

# 06

Country Report  
Ghana  
Obuasi



ANGLOGOLD ASHANTI



### Contents

- 3. Message from Danie Spies
- 4. Our profile
- 5. Our mission, values and business principles
- 6. Background
- 6. Economic and financial performance
- 7. Government remittances
- 8. Mineral resources and ore reserves
- 9. Occupational safety and health
- 11. Regional health
  - Case study: Campaign at Obuasi halves malaria incidence*
- 15. Human resources
- 18. Environment
  - Case study: Social and environmental legacies at Obuasi*
- 24. Community
  - Case study: AngloGold Ashanti's approach to artisanal and small-scale mining*
- 28. Contact details

### 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

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



### Introduction

AngloGold Ashanti has two mines in Ghana: Obuasi (which comprises both surface and underground operations) and Iduapriem (open-pit). The sale of the third operation, Bibiani, was completed on 1 December 2006 and thus contributed to AngloGold Ashanti for 11 months of the year.

Formerly assets of Ghanaian-based Ashanti Goldfields, the mines became part of AngloGold Ashanti in April 2004 when the business combination of Ashanti and South African-based AngloGold came into effect.

### Message from Danie Spies

The past year has been challenging for Obuasi and its people. Since the business combination between Ashanti Goldfields and AngloGold at the end of April 2004, the integration of our systems and reporting has taken up much time and continues to do so. In many instances, it has also changed the way we do things at Obuasi.

With regard to production in 2006, the mill throughput tonnes increased from 393,400tpm to 521,400tpm year-on-year. Owing to a drop in underground grade, gold output remained at 390,000oz.

Sadly, two people lost their lives during the course of work in 2006. Charles Owusu-Baah died in an accident on 30 January 2006, and Kennedy Botwe on 26 March 2006. Our condolences are extended to their families and colleagues.

Significant investment in infrastructure, in training and on a range of other systems has continued. The major expenditure was on a state-of-the-art, multi-million-dollar refrigeration plant to improve the quality of the underground work environment at the Kwesi Mensah and at George Cappendell shafts. A 15MW refrigeration plant and a 300m<sup>3</sup>/s surface fan were installed and commissioned during 2006. As a result of the Volta River Authority (VRA) power crisis only 5MW of the 15MW is currently in operation and, although the new surface fan is in operation, a similar older fan had to be decommissioned for the same reason. Another 15MW refrigeration plant has been installed and is scheduled for commissioning early 2007, but much depends on the status of VRA power for its operation.

There was also substantial spending on the computerisation of the mineral resource management sector of the business, the upgrading of the sulphide treatment plant, mine infrastructure and services, the malaria control project and training.

Within the framework of upgrading and re-engineering the business, attention has been paid to ensuring that the character of Obuasi remains intact. The mine is firmly intertwined not only with the Obuasi community but with the country as a whole. We recognise this and are committed to:

- continued significant capital expenditure to optimise exploitation of the orebody;
- evaluating and bringing to account Obuasi Deeps and, in so doing, extending the life of the mine to 2040;
- remaining a significant and fair employer;
- contributing meaningfully to the communities surrounding our operations and to the country as a whole; and
- actively managing safety and health issues as an integral part of operational performance in line with AngloGold Ashanti's minimum guidelines as well as the specific principles, guidelines and policies that cater for local conditions and legislation.

Some of the ways in which we have and will continue to have an impact on our communities are discussed in this report. These include:

- the Obuasi Apprenticeship and Sustainable Development Programme;
- the ongoing upgrade of the Edwin Cade Memorial Hospital facilities;
- the Malaria Prevention Programme which is already showing results in terms of the significant drop in reportable malaria cases at the two hospitals in the municipality;
- enhancing the environment by improved waste management and rehabilitation programmes; and
- the cultivation of jethropha for bio-diesel production with 100 hectares being earmarked for this. During the year 25 of these hectares were cultivated for the planting of 38,616 jethropha seedlings.

We recognise that our operations have had a significant impact on our communities both in the past and today and that much remains to be done in both addressing legacy issues and the optimal performance of current operations so as to minimise our long-term footprint.

While this report is not an exhaustive account of our efforts, it does provide some indication of the way in which we conduct our business. We look forward to improving relationships and operational results during the year ahead.

**Danie Spies**  
**Managing Director: Obuasi**  
20 March 2007



# OBUASI – GHANA

## Country Report 2006

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.

Currently, AngloGold Ashanti has two operations in Ghana – Obuasi and Iduapriem. (The Bibiani mine was sold with effect from 1 December 2006.) In 2006, these mines (including Bibiani) produced 592,000oz (attributable) of gold, with 387,000oz coming from Obuasi. Also in 2006, the Ghana operations employed on average 9,313 people, with 7,839 of these at Obuasi (5,629 employees and 2,210 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





## Background

**Ownership:** Wholly owned by AngloGold Ashanti

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

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

Two main ore types are mined:

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

**Mining and processing:** Obuasi is primarily an underground operation, although some surface mining still takes place. Ore is processed by two main treatment plants: the sulphide plant (for underground ore) and the tailings plant (for tailings reclamation operations). A third plant, the oxide plant, is used to batch-treat remnant opencast ore and stockpiles, of which there are adequate tonnages to keep the plant operational until 2008.

