitment to improving the performance of our mines through aggressive cost management and increasing productivity, and working in accordance with the AngloGold Ashanti values and business principles.

Production was above budget both at AngloGold Ashanti Mineração (wholly owned by AngloGold Ashanti) and at Mineração Serra Grande (50% interest held by Kinross) and, in spite of the strengthening of local currency by 11% against the US dollar, cash operating margins were maintained.

Currently the chief ongoing expansion project is that of Cuiabá mine, with an investment of \$180 million, which will extend the useful life of the mine by six years to 2019 and increase the annual average production by 37% from 190,000 to 260,000oz. The project is on target and the new plant is scheduled for start-up in March 2007. The Lamego and Córrego do Sítio Sulphide projects, both with great potential, are in the pre-feasibility stage. Serra Grande recently acquired additional mineral rights adjacent to the mine with the objective of increasing reserves and resources.

There have been notable achievements regarding safety and occupational health. Both operations maintained their ISO14001 certification and an external gap analysis against the requirement of OHSAS18001 specifications was also undertaken. In addition, the Lost Time Frequency Rate has decreased significantly at AngloGold Ashanti Brasil Mineração and Mineração Serra Grande by 21% and 26% respectively compared with the previous year. This was a great challenge as at the Cuiabá mine there were some 1,800 additional people on site, the employees of contractor companies. This success can be credited to the implementation of a Changing Management programme which was preceded by several detailed Risk Assessment sessions. The highlight at Serra Grande is the projection and manufacture, in collaboration with a supplier, of a special scaling machine specifically for deposits with narrow veins.

In 2006, no major environmental incidents were recorded and we continue to pay close attention to the environment. An important geodiversity area of 729ha was set aside by the company for a permanent preserved area at a strategic geological site known as Serra da Piedade.

We must also mention a significant advance in the area of human resources with the recruitment of disabled people, which required adapting working places to accommodate their needs.

Turning to the issue of sustainable development in the communities within which we operate, a local development agency was established in Santa Bárbara (near Córrego do Sítio mine) and another in Crixás (near Serra Grande) is in the process of being launched.

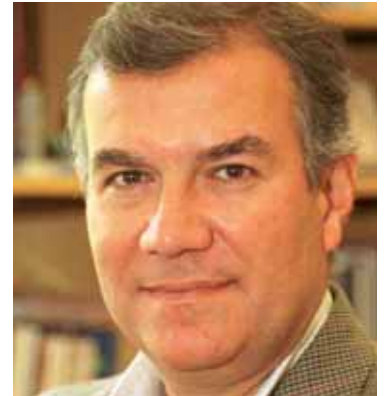
Aiming at modernising the industry to ensure a sustainable customer base, the third Brazilian Jewellery Design contest, now called AuDITIONS, was held. It was a great success, in terms both of promoting gold jewellery and of raising the profile of AngloGold Ashanti in Brazil.

In 2007 efforts will be concentrated on achieving targets set for safety, production, projects, health and the environment, as well as improving relations with all the company's stakeholders.

Agostinho Tibério Marques
Vice President: Financial & Corporate Affairs

José Gregório da Mata
Vice President: Operations & Projects

20 March 2007



Agostinho Tibério Marques



José Gregório da Mata

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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.

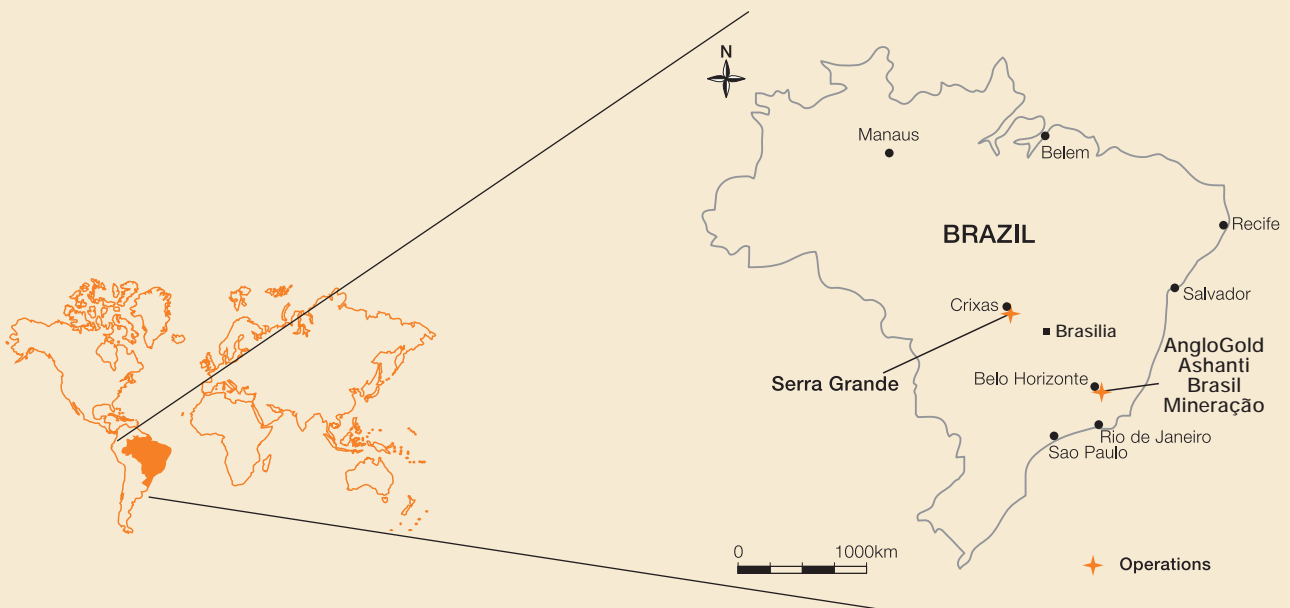
AngloGold Ashanti produced 5.6Moz of gold in 2006, of which 2.6Moz (46%) came from deep level hard-rock operations in South Africa and the balance of 3Moz (54%) from the shallower and surface operations around the world. Greenfields exploration is under way in Western Australia, Colombia and the Democratic 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 company has two operations in Brazil, the AngloGold Brasil Ashanti Mineração operations and the Serra Grande mine. Together with Cerro Vanguardia in Argentina, the South American operations produced 10% of the group's production in 2006.

In 2006, total gold production in Brazil was 339,000oz (attributable to AngloGold Ashanti). Also, in 2006, these operations employed on average 4,428 people (2,155 employees and 2,273 contractors).

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.