## Economic and financial performance

**Operating performance:** After three quarters of declining yields, Obuasi reported higher grades in the fourth quarter of 2006 and ended the year with production of 387,000oz, slightly below that of 2005. Increased treatment of lower-grade ore throughout the year meant that yield in 2006 was 4.39g/t compared with 4.77g/t in 2005, which pushed up total cash costs by 15% to \$395/oz.

Gross loss adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts increased by 163% to \$42 million for the year.

**Growth prospects:** The development of the deep-level ore deposits at the Obuasi mine has the potential to extend the life of the mine by 35 years. A feasibility study is currently under way to test this potential and is expected to yield results by early 2008. Depending upon the results, the full development of Obuasi Deeps may proceed.

**Outlook:** Production in 2007 is expected to increase marginally to 400,000oz. Total cash costs are expected to improve to around \$355/oz as a result of the implementation of cost-savings and right-sizing initiatives. Capital expenditure will decline to around \$87 million.

# OBUASI – GHANA

## Country Report 2006

Obuasi		2006	2005	*2004
Pay limit †**	(oz/t)	0.229	0.177	0.188
	(g/t)	7.13	6.06	6.43
Recovered grade ††**	(oz/t)	0.128	0.139	0.154
	(g/t)	4.39	4.77	5.27
Gold production	(000oz)	387	391	255
Total cash costs	(\$/oz)	395	345	305
Total production costs	(\$/oz)	600	481	426
Capital expenditure	(\$ million)	91	78	32
Total number of employees		7,839	8,295	6,747
Employees		5,629	5,852	6,029
Contractors		2,210	2,443	718

† 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.

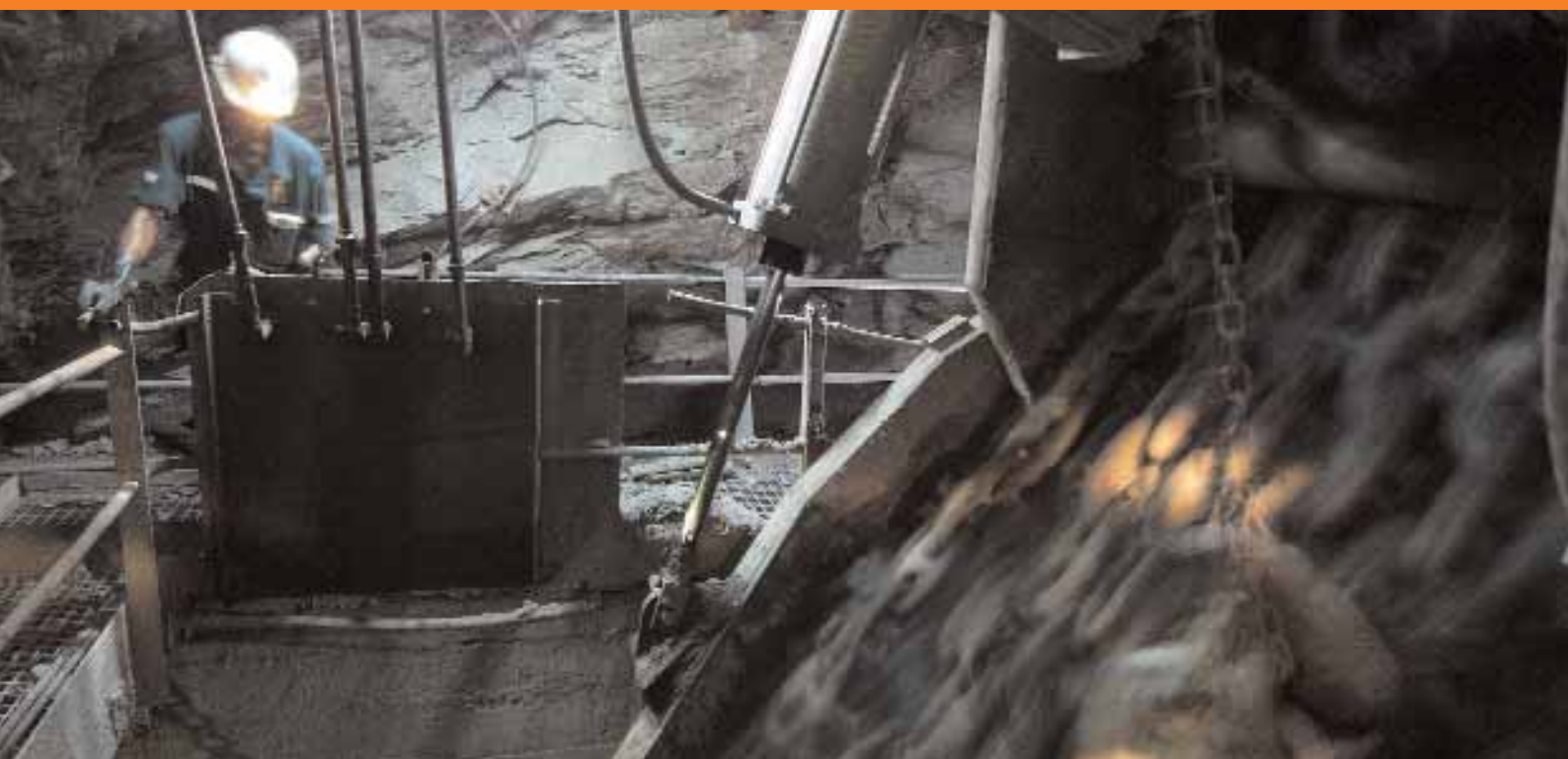
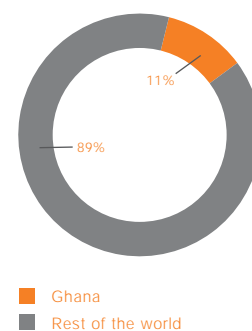
\* For the eight months from May to December 2004.

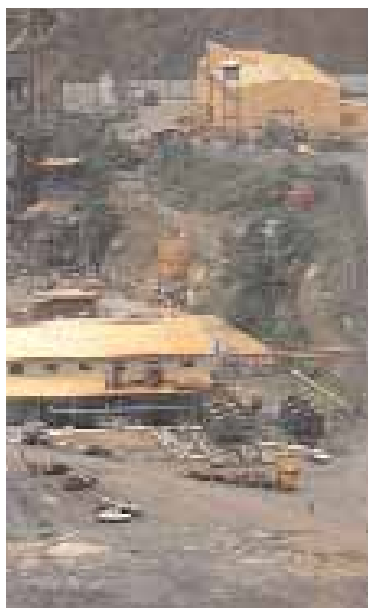
\*\* Note pay limits and recovered grade refer to underground ore resources

## Government remittances

The attributable contribution from Obuasi to government revenue for 2006 comprised royalties of \$7 million, a property tax of \$1 million, import duties of \$3 million and non-recoverable VAT and other indirect taxes of \$10 million. The government of Ghana is a significant shareholder of AngloGold Ashanti, receiving \$6 million in dividends during the year.

Ghana's contribution to group production – 2006





**Sustaining operations**

As a mining company exploiting a set of finite resources, it is incumbent on AngloGold Ashanti to:

- incur capital expenditure, both to prolong the viability and sustainability of existing operations, and to develop access to new reserves;
- undertake exploration, both greenfields and brownfields, to identify and possibly develop new operations; and
- acquire projects and operations that might extend the production profile of the group in years to come.

A part of the process of sustaining operations is the protection of the company's assets to ensure their profitable and sustainable use and to encourage local economic development. See the case studies on our website at [www.aga-reports.com/06/case-studies.htm](http://www.aga-reports.com/06/case-studies.htm)

**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 in December 2006. Of these, the Ghanaian operations accounted for Ore Reserves of 10.9Moz and Mineral Resources of 33.0Moz.

Obuasi	Resource category	Tonnes (000s)	Metric Grade (g/t)	Grams (000s)	Tons (000s)	Imperial Grade (oz/t)	Ounces (000s)
<b>Ore reserves (as at 31 December 2006)</b>							
	Proved	18,235	3.21	58,487	20,101	0.09	1,880
	Probable	62,860	3.38	212,263	69,291	0.10	6,824
	<b>Total</b>	<b>81,095</b>	<b>3.34</b>	<b>270,750</b>	<b>89,392</b>	<b>0.10</b>	<b>8,705</b>
<b>Mineral resources (as at 31 December 2006)</b>							
	Measured	46,976	5.12	240,652	51,781	0.15	7,737
	Indicated	73,230	5.63	412,243	80,721	0.16	13,254
	Inferred	30,089	8.75	263,164	33,168	0.26	8,461
	<b>Total</b>	<b>150,294</b>	<b>6.10</b>	<b>916,059</b>	<b>165,671</b>	<b>0.18</b>	<b>29,452</b>

## 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 – 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. Implementation of OHSAS18001 at Obuasi is currently under way and an external compliance audit is scheduled for October 2008.

### Managing safety and health

Regrettably two employees died at Obuasi mine during 2006, reflecting a fatal injury frequency rate (FIFR) of 0.08. The board and management of AngloGold Ashanti extend their deepest sympathy to the families and colleagues of those who died. That employees die or become ill during the course of work is an area of great concern to the management and board of the company, and a great deal of attention and focus has been placed on ensuring that employees leave the company in good health at the end of their careers.