Our 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:

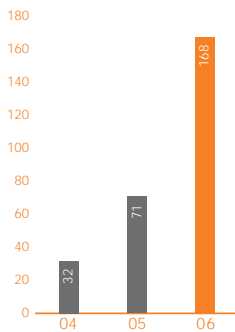
- AngloGold Ashanti – a responsible and ethical corporate citizen
- AngloGold Ashanti and the environment
- AngloGold Ashanti as an employer – safety and health
- AngloGold Ashanti in the community
- AngloGold Ashanti as an employer – labour practice



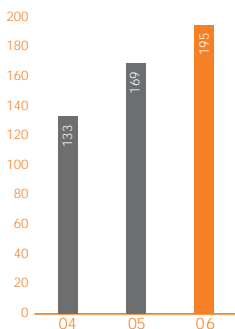
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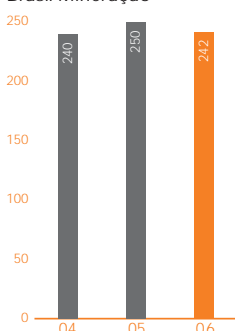
Capital expenditure (\$m)
AngloGold Ashanti
Brasil Mineração



Total cash costs (\$/oz)
AngloGold Ashanti
Brasil Mineração



Gold production (000oz)
AngloGold Ashanti
Brasil Mineração



ANGLOGOLD ASHANTI BRASIL MINERAÇÃO

Background

Ownership: Wholly owned by AngloGold Ashanti. AngloGold Ashanti Brasil Mineração has mining rights over 30,698ha in the state of Minas Gerais in south-eastern Brazil.

Location: The AngloGold Ashanti Brasil Mineração complex is situated in the municipalities of Nova Lima, Sabará and Santa Bárbara, near the city of Belo Horizonte.

Mining and processing: Since the closing of the Mina Velha underground mine in 2003 and the Engenho D'Água open pit in 2004, ore is now sourced only from the Cuiabá underground mine (this ore is treated at the Queiroz plant) and from the Córrego do Sítio heap-leach operation. In January 2005 the board approved a major expansion at Cuiabá.

Geology: The area in which AngloGold Ashanti Brasil Mineração is located is known as the Iron Quadrangle and is host to historical and current gold mining operations, as well as a number of open-pit limestone and iron ore operations. The geology of the Iron Quadrangle is composed of Proterozoic and Archaean volcano-sedimentary sequences and Pre-Cambrian granitic complexes. The host to the gold mineralisation is the volcano-sedimentary Nova Lima Group (NLG) that occurs at the base of the Rio das Velhas Super Group (RDVS). The upper sequence of the RDVS is the meta-sedimentary Maquiné Group.

Cuiabá mine, located in the municipality of Sabará, has gold mineralisation associated with sulphides and quartz veins in Banded Ironstone Formation (BIF) and volcanic sequences. At this mine, structural control and fluids flow ascension are the most important factors for gold mineralisation with a common association between large-scale shear zones and their related structures. Where BIF is mineralised the ore appears strongly stratiform due to the selective sulphidation of the iron-rich layers. Steeply plunging shear zones tend to control the ore shoots which commonly plunge parallel to intersections between the shears and other structures.

The controlling mineralisation structures are the apparent intersection of thrust faults with tight isoclinal folds in a ductile environment. The host rocks at AngloGold Ashanti Brasil Mineração are BIF, Lapa Seca and mafic volcanics (principally basaltic). Mineralisation is due to the interaction of low salinity carbon dioxide, rich fluids with the high-iron BIF, basalts and carbonaceous graphitic schists. Sulphide mineralisation consists of pyrrhotite and pyrite with subordinate arsenopyrite and chalcopyrite; the latter tends to occur as a late-stage fracture fill and is not associated with gold mineralisation. Wallrock alteration is typically chlorite, carbonate, potassic and silicic.

Economic and financial performance

Operating performance: Production declined to 242,000oz from 250,000oz in the previous year, when production included some trial mining projects as well as the gold remnants from the clean-up of the old Morro Velho facilities. Total cash costs, at \$195/oz, were consequently 15% higher year-on-year. Despite both slightly higher costs and lower production, gross profit adjusted for the effect of unrealised non-hedge derivatives and other commodity contracts rose by 79% to \$86 million primarily as a result of an improved price received.

Growth prospects

Cuiabá expansion project: This project seeks to increase production at the Cuiabá mine from 830,000t to 1.3Mt a year and includes the construction of new treatment and tailings storage facilities, roaster and acid plant at an estimated capital cost of \$180 million. The project will involve the deepening of the mine from 11 to 21 level and will result in annual production increasing from an average of 190,000oz to 260,000oz from 2007; in the last year of operation of the expansion,

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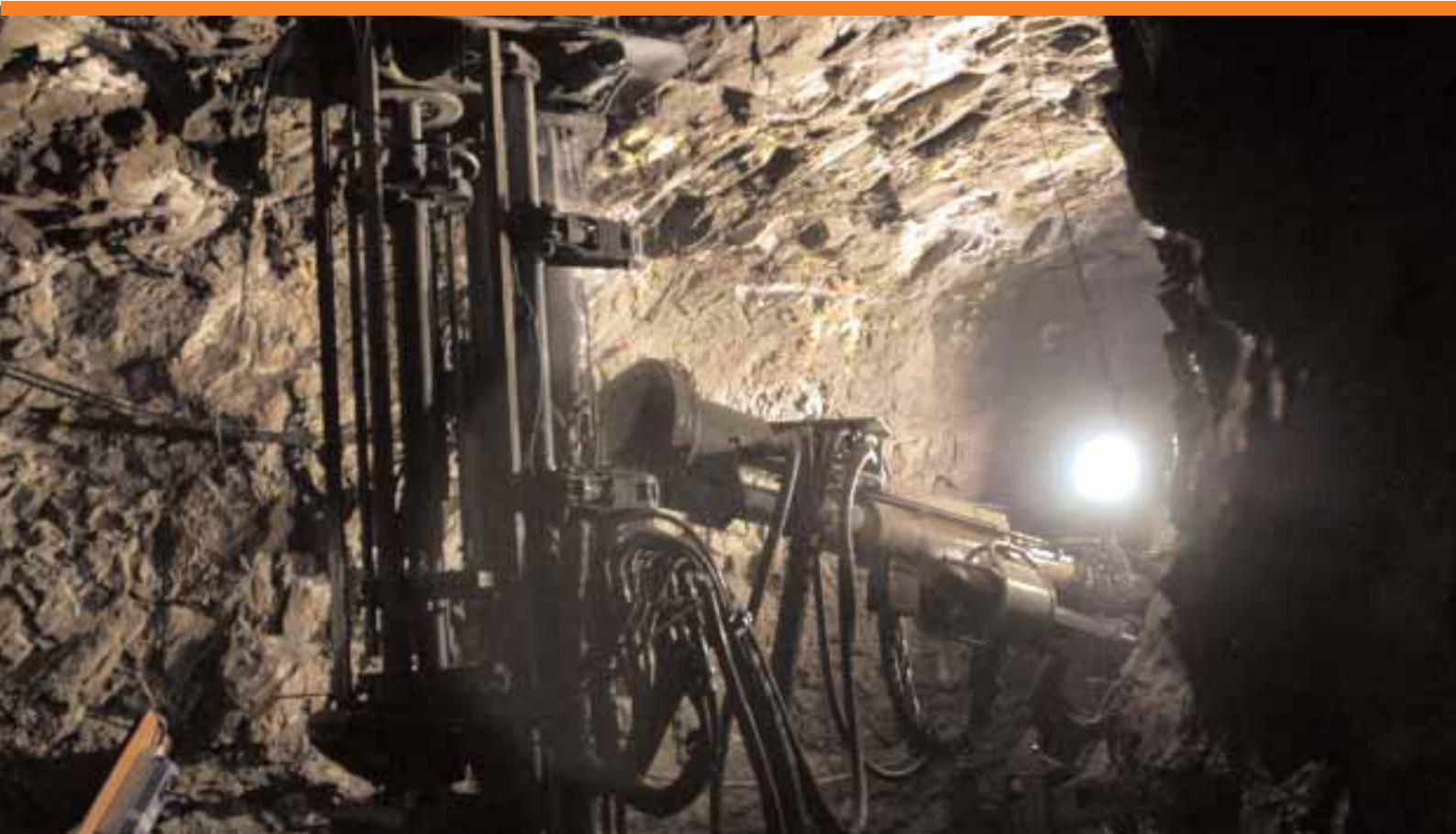
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production is expected to reach 300,000oz. The project is anticipated to add six years to the life of this mine.