An improvement was recorded in Obuasi's Lost Time Injury Frequency Rate (LTIFR) which decreased from 2.89 per million man-hours worked in 2005 to 2.29.

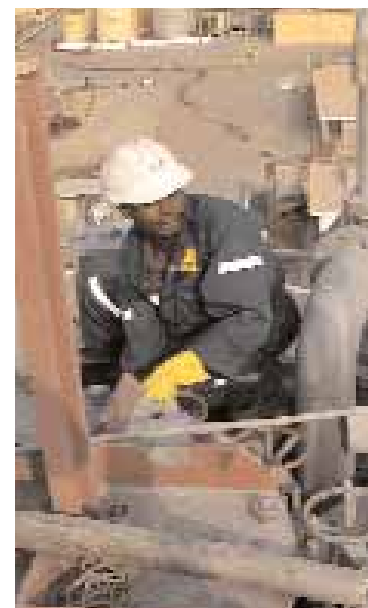
The mine, which falls under the Ghanaian Mining Regulation LI 666/667 and the Labour Act 651, recorded no areas of non-compliance during 2006.

Safety and health is addressed in the collective bargaining agreement between the Ghana Mineworkers' Union and Obuasi management, and employees are involved in the joint health and safety committees that are found in all departments.

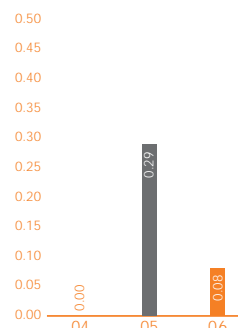
### Communication and training

Communication regarding safety and health takes place at the weekly toolbox meetings run by line supervisors, meetings of the safety and health committees, during activities organised for Safety Day (held on Wednesdays) and at departmental meetings. E-mail messages, briefs and the intranet are other communications tools that are used.

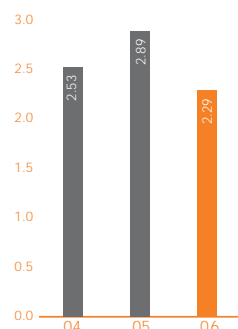
All new employees and contractors go through a safety induction process before they start work and those returning from leave are given refresher training. Employees are also given informal safety awareness training as they go about their work.



FIFR – Obuasi  
(per million man-hours worked)



LTIFR – Obuasi  
(per million man-hours worked)



During 2006 comprehensive training in hazard identification and risk assessment was organised on the mine for 210 employees in key positions. These employees were divided into groups of 20 with each group undergoing two weeks of training.

**Ventilation, rescue and fires**

Although refrigeration of 15MW capacity was installed and commissioned at the Kwesi Mensah shaft during May 2006, only approximately 5.5MW has been in operation since August when power restrictions were introduced in Ghana. A further negative effect of the current power situation is that one of the main ventilation fans has had to be stopped resulting in a loss of 250m<sup>3</sup>/s – 18% of the total airflow through the mine.

In spite of these difficulties, the following underground environmental conditions have been recorded since the end of 2006:

- the average stope face temperature has improved from an average of 29.3°C in 2006 to 28.0°C (the target is 27.5°C);
- the average stope-specific cooling power improved from 259W/m<sup>2</sup> to 282W/m<sup>2</sup> (the target is 300W/m<sup>2</sup>);
- the average development-end face temperature has improved from 29.8°C to 29.1°C (the target is 27.5°C);
- the average development-end-specific cooling power improved from 257W/m<sup>2</sup> to 269W/m<sup>2</sup> (the target is 300W/m<sup>2</sup>; and
- dust counts have remained fairly constant at an average of approximately 114ppml against the maximum allowable of 200ppml.

Refrigeration of 15MW capacity has been installed at the George Cappendel shaft and the handover commissioning from the contractor to the mine is expected by the end of March 2007. Until the electrical power restrictions have been removed, however, these plants will not be able to operate, resulting in higher-than-planned air temperatures, especially throughout the South mine area up to 50 level.

No employees working in the ventilation area have had formal technical training in the past. To address this issue employees started studying for the Intermediate Certificate in Mine Ventilation (a South African Chamber of Mines course under the auspices of the University of South Africa) in 2006. Training is progressing well with the first and second parts of the course completed. The third and last part of the programme has been completed with the final examination coming up in May 2007.

No serious underground fires requiring fire fighting and rescue activities occurred during 2006.

Obuasi's rescue superintendent and his understudy recently completed a two-week course in all aspects of mine-related rescue preparedness run by Mines Rescue Services in South Africa.

**Risk assessments and emergency management**

Regular internal inspections ensure that risks are continually assessed. During 2006 an audit was conducted which identified certain risks, primarily with respect to fire hazards and machinery. Controls were put in place to deal with all the risks identified during the assessments and audit.

The mine has a rescue team on stand-by 24 hours a day to deal with any emergency that might arise.

**In memoriam – the names and details of those who died at work at Obuasi during 2006**

Name	Date of accident/death	Agency (cause)	Occupation
Charles Owusu-Baah	30 January 2006	Chemical-related accident	Plant mechanic
Kennedy Botwe	25 March 2006	Machinery-related accident	Long-hole driller

### Regional health

Inherent in AngloGold Ashanti's core values and business is a commitment on the part of the company as an employer to ease the burden for employees in the face of debilitating regional health threats. Furthermore, AngloGold Ashanti is committed to prompt and supportive action in response to any major health threats in the regions in which it operates.

The major public health threats facing the company's operations in Africa are malaria and HIV/AIDS.

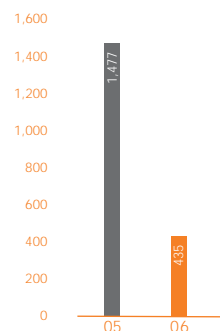
#### Malaria

Malaria remains a significant risk for AngloGold Ashanti's operations in Ghana, Guinea, Mali and Tanzania. Despite the active intervention of international non-governmental organisations (NGOs), the disease has assumed epidemic proportions in these countries, largely as a result of ineffective national control measures. The disease is a major cause of death in young children and pregnant women, and also gives rise to morbidity and absenteeism in adult men.

These circumstances notwithstanding, AngloGold Ashanti is pleased to report a significant improvement in 2006 (to below 50% of the rates recorded in 2005) in the control of the disease at the company's operations in Ghana.

At Obuasi, the Malaria Lost Time injury Frequency Rate (MLTIFR) was 435 (from 1,477 in 2005). The MLTIFR allows the rate to be compared with the conventional LTIFR and demonstrates the negative impact malaria has on productivity and health in the workforce (*see case study on page 13: Campaign at Obuasi halves malaria incidence*).

Malaria LTIFR  
(per million man-hours worked)





A malaria control centre has been established at Sansu, a suburb in the town of Obuasi, to serve as the headquarters for the Obuasi programme and as a training centre for group malarial projects being run at other AngloGold Ashanti mines and for other companies operating in Ghana. The control centre will also function as a satellite research centre and will be equipped with the necessary supporting infrastructure. The insectary is operational and satellite mosquito stations have been established. AngloGold Ashanti is sponsoring the resident entomologist's doctoral studies at the University of the Witwatersrand in South Africa.

As the success of this campaign, which is a partnership with the community, depends on its acceptance by the community, presentations have been made to a range of stakeholders and interested parties. Around 150 community malaria advocates have been appointed to educate people on how the environment can be changed to prevent the breeding and harbouring of mosquitoes. These 'advocates' will also assist in communicating with communities during period of indoor residual spraying.

Use was made of local radio stations, banners and leaflets to communicate with the community. Support for the programmes was received from local agencies and the local director of health and, in addition, the official launch of the programme was attended by the President of Ghana and the King of the Ashanti. A presentation on Obuasi's malaria programme was made to the Ghana Chamber of Mines.

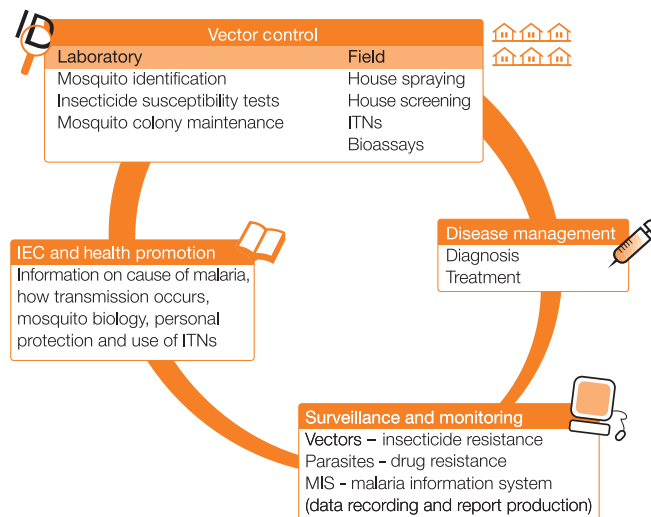
The programme began with the training of spray teams and led to the creation of 125 jobs – including spray team supervisors – who, after stringent selection, have undergone extensive training. All positions created were filled by people from the local communities and villages.

The choice of an organophosphate insecticide for residual house spraying at Obuasi was based on entomological baseline studies performed by the South African National Institute for Communicable Diseases, based in Johannesburg, which showed significant resistance by resident mosquitoes to the standard insecticides recommended by the World Health Organization (WHO) for malaria control, with the exception of the organophosphate group. These insecticides are expensive, difficult to apply and are potentially toxic to sprayers in high concentrations. For this reason a code of practice was developed to ensure that adequate medical surveillance was carried out on this group of employees.