Córrego do Sítio underground sulphides project: This project focuses on exploring the viability of exploiting the potential sulphide ore resources of the Córrego do Sítio underground orebodies, namely Cachorro Bravo, Laranjeira and Carvoaria. In 2006 the pre-feasibility stage of this project was concluded (results are expected in early 2007), and the exploration campaign reached 1.4Moz of indicated mineable resources. The total resource for the project is 2.1Moz. This project is expected to produce 1.4Moz of gold over 14 years from 6.8Mt of milled ore. Development of a ramp and the exposure of the Cachorro Bravo orebody are under way, as is the development of access drives to the Laranjeira and Carvoaria orebodies. Trial mining at the Cachorro Bravo orebody will continue into 2007.

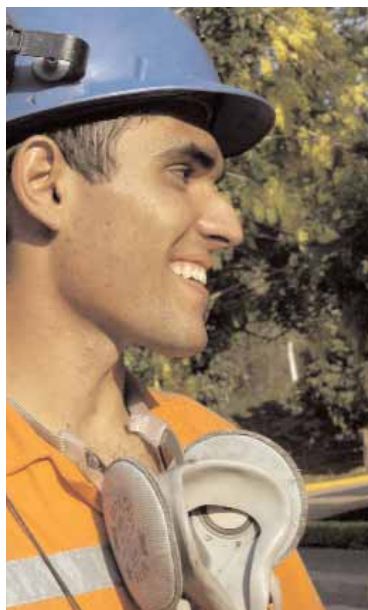
Lamego: This project explores the orebodies comprising the Lamego property, which are distributed along the flanks and axis of a recumbent anticlinal in a northeast-southwest direction and with a south-eastern dip ranging between 15° and 30°. During 2006 the Carruagem orebody was partially developed as was the 01 panel of the Arco da Velha orebody. Construction of ramps to reach the 02 panel of the Carruagem, Queimada and Arco da Velha orebodies was also initiated. A surface infill drilling programme was completed to convert inferred resources to indicated resources.

This project is expected to produce approximately 500,000oz. However, given the geological similarity of Lamego to the nearby Cuiabá mine, and the lack of information regarding the deeper levels of Lamego, a more aggressive exploration programme has been budgeted for in 2007 in order to evaluate the possibility of increasing current expected production at Lamego to levels similar to those of the Cuiabá operation.



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Outlook: In 2007 production is expected to increase significantly to 320,000oz, primarily because of the commissioning and start-up of the Cuiabá expansion facilities. Total cash costs are expected to decline accordingly to around \$178/oz. Capital expenditure is anticipated to reduce markedly with the completion of the Cuiabá expansion project, and is expected to be around \$65 million. This will be spent mainly on remaining Cuiabá expansion expenditures, the Lamego and Corrego do Sítio projects, brownfields exploration, ore reserve development and replacement equipment.

AngloGold Ashanti Brasil Mineração		2006	2005	2004
Pay limit †	oz/t	0.9	0.11	0.11
	(g/t)	3.10	3.86	3.85
Recovered grade ††	(oz/t)	0.222	0.212	0.229
	(g/t)	7.60	7.27	7.85
Gold production	(000/oz)	242	250	240
Total cash costs	(BRL/oz)	435	423	402
	(\$/oz)	195	169	133
Total production costs	(BRL/oz)	638	576	543
	(\$/oz)	266	226	191
Capital expenditure	(\$ million)	168	71	32
Total number of employees		3,611	2,597	2,243
Employees		1,546	1,363	1,222
Contractors		2,065	1,234	1,021

† 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.

SERRA GRANDE

Background

Ownership: The Serra Grande Joint Venture (50% attributable to AngloGold Ashanti) is co-owned with Kinross Gold Corporation. In terms of the joint venture agreement, AngloGold Ashanti manages the operation and has the right to access a maximum of 50% of the earnings accrued and dividends paid by Serra Grande.

Location: Serra Grande controls, or has an interest in, approximately 21,068ha in and around the Crixás mining district in the north-western areas of the Goiás State in central Brazil. Serra Grande is located 5km from the city of Crixás.

Mining and processing: The operation comprises two underground mines, Mina III and Mina Nova, and one open pit at Mina III. The processing circuit, with grinding, leaching, filtration, precipitation and smelting facilities, has a capacity of about 800,000t of ore a year.

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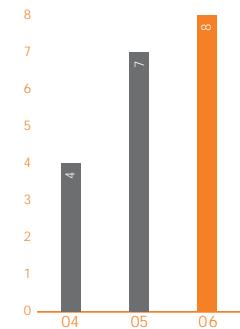
Geology: The deposits occur in the Rio Vermelho and Ribeirão das Antas formations of the Archaean Pilar de Goiás Group which together account for a large proportion of the Crixás Greenstone Belt in central Brazil. The stratigraphy of the belt is dominated by basics and ultra-basics in the lower sequences with volcano-sedimentary units forming the upper successions.

The gold deposits are hosted in a sequence of schists, volcanics and carbonates occurring in a typical greenstone belt structural setting. The host rocks are of the Pilar de Goiás Group of the Upper Archaean. Gold mineralisation is associated with massive sulphides and vein quartz material associated with graphitic and sericitic schists and dolomites. The ore shoots plunge to the north-west with dips of between 6° and 35°.

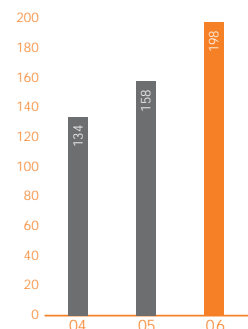
The greenstone belt lithologies are surrounded by Archaean tonalitic gneiss and granodiorite. The metamorphosed sediments are primarily composed of quartz, chlorite, sericite, graphitic and garnetiferous schists. The carbonates have been metamorphosed to ferroan dolomite marble with development of siderite and ankerite veining in the surrounding wallrock, usually associated with quartz veining. The basalts are relatively unaltered but do show pronounced stretching with elongation of pillow structures evident. The ultra-basics form the western edge of the belt and the basic volcanics and sediments form the core of the unit. The northern edge of the belt is in contact with a series of laminated quartzites and quartz sericite schists of the Lower Proterozoic Araxa Group and a narrow band of graphitic schists and intermediate to ultra-basic volcanics.

The Crixás Greenstone Belt comprises a series of Archaean to Palaeoproterozoic metavolcanics, metasediments and basement granitoids stacked with a series of north to north-east transported thrust sheets. Thrusting (D1) was accompanied by significant F1 folding/foliation development and progressive alteration in a brittle-ductile regime. D1 thrusting developed with irregular thrust ramp geometry, in part controlled by concealed early basin faults. The main Crixás orebodies are adjacent to a major north-north-west basement fault, and an inferred major east-west to south-east bend in the original volcano-sedimentary basin. Early D1 alteration fluids were focused from south to north, adjacent to the north-north-west structural corridor, and up the main fault ramp/corner, to become dispersed to the east and north in zones of foreland thrust flats. Fluid alteration also diminished to the west away from the main fault corner. A series of concealed east-west to northwest-southeast basement block faults may have provided secondary fluid migration, and development of early anti-formal warps in the thrust sheets; these structures probably define the quasi-regular spacing of significant mineralisation within the belt. The D1 thrust stack was gently folded by non-cylindrical folds. Gold mineralising fluids probably migrated during this event, with similar south-south-west to north-north-east migration, and focusing by bedding slip during folding. Gold mineralisation became minor and dispersed to the north and east along the frontal thrust flat zone. Concentrations of gold along the base of quartz vein may be due to the damming of fluids migrating upward along layering.

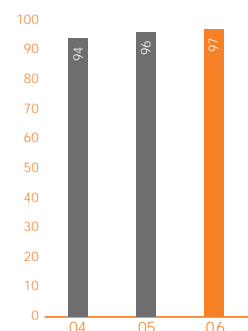
Capital expenditure (\$m) (attributable) Serra Grande



Total cash costs (\$/oz) Serra Grande



Gold production (000oz) (attributable) Serra Grande



Economic and financial performance

Operating performance: Attributable production at Serra Grande was 97,000oz for the year, in line with that of 2005. The steady appreciation of the Brazilian real, combined with lower grades, resulted in a 25% increase in total cash costs to \$198/oz, in spite of stable production.

Gross profit adjusted for the effect of unrealised non-hedge derivatives and other commodity contracts was nevertheless 18% higher at \$26 million, as a consequence of a significantly higher price received for the year.

Growth prospects: The Serra Grande brownfields exploration programme is focused on increasing reserves and resources in areas around Mina III, Mina Nova and the Palmeiras project by means of underground and surface diamond drilling.

A study was carried out in 2006 proving the viability of mining the Mina III open pit. Production is expected to begin in mid-2007. Results from the exploration programme under way at the nearby Palmeiras orebody justify the construction of an exploratory ramp and an underground conceptual study. The latter is scheduled to begin in mid-2007.

Outlook: Attributable production at Serra Grande is expected to decrease to 90,000oz in 2007, mainly a result of the lower grades expected. Total cash costs are expected to increase to \$244/oz, while capital expenditure is anticipated to increase to \$19 million (\$10 million attributable), the bulk of which will be spent on ore reserve development, the Palmeiras project and mine equipment.



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Serra Grande		2006	2005	2004
Pay limit †	(oz/t)		0.09	0.09
	(g/t)		3.24	3.02
Recovered grade ††	(oz/t)		0.219	0.231
	(g/t)		7.51	7.93
Gold production	(000oz) – 100%		194	192
	(000oz) – 50%		97	96
Total cash costs	(BRL/oz)		446	386
	(\$/oz)		198	158
Total production costs	(BRL/oz)		573	507
	(\$/oz)		265	205
Capital expenditure	(\$ million) – 100%		17	13
	(\$ million) – 50%		8	7
Total number of employees			817	775
Employees			609	566
Contractors			208	209

† 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.

Government remittances

In 2006 AngloGold Ashanti paid \$38 million in corporate taxes in Brazil.

Political donations

AngloGold Ashanti also donated \$334,517 to nine political parties and politicians in Brazil on the occasion of the 2006 national elections in that country. Of this \$252,594 was donated by AngloGold Ashanti Brasil Mineração in the state of Minas Gerais. This included a donation totalling \$182,049 to the Partido da Frente Liberal, the sixth largest of 22 political parties in the country. The recipients were two federal deputies and one state deputy. Four other political parties, the Partido Verde, Partido Socialista Brasileiro, Partido Social Cristão and the Partido dos Trabalhadores, shared the balance.

In the state of Goiás, Serra Grande made donations totalling \$81,922. This included a donation of \$45,512 to the governor of the state who belongs to the Partido Progressista (and was shared with the Partido da Social Democracia Brasileira). Other political parties to receive donations were the Partido dos Trabalhadores and the Partido do Movimento Democrático Brasileiro.

The political parties which received donations, with the exception of Partido Verde and Partido Social Cristão, were the six largest political parties in the country.

Political donations are legal in Brazil and are limited to 2% of total gross sales revenue. The donations made by AngloGold Ashanti complied with the relevant regulations and amounted to 0.15% of total gross sales revenue in 2005. The donations were made in the interests of maintaining working relationships with local politicians and their co-operation on policy and legal reform so as to ensure best practice regarding social development and governance.



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.

AngloGold Ashanti had Mineral Resources of 181.6Moz and Ore Reserves of 66.9Moz in December 2006. Of these, the Brazilian operations accounted for Mineral Resources of 12.0Moz and Ore Reserves of 3.1Moz.

Brazil	Resource category	Tonnes (000s)	Metric		Imperial		
			Grade (g/t)	Grams (000s)	Tons (000s)	Grade (oz/t)	Ounces (000s)
Ore reserves (as at 31 December 2006)							
AGA Mineração	Proved	2,061	6.42	13,229	2,272	0.19	425
	Probable	9,315	7.56	70,395	10,268	0.22	2,263
	Total	11,375	7.35	83,625	12,539	0.21	2,689
Serra Grande*	Proved	1,647	4.57	7,526	1,816	0.13	242
	Probable	1,005	5.92	5,945	1,107	0.17	191
	Total	2,652	5.08	13,471	2,922	0.15	433
Mineral resources attributable (as at 31 December 2006)							
AGA Mineração	Measured	6,726	6.38	42,913	7,414	0.19	1,380
	Indicated	17,346	7.44	128,992	19,120	0.22	4,147
	Inferred	23,763	7.20	171,198	26,193	0.21	5,504
	Total	47,835	7.17	343,106	52,727	0.21	11,031
Serra Grande*	Measured	1,825	5.34	9,744	2,013	0.16	313
	Indicated	1,190	6.11	7,276	1,313	0.18	235
	Inferred	1,956	5.96	11,655	2,156	0.17	375
	Total	4,973	5.77	28,676	5,482	0.17	922

* Attributable to AngloGold Ashanti



Case study

AuDITIONS goes global

Since 1999, AngloGold Ashanti has been involved in many gold jewellery design competitions – some independently and some in collaboration with the World Gold Council – around the world. They have formed an integral part of the company's drive to promote gold and to develop and modernise the jewellery market for its product.