During 2006, two rounds of house spraying were completed using organophosphates and during 2007 house spraying will continue use standard pyrethroid insecticides. As part of this programme, around 6,000 nets were also purchased and distributed to high-risk areas such as orphanages, maternity clinics, and children and maternity wards at hospitals.

The Noguchi Institute at the University of Ghana completed a baseline study on parasite prevalence study at Obuasi, the results of which will be used to measure the success of the spray campaign.

**Integrated Malaria Management Programme**



### Case study

## Campaign at Obuasi halves malaria incidence

In January 2006 AngloGold Ashanti put into practice an integrated malaria control programme in Obuasi and the outlying areas within the Obuasi Municipal Assembly area, with the aim of halving malaria incidence over the next two years. To maximise successful outcomes, the plan included multiple intervention methods to prevent the transmission of malaria and to effectively treat those already infected.

This campaign, first reported in the Report to Society 2004 (*see case study: A scientific approach to malaria control at Obuasi*) was originally scheduled to start at the beginning of 2005 but was postponed until 2006 to allow for better planning and understanding of the exact needs of the community.

In 2005, the Obuasi municipal area had an estimated average of 11,000 malaria cases per month according to the local Obuasi health authority, with an additional 6,800 of these cases receiving treatment at Obuasi Mine's Edwin Cade Memorial Hospital. Of the cases reported at Edwin Cade, 2,400 were employees or contractors and the balance (4,400) were dependants of the gold mine. The estimated cost in terms of treatment, absenteeism and loss of productivity associated with mineworkers contracting malaria is approximately \$2.2 million per year, with \$55,000 being spent on treatment alone.

In addition, malaria presents a significant burden to the community, both social and economic.

The key elements of the integrated malaria control programme for Obuasi are:

- **Vector control:** Indoor residual spraying of over 134,000 structures in the Obuasi municipality, mine and surrounding villages was coupled with the distribution of long-lasting insecticide-treated bed nets to places most susceptible to infection, such as orphanages, and maternity and children's wards. Additionally, temporary and permanent water bodies where mosquitoes breed are being treated with larvicide.

- **Effective disease management:** Standard treatment protocols for rapid and early detection and diagnosis of malaria are in place at the hospital and health facilities of the Obuasi Mine Medical Services. The use of drug treatment regimens aligned with the Ghanaian National Treatment Protocol, and which includes the mandatory use of the new Artesunate drugs, has improved cure rates. AngloGold Ashanti has put in place measures to monitor the diagnosis and treatment of malaria for consistency and effectiveness.
- **Surveillance and monitoring:** A comprehensive malaria information system was installed to monitor and evaluate the programme for consistent high performance according to WHO standards.
- **Information, education and communication:** Volunteer community advocates have been trained to present health information on malaria symptoms, prevention and treatment, and to dispense educational material in the form of pamphlets and posters.

A malaria control centre was opened in April 2006 by the President of Ghana, the Honourable John Kufuor, and AngloGold Ashanti's Chief Executive Officer, Bobby Godsell, in the Sansu area at Obuasi. With key capabilities such as an insectary and laboratory, a planning and strategy centre and training facilities it will be a valuable asset for Ghana and Africa in the fight against malaria. It will also be used as a satellite research centre by the Noguchi Memorial Institute for Medical Research at the University of Ghana, government departments and other agencies.

The first round of the indoor residual spraying, with insecticide approved by the WHO, was completed in April 2006 in the town, including both mine community infrastructure and surrounding villages. A total of 134,000 structures were sprayed, of these, approximately 27,000 were dwellings. The second round of spraying started in September with results showing an average decline of 3,000 cases per month. By November AngloGold Ashanti achieved a 50% reduction in malaria cases seen at the Edwin Cade Memorial Hospital.



### HIV/AIDS

An HIV/AIDS policy has been developed in Ghana under the auspices of the Ghana Employers' Association and the National AIDS Commission in Ghana. According to the commission, the national prevalence rate was 3.1% in 2004 and 2.6% in 2005 (Sentinel Survey 2005) which is similar to the level prevailing in the area around Obuasi (2.8%).

### Managing HIV/AIDS

Obuasi's HIV/AIDS Management Committee comprises members from the senior staff association and the union, and includes senior medical, industrial relations and public relations staff and the general manager responsible for human resources. The operation's HIV/AIDS policy was drawn up with the active participation of employees, senior management, the Ministry of Health and the Wassa West District Assembly.

Emphasis is placed on educating employees about the disease. The mine has a peer education programme and new employees are informed about HIV/AIDS during induction courses. Talks are also given at union gatherings.