The formation of AngloGold Ashanti in 2004 (following the business combination of AngloGold and Ashanti Goldfields) provided the opportunity for the reassessment and reinvigoration of marketing projects. From 2005 the Brazilian and South African competitions were consolidated under the banner of AngloGold Ashanti AuDITIONS and each competition is run over a two-year cycle.

There have been a number of other important developments. While the established competitions in South Africa and Brazil have been re-branded and given fresh impetus, with the support of the World Gold Council, the company has launched three new competitions – in India, China and the Middle East – three of the world's largest gold markets. While all the events fall under the broad AuDITIONS umbrella and all have the underlying purpose of stimulating an interest in and demand for contemporary gold jewellery, each event is distinctive and geared to the country or region in which it is held.

Three competitions were run in 2005 and 2006 – in Brazil, India and South Africa – and one was launched in China in 2006. This case study focuses on the contest held in Brazil.

AuDITIONS: Brazil

AngloGold Ashanti has two operations in Brazil, a country with a robust jewellery industry (generating revenue of more than \$690 million a year) and a reputation for innovative and sophisticated design. With the idea of capitalising on this market and raising the company's profile in the country, AngloGold Ashanti launched its first gold jewellery competition (then called the Designer Forum) in 2002; the second followed in 2004 after which the event was firmly established as the foremost jewellery design contest in Latin America.

As testimony to this, the third competition – AuDITIONS 2006 – attracted some 1,300 entrants. There were two categories: the Designer Category for jewellery professionals and the New Talent Category, open to students and people drawn from related disciplines (the plastic arts, for instance). Designers were encouraged to create contemporary jewellery in 18-carat gold reflecting the attitudes and diversity of modern times in response to the theme, 'Glacial Heat'.

The competition

As in the past, the competition had three stages: the regional seminars, the technical judging (known as the elimination stage) and the final judging session (known as the classification stage). The purpose of the forums is to brief participants on the rules of the competition and the theme, and to expose them to new

perspectives and the latest trends through presentations by leading professionals in their fields.

In the earlier competitions, these forums were held in Belo Horizonte, Rio de Janeiro and São Paulo. To broaden the competition in 2006, the sessions were held in Belo Horizonte (the capital of the state in which AngloGold Ashanti's South American headquarters is located) and transmitted by video conference to seven other state capitals in the country: Brasília, Belém, Curitiba, Porto Alegre, Rio de Janeiro, Salvador and São Paulo. Cláudia Meinberg of AngloGold Ashanti Mineração explains: "By widening our reach we attracted entries that reflected greater cultural diversity."

During the first round of judging, held from 28 to 30 June at AngloGold Ashanti's regional headquarters in Nova Lima, more than 900 submissions were evaluated by 'technical' judges, all specialists in the jewellery trade and related sectors. This resulted in the selection of 100 finalists in the Designer Category and 20 in the New Talent Category.

At the classification stage, held on 11 July in São Paulo, a panel of judges – a mix of specialists and jewellery consumers and connoisseurs – selected 24 pieces to form the Glacial Heat Collection.

Promotion of the competition

An extensive publicity campaign got under way featuring leading Brazilian model Isabella Fiorentino as the face of the competition. Known as the competition's 'golden girl', she was photographed on glaciers in Patagonia in temperatures below zero to give the organisers material to establish the theme of the competition.

More than 5 tonnes of ice were brought from São Paulo to Belo Horizonte to construct a glacial mansion with enormous blocks of ice being transformed into pieces of furniture and sculptures. Isabella Fiorentino and the internationally famous Brazilian model Jens Peter were filmed wearing the winning pieces in this unusual setting.

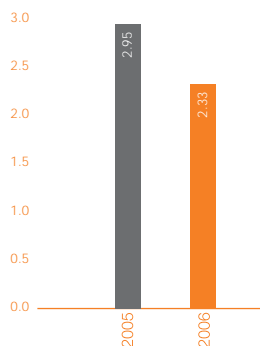
Again, great trouble was taken in an effort to make the prize-giving ceremony on 7 November a spectacular occasion. More than 300 people were involved in transforming the Serraria Souza Pinto, a 100-year-old building in Belo Horizonte, where the largest ice rink ever built in Brazil was placed in the centre of the venue. Politicians, business people and celebrities were among the guests at the event which featured a pair of Russian ice skating stars, a symphony orchestra and a showing of the winning jewellery by models led by Isabella Fiorentino.

Cláudia Meinberg sums it up: "Through the special photographic sessions and by making the most of the events that go to make up the competition we were able to secure widespread coverage in newspapers and magazines and on websites and television programmes."

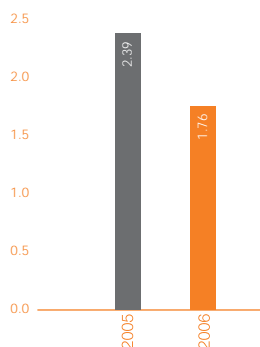
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LTIFR – Brasil Mineração
(per million man-hours worked)



LTIFR – Serra Grande
(per million man-hours worked)



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 employees at all levels 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.

Managing safety and health

There were no fatalities in at the Brazilian mines in 2006 and both operations improved their Lost Time Injury Rate (LTIR) year-on-year. AngloGold Ashanti Brasil Mineração recorded 2.33 per million man-hours worked (2.95 in 2005) while Serra Grande's rate was 1.76 (2.39 in 2005).

The mines fall under a number of regulatory norms – regarding occupational health and safety which form part of Brazil's labour legislation, as well the National Department of Mineral Production's Mining Regulatory Norm. In 2006 there were no incidents of non-compliance recorded.

The operations have their own integrated safety and health policies which are aligned with AngloGold Ashanti's safety and health principles. The management of safety and health falls under line managers who report to their head of department. The department heads, in turn, are supported by specialist safety and health personnel. Roles and responsibilities are well defined. There is a safety committee headed by the general manager and attended by heads of departments and other managers, as well as operational safety committees headed by the managers of sections and attended by heads of departments and supervisors.

At each operation there is an Internal Committee for Accident Prevention comprising employee representatives. This committee observes and reports on potential risks in the work environment with the aim of preventing accidents and diseases.

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Cultivating a mindset which prioritises health and safety is as important for contractors as it is for employees. As there is a high turnover of contractors at the Brazilian operations, it is considered vital to train and manage contractors.

Both operations are aiming to implement and achieve certification for OSHAS18001 during 2007.

Communication and training

Issues regarding safety and health are communicated during the regular committee meetings, toolbox meetings before shifts and every quarter when the general manager has discussions with the workers on every shift. They are also raised in the internal newspapers and the bi-monthly internal magazine. There are safety boards in all the places where employees congregate, for example, the canteens.