Condoms are distributed with payslips every month and are available at first-aid posts, and at the maternity and child health unit at the hospital.

Voluntary counselling and testing (VCT) is offered to employees and members of the community and is promoted through educational programmes on radio and the monthly company newsletter, and use is made of noticeboards and posters. More than 100 people underwent VCT in 2006 Obuasi provides anti-retroviral (ART) treatment to those requiring it.

The National AIDS Commission has recommended Obuasi's HIV/AIDS programme as the best offered by any company in Ghana.



### 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 overview

In 2006 AngloGold Ashanti 9,313 people in Ghana, of whom 7,839 (5,629 employees and 2,210 contractors) worked at Obuasi.

In December, the company announced a restructuring programme at Obuasi. The first phase will involve the retrenchment of 850 of the mine's employees and 1,100 contract employees. The second phase will involve the retrenchment of some 1,154 additional people. The restructuring is intended to right-size the cost structure at the mine in line with production of around 400,000oz a year. Historically the mine was predominantly managed on a functional basis. However, after the initial re-engineering and re-structuring undertaken by AngloGold Ashanti over the past two years, the mine is now managed on a process basis which has reduced the labour complement and identified positions no longer needed. The retrenchments follow extensive consultation and communication with employees.

#### Freedom of association

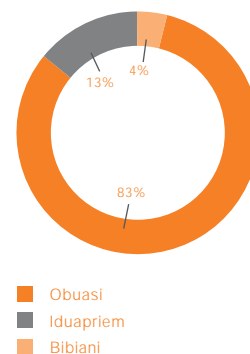
In line with the company's upholding of human rights conventions, freedom of association is encouraged and collective bargaining structures are recognised in the regions where these structures commonly exist as they do in Ghana. At Obuasi 86% of employees are represented by the Ghana Mineworkers' Union (GMWU). There is a collective bargaining agreement in place and new rates of pay were negotiated between the company and the union during 2006 (Obuasi, please check that this is accurate). Consultations were also held with the union regarding the plans for downsizing.

AngloGold Ashanti is in discussions with the GMWV and senior staff association regarding the establishment of an Employee Share Ownership Plan (EAOP) for company employees in Ghana.

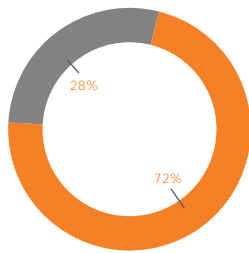
No industrial action took place during the year.



Employment in Ghana – 2006



Percentage employees and contractors – 2006



■ Employees  
■ Contractors

### Localisation

In Ghana the use of expatriate labour is overseen by government and the state approves the company's expatriate quota on an annual basis. Expatriates, who comprise 0.5% of the workforce, are employed on a two-year contract during which it is required that local staff are trained to take over their roles.

Legislation aside, AngloGold Ashanti has a group policy in place that encourages the employment of local employees and replacement of expatriate employees over time, through skills transfer programmes and career development of local people.

Localisation plans at all the company's operations are scheduled to be reviewed during the course of 2007 with the emphasis being placed on the following: identification of potential, talent management, succession plans, and training and development plans. Reviews of progress will take place every quarter during visits to the mines by the regional executive teams.

A report on Cultural Diversity in Ghana was commissioned by AngloGold Ashanti in 2006. Written by a local, Ghanaian-based academic and consultant, it is intended to be a guide for expatriate employees and contractors who are sent to the country on assignment or transfer, to sensitise them to local traditions, customs and other relevant issues.

### Training and development

During 2006 AngloGold Ashanti spent \$2 million on training at Obuasi.

The company places great emphasis on the training and development of its workforce. It is committed to providing all employees with the opportunity to participate in training that will improve their workplace competency and to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of that person's workplace. It is estimated that 99% of employees at Obuasi have a basic education.

## AngloGold Ashanti's Policy on Human Rights

AngloGold Ashanti is committed to upholding human rights at our operations and to promoting human rights in the communities and countries where we do business in line with the company's business values and business principles, which state that the company supports the Universal Declaration of Human Rights, the Fundamental Rights Conventions of the ILO and the principles and values referred to in the UN Global Compact.

In 2006, AngloGold Ashanti developed a draft Policy on Human Rights which, following internal consultation, was put to a number of interested external parties. Once we have received and considered their comments, the policy will be formally reviewed by AngloGold Ashanti's Executive Committee and Board of Directors and it is anticipated that it will be adopted and implemented during 2007.

The policy builds on the commitments made in the values and business principles and is in line with the company's commitment to adhere to the Voluntary Principles on Security and Human Rights of which it has applied to become a signatory.