Employees and contractors are trained in safety and health procedures at induction, when they are familiarised with the Risk Management System, while formal sessions cover general (first aid, fire fighting, emergency exits) and specific (use of equipment, preventing falls of ground) topics.

Risk management

Risks are evaluated through regular hazard identification and internal and external risk assessments, which identify a residual risk profile and propose control measures. This process, which forms part of the operations' risk management programme, has resulted in a significant reduction in the number of lost-time injuries in recent years. These risk profiles are also used during periodic inspections and for induction training. Project-specific risk assessments are also conducted, as in the case of the Cuiabá expansion project (*see case study on page 16*).

All non-routine tasks are preceded by a formal risk assessment session attended by the key people involved in the task, the supervisor on duty as well as by a safety engineer or officer.

Emergency preparedness is an integral aspect of safety and health management and drills are conducted once a month on the mines. As both operations are located close to a number of communities, simulated emergency situations are conducted every year involving community members and relevant stakeholders such as civil defence, hospitals and the military police.

Medical surveillance

Medical surveillance programmes are in place at AngloGold Ashanti Brasil Mineração and Serra Grande where health examinations are conducted on admission to employment, on transfers, on returning to work following more than 30 days' sick leave, and on termination of employment. All employees are required to undergo an annual health examination. First-aid facilities are available at AngloGold Ashanti Brasil Mineração and Serra Grande, while more serious cases are transferred to local hospitals. AngloGold Ashanti Brasil Mineração employs a team comprising three doctors, ten nurses, one radiologist and an audio therapist, who work on shifts at all units (Cuiabá and Córrego do Sítio mines, Queiroz plant, and the Lamego project). Serra Grande employs a full-time doctor and nurse, while X-rays are taken at the local hospital.

Efforts to eradicate silicosis at AngloGold Ashanti Brasil Mineração and Serra Grande have been largely successful with only one new case of silicosis having been identified in the past five years. In addition to successful dust mitigation programmes and intensive monitoring, Brazilian legislation limiting the number of years that employees may work underground has played a major role in this achievement.



Case study

Managing risk during Cuiabá expansion

The Cuiabá expansion project has involved extensive mining development and construction work, both on surface and underground. Underground activities included the opening of two ventilation raises, opening new development faces and the construction of an underground chamber for the assembly of primary crushing at level 11. Surface activities have included the construction of a new hydrometallurgical plant, a tailings storage facility and a new backfill plant.

The project has involved the recruitment of 209 permanent staff and 1,819 temporary contractors.

Managing an operation outside the normal production cycle, whether for expansion or downsizing, also involves managing an altered risk profile.

"Principal risks associated with this project involved the recruitment of large numbers of new employees – both permanent and contract – and the increased necessity for training," says general manager Denis Dinardi.

"The most significant risk areas underground were rockfalls (associated with the construction of the underground chamber for primary crushing), the opening of the ventilation raises and

equipping the deepened shaft with new pipelines and electrical cables. Surface risks included construction workers having to work at considerable heights (in building the new plant), the risk of accidents during road transport of ore and the danger of injury during grinding and welding."

Measures taken to mitigate these risks included in-depth safety training, with comprehensive daily briefing sessions, for all employees including contractors. A 'permission for special works' was obtained. This involved an in-depth expert evaluation by external risk management consultants to identify the risks involved and define the controls that needed to be put in place. Contract employees were recruited from a specialised company that operates in the mining field, ensuring that basic safety training was already in place. Detailed operating procedures were prepared and briefed covering all aspects of new activities. Vehicle drivers also received thorough training, and hazard identification and risk assessment and hazard and operability procedures were developed.

The results of these interventions can be seen in the mine's improved safety profile. "We achieved a reduction in our Lost Time injury Frequency Rate, from 2.69 in 2005 to 2.35," says Dinardi.



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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.

Employment in Brazil

There has been an 34.41% increase in the number of AngloGold Ashanti employees in Brazil in 2006, mainly as a result of the Cuiabá expansion project. Of the total of 4,428 people employed, 2,155 were permanent staff and 2,273 were contractors.

There is no discrimination regarding race, gender or disabilities at these operations. Many jobs formerly occupied by men have been filled by women and a project, called 'AbranGENTE' (All Inclusive), was launched recently to promote the hiring of disabled people. The project is now at the recruitment and selection phase.

At AngloGold Ashanti Brasil Mineração, 100% of the workforce is represented by unions: 89.07% by the Sindicato dos Trabalhadores da Indústria e Extração de Ouro e Metais Preciosos de Nova Lima e Região and 10.93% by the Sindicato dos Trabalhadores da Indústria e Extração de Ouro e Metais Preciosos de Santa Bárbara. Some 29.2% of the workforce is unionised.

All employees at Serra Grande are represented by the Sindicato dos Trabalhadores nas Industrias Extrativas do Vale do Rio Crixás. Some 40.4% of employees are unionised.

At both operations salaries and fringe benefits are negotiated on an annual basis.

Training and development

In 2006 training at the Brazilian operations ranged from equipment handling and safety to administration and second language classes. The employees spent an average of 81 hours in training which represented an investment of around BRL2,600,000.

Talent management and career planning initiatives are well established and are reviewed every year. Candidates attend the Intermediate Management Development Programme (IMDP) and the



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Management Development Programme (MDP) organised through AngloGold Ashanti's corporate office and run by the University of Cape Town in South Africa. In Brazil 160 supervisors underwent specific training in management development.

The Brazilian operations run a scholarship programme for employees which covers 80% of the cost of graduate and postgraduate courses at recognised universities and 100% of the costs for courses in English, Spanish and Portuguese at selected language schools.

With the aim of preparing their operational workforce for promotion to positions, shift supervisors for example, and to develop their technical skills, AngloGold Ashanti in Brazil has designed technical courses in collaboration with recognised institutions in technical education. At AngloGold Ashanti Brasil Mineração, 81 employees are participating in mining and mechanics courses. At Serra Grande, the programme is giving 43 employees and 15 members of the community the opportunity to participate in the mechanics and electronics courses.

Remuneration and benefits

To guide AngloGold Ashanti remuneration practices in Brazil, annual market research is conducted and remuneration is based on mean market values. There are two reward systems: the Performance Sharing Plan and the Bonus System. Employees on the former can earn up to a maximum of two months' basic salary based on team performance; the amounts paid are target-related and negotiated between the company, the employees and the trade unions. In the case of the latter the employees involved are assessed on their individual performance, measured in terms of the performance contract agreed between themselves and their manager.

Health care is provided by an external service provider to employees and their families.



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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, 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.

Laws, regulations and requirements

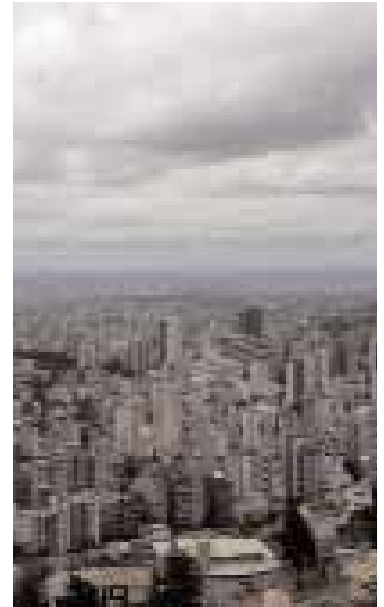
The Brazilian operations have to comply with a number of environmental regulations including local, state and federal laws, decrees and resolutions. The major laws are the National Environmental Law, the Environmental Crimes Law and the State and Federal Water Policy.

New laws that came into effect in 2006 were:

- the Permanent Preserved Areas Federal Law, which has had a positive impact on the mining sector as it classifies mining as an activity of public interest;
- the Liquid Effluent Discharge Law, which has led to water treatment costs increasing to ensure compliance; and
- the Atlantic Forest Law which has had a significant impact on the mining industry due to restrictions on land clearance in and around the Atlantic Forest ecosystem.

Neither operation recorded any area of non-compliance in terms of local, state or national legislation in 2006.

Both mines maintained their ISO14001 certification in 2004 and both are partially compliant with the International Cyanide Code, with compliance audits planned for the third quarter of 2007.





Managing environmental issues

The Brazilian operations have their own environmental policies which are consistent with group policy and regulate their activities in accordance with local conditions, requirements and regulations. Employees have always been involved in discussions surrounding the formulation of the policies and are aware of their importance.

The Brazilian operations follow an environmental reporting model which ranks environmental incidents based on their actual or potential consequence. No significant incidents occurred during 2006.

During 2006, two external audits (six months apart) were carried out by NQA, a United States-based environmental auditing firm, at Serra Grande and at AngloGold Ashanti Brasil Mineração, and internal audits are conducted on an annual basis at both operations.

Education and communication

Environmental training programmes for employees and contractors are run at both operations. AngloGold Ashanti Brasil Mineração offers an environmental education course for teachers while children in the community have a chance to learn about the environment through visits to the Harry Oppenheimer Environmental Instruction Centre. Serra Grande's 'Open Company' programme stages various community interactive activities. In 2006, a marathon and gymkhana were held aiming to raise environmental awareness in the community.

The operations have a free call number which members of the community can dial should they have any concerns relating to environmental issues. Communities are kept informed of the mines' environmental activities through regular meetings.

Rehabilitation and closure

Currently, closure of Serra Grande is scheduled for 2015 and for AngloGold Ashanti Brasil Mineração for 2019. A total of \$35.4 million has been set aside to cover rehabilitation and decommissioning liabilities, \$30.1 million for AngloGold Ashanti Brasil Mineração and \$5.3 million for Serra Grande.

AngloGold Ashanti Brasil Mineração manages 19,241ha of land of which 241ha have been affected by mining activity to date. So far, 171ha have been rehabilitated and integrated with the landscape. Rehabilitation of old tailings deposits, an environmental liability from the Morro Velho acquisition, has been under way since 2004 and \$1,310,016 was spent on this during 2006. Serra Grande manages 225ha of which 59ha have been rehabilitated.

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).

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Water and energy usage

AngloGold Ashanti Brasil Mineração's expansion project includes plans for recycling water in all operations which means that although ore production will increase, water usage will remain the same. For example, recycled water is used for backfill and ore treatment purposes at Cuiabá, and for ore treatment purposes at Córrego do Sítio.

Serra Grande uses underground water for its mining operations and metallurgical treatment processes and 88.6% of the water used is recycled.

No ecosystems are affected by water usage at either mine.

Serra Grande has an awareness-raising campaign to reduce the consumption of electricity, hydraulic oil and diesel fuel. AngloGold Ashanti Brasil Mineração has an ongoing study aimed at producing energy from heat wasted during the roasting process at the Queiroz plant. See case study on hydroelectric power at this operation.

Biodiversity

In Brazil, most of AngloGold Ashanti's operations are situated in biodiversity rich areas such as the Atlantic Forest and Cerrado (Cuiabá mine, Lamego and Córrego do Sítio). The decline of the Atlantic rainforests, mainly as a result of urbanisation and agricultural development, remains a high conservation concern within Brazil and internationally. For every hectare of Atlantic Forest land cleared for mining operations, the company rehabilitates twice the area using indigenous species. The company has been actively involved in the formal establishment and support of conservation reserves and now has approximately 1,000ha of land within the Natural Property Private Resource category. The Nova Lima environmental office is fully engaged with state environmental authorities and the legal environmental process. The department works closely with local universities which have been contracted to contribute to management plans and provide inventories of biodiversity in these areas.

AngloGold Ashanti Brasil Mineração has created two ecological reserves – Samuel de Paula (147ha) in Nova Lima and Serra da Piedade (726ha) in Sabará – that house several threatened indigenous species of fauna and flora. Recently an agreement has been signed between the company and the Federal Environmental Agency Ibama to allow animals and plants rescued from illegal trafficking to be released in the reserve areas.

As part of the environmental mitigation programme, the mine's rehabilitation work for 2007 includes the reintroduction of indigenous species.

Serra Grande has a reserve area that is 1,946.89ha in size.

Brazil – environmental statistics

	Usage		Efficiency (Usage/oz)	
	2006	2005	2006	2005
Cyanide (kg)				
AngloGold Ashanti Brasil Mineração	*377,000	1,071,000	1.56	4.28
Serra Grande	280,000	288,500	1.44	1.50
Fresh water (m³)				
AngloGold Ashanti Brasil Mineração	3,371,455	3,827,904	13.93	15.31
Serra Grande	367,920	388,944	1.90	2.03
Energy (GJ)				
AngloGold Ashanti Brasil Mineração	499,693	501,401	2.06	2.01
Serra Grande	221,004	205,903	1.14	1.07

* Reduction in consumption was the result of change over from ultra-fine milling process to sulphide roasting process for sulphide gold recovery



Case study

Hydroelectric power in Brazil

Hydroelectric power is derived from the potential energy of dammed water driving water turbines and generators: the energy extracted from water depends not only on volume but also on the difference in height between the source and the water outflow. The area surrounding the city of Nova Lima in Brazil, centre of AngloGold Ashanti's operations and located in the central Brazilian foothills with numerous natural springs, offers ideal territory for hydroelectric power generation.

The Rio de Peixe energy system was built in 1900, by the first superintendent of the Saint John del Rey Mining Company (predecessor to Mineração Morro Velho, which was in turn acquired by AngloGold in 1998). Built to provide energy for the gold plant and community, the system is still operational and supplies all the energy required to operate the Queiroz plant in Nova Lima. One hundred per cent of the power for this operation is drawn from hydroelectric power and the system is situated on land owned and maintained by the company.

The Rio de Peixe system today is not only a source of energy but provides an example of an excellently preserved ecosystem. The three small dams – Lagoa Grande, Codorna and Miguelão – provide enough water to generate approximately 59,000MW/h. Lagoa Grande, also called Lagoa dos Ingleses, is the largest reservoir, and, with its harbour, hosts a number of recreational activities that are available to local communities, such as water-skiing and canoeing. The water in the dams is of a high quality, being free of waste contamination and industrial effluents.

The preservation of the Rio de Peixe energy system has economic as well as environmental advantages. Licences for new hydroelectric dams are subject to increasingly stringent requirements in terms of Brazilian legislation involving aspects such as community relocation, suggesting a future scenario in which access to energy will be critical to a company's competitive position.

Potentially AngloGold Ashanti Brasil Mineração stands to benefit from the carbon finance provisions of the Kyoto Protocol. Hydroelectric power does not emit pollutants such as carbon dioxide (CO₂), and therefore does not contribute to global warming. The Kyoto Protocol, which was signed at the UN Council on climate change at Kyoto, Japan, in 1997 and became effective in February 2005, makes provision for 'carbon finance': the protocol sets clear limits on the amounts of greenhouse gases a country may emit. However, to avoid imposing inflexible emission targets that are unlikely to be met, carbon finance establishes the necessary market structures to trade the right of emission of a unit of greenhouse gas as a commodity.



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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
- 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.

Engaging with the community

A number of programmes are in place for interaction with community representatives, local development agencies, other companies, municipal authorities, district associations and others in Brazil. Apart from a call centre with a toll-free number for the registration of any complaints and requests, communities are kept informed about operational developments, particularly life-of-mine plans, through frequent meetings and bulletins.

AngloGold Ashanti Brasil Mineração's 'Good Neighbourhood' and Serra Grande's 'Open Door' programmes involve regular meetings with community members to identify and deal with potential conflicts. The company participates in municipal and state environmental councils and regularly hosts visits to company properties. Any new mining projects are presented to community leaders and opinion leaders for comment and to discuss compensatory measures.



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A bi-monthly newspaper is produced, for which the general public is the target audience, and brochures about environmental performance, particularly water and air monitoring, are distributed to community members as required.

Holding hands

Employees are encouraged to participate in the programme of volunteer work known as 'Holding Hands'. Currently several activities are in place including computer classes for poor children; chess classes at a NGO for destitute children; English and literature classes for adults; and other campaigns for the needy. During 2006, 142 employees volunteered 1,514 hours of their time.

Social investment

AngloGold Ashanti's total corporate social investment expenditure in Brazil in 2006 was BRL2,879,780, (\$1,321,000) of which BRL1,508,560 (\$692,000) was spent at AngloGold Ashanti Brasil Mineração and BRL1,371,220: (\$629,000) was spent at Serra Grande, mostly in the fields of community health care, community development, and arts, culture and heritage. Among the projects supported by Serra Grande during the year were a school for children with special needs and a soccer school.

Serra Grande has started a process of encouraging local economic development with the municipal government and other partners.



Case study

Redeveloping company-owned land in Brazil

AngloGold Ashanti in Brazil is contributing to sustainable development through a partnership to sell and develop company-owned land for residential development.

Mining in Brazil has a long history: Nova Lima was founded in the mid-17th century on the strength of alluvial gold prospects, and gold and iron ore retained an important role in the region's economy for many years. Today, some 68,000 people live in a 428km² area noted for its rugged terrain. Large tracts of natural forest cover 76% of the area, while 22% is covered by urban development and 2% is still dedicated to mining activities.

Historically, in terms of Brazilian legislation, ownership of land where mining operations were carried out vested with the mining company concerned, and land was classified as a production asset of that company. When AngloGold Ashanti (then AngloGold) acquired Mineração Morro Velho from Minorco in 1998, the transaction included some 22,000ha of land. This land had been largely conserved in its pristine state, ensuring that the area around Nova Lima had remained free of unplanned urban development. Nearby Belo Horizonte (the state capital of Minas Gerais) continues to grow, however, and the proximity to Nova Lima means that the full urbanisation of Nova Lima is inevitable.

As a major employer and owner of a significant area of land surrounding Nova Lima (where the company's Brazilian headquarters is based), AngloGold Ashanti has sought to contribute to the continued economic, social and environmental stability of the area, and the responsible development of land that is excess to the company's needs is one way in which the company could make a valuable contribution.

As a first step, a legacy of past distrust had to be overcome. When Mineração Morro Velho closed its Mina Grande mine in 1995, it did so without adequate preparation among the community. Nearly 1,000 jobs were lost, with a major negative impact on local business. In the years following AngloGold's acquisition of the operations, the company implemented a policy of active community involvement, through a number of environmental, educational and urban planning initiatives. The closure of Mina Velha – the last remaining facility in the city's mining complex – in 2003 presented striking differences from the earlier closure of Mina Grande. A comprehensive consultation process was followed, beginning two years before the mine's closure, and every effort was made to minimise job losses through redeployment to other projects.

AngloGold Ashanti has developed a master plan covering land use over the next 25 years. Initially developed internally, with input from experts in urban planning, architecture and environmental management, the plan became the subject of extensive consultation with local government and community representatives, and was eventually made public in October 2002 at a multi-stakeholder event.

Of the 22,000ha currently held by the company some 15,000ha was designated for development, with the balance retained for mining activities. One of the principles adopted was that only 30% of the land to be developed would be used for residential purposes, with 70% preserved as green areas.

"The challenge in developing this land is for the company to derive the highest possible value from its real estate, while still respecting environmental legislation and contributing to an improved quality of life for the communities within which we operate," says AngloGold Ashanti's Chief Operating Officer, International Operations, Roberto Carvalho Silva.

After a comprehensive analysis of potential risks and benefits, a partnership with a number of local real estate companies was selected as the most appropriate route to implement the plan.

"Partners are carefully selected among companies with a proven track record in the field," says Carvalho Silva. "Opting for this model, AngloGold Ashanti benefits – as owner of the land – from the development of residential projects, while still retaining the authority to ensure continued implementation of the principles of the master plan."

The decline of mining's relative contribution to the local economy has been factored into the plan.

"A set of proposals, yet to be fully developed, will foster a full transition from a mining-oriented to a service-rendering city," says Carvalho Silva. "Gold City is a case in point: a multifunctional complex, to be developed in the heart of the city, focused on tourism anchored to the city's outstanding history and vibrant present." Gold City will offer numerous employment opportunities associated with leisure and cultural activities.

Vale dos Cristais, a 537-plot, 690-apartment condominium to be fully developed within 10 years, is typical of the residential projects developed by the partnership. The project has ensured the creation of some 800 jobs, with priority given to local labour. Another development, an ambitious project to be known as Constelações, covers almost 1,000ha and will involve the expansion of the urban area of Belo Horizonte towards Nova Lima over a 15-year period.

While a number of residential developments have been targeted specifically at a high-income market, to ensure an adequate financial return and promote economic development, more affordable housing is also catered for, in an attractive area intended to house environmentally friendly industries and including community amenities such as sports facilities.

"The master plan is intended to be a cornerstone of local economic development for years to come," says Carvalho Silva.

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