The Voluntary Principles (<http://www.voluntaryprinciples.org/>) were developed out of a multi-stakeholder process involving governments, extractive companies and NGOs in late 2000 as a means of helping companies in the extractive sector to improve performance in relation to security-risk assessment and the control of security operatives, and to improve relations with communities over security issues. Accordingly, they focus on three main areas: risk assessment, interactions between companies and public security, and interactions between companies and private security. The secretariat to the Voluntary Principles is provided jointly by the International Business Leaders Forum (IBLF) in London (<http://www.iblf.org/>) and Business for Social Responsibility (BSR) in San Francisco (<http://www.bsr.org/>).

In addition, work is being done to develop group-wide security and human rights training to be rolled out across the company and we will continue this during 2007.

## OBUASI – GHANA

### Country Report 2006

In 2006, 51% of employees received training. This can be divided into five categories:

- mining, including training in mechanised mining;
- engineering, including a programme for apprentices, and training covering mechanical, electrical and auto electrical engineering;
- professional, including training for people taking up particular positions (shift boss, for example) as well as training in such areas as first-aid, blasting and fall of ground management;
- management, including training in such areas as performance appraisal, leadership and team building, and communication and interpersonal skills; and
- safety, risk management and cost management.

AngloGold Ashanti's Talent Management Programme identifies and develops the group's management for the future. The programme has three areas of intervention: development, retention and the monitoring of talent which includes an annual talent review at executive level to look at succession plans for talented employees. The group runs an Executive Development Programme (EDP), a Management Development Programme (MDP) and an Intermediate Management Development Programme (IMDP), where younger employees with management potential are identified and given an opportunity to develop their careers. Currently, two employees at Obuasi are taking the MDP and five the IMDP.

Obuasi has succession plans in place. Review interviews form the basis for career development programmes and progression plans, and employees are given the chance to learn and to show their potential when they are appointed to act in certain positions when the incumbents are away from the mine.

Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to AngloGold Ashanti. In Ghana company bursaries are granted to the dependants of employees who have gained admission to government-approved secondary and tertiary educational institutions. In 2006, 1,250 students benefited from this scheme which cost the company some \$135,000.

#### **Reward system and employee benefits**

Merit increases are based on work performance and bonuses are based on agreed production targets.

In all, 2,504 junior and 841 senior employees are accommodated in company housing. The rents depend on the location and type of facility provided. Other employees are paid a housing allowance.

Meals are available to senior employees at a subsidised rate. Other employees are given food packages every two months.

Health care is provided free to all employees and their registered dependants. The cost of providing general medical care and ART treatment at the Edwin Cade Memorial Hospital during 2006 amounted to some \$2.5 million.





## 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.

### Laws, regulations and requirements

The laws, regulations and requirements that regulate environmental management in Ghana are as follows:

- the EPA Act 490, 1994
- Mining and Mineral Laws Act 703
- Environmental Regulations
- EPA Reclamation Security Agreement, 2004
- Water Resources Commission Act, 1996
- Act 522 Environmental Assessment Regulations, 1999, LI 1652
- Mining and Explosives Regulation 1970, LI 665
- Minerals and Mining Law 1986, PNDCL 153

There were two incidents of non-compliance recorded by Obuasi in 2006. The one concerned water extraction being higher than the limit allowed and the other concerned discharges of effluent into the environment that were not in line with legislation. The mine was served with a written warning by the Environmental Protection Agency (EPA).

### Managing environmental issues

The environmental management system that Obuasi is implementing is based on the standards set by ISO14001. Obuasi was recommended for certification as having been in conformance with this standard by independent auditors DLIQ in December 2006, which is a significant achievement for the company.

# OBUASI – GHANA

## Country Report 2006

The mine is putting the necessary systems in place to achieve full compliance with the International Cyanide Management Code. An external audit of compliance is planned for the last quarter of 2008, as part of the group's implementation schedule.

### Environmental incident reporting

AngloGold Ashanti's reporting protocol enables the company to identify and to manage the risks and impacts of environmental incidents, as well as their associated costs.

An environmental incident is defined as 'an event, action or non-conformance with a procedure that results, or has the potential to result, in an adverse impact on the surrounding environment; or any event, action or occurrence which is contrary to the AngloGold Ashanti business principles'.

Should a major environmental incident occur, a report must be made within 24 hours to the corporate office. Also reported to the board, a major incident is defined as one which could affect the company's reputation or which results in a cost to the company exceeding \$100,000 including fines, compensation, clean-up, loss of production, anticipated litigation costs and so forth.

Three environmental incidents occurred at Obuasi in 2006 as outlined in the following table.

Obuasi environmental report 2006	
Date and nature of incident	Action taken
Coral Snake rock dump material was eroded as a result of heavy rain flooding Ahansowodea on 24 April 2006.	Immediate clean-up was undertaken. Final closure design for this facility has been moved forward.
On 3 October 2006 slurry spillage occurred at Aboagyekrom, a suburb of Obuasi, with a negative impact on the environment and affected property.	A pipe replacement programme has been instituted which includes regular inspections of pipeline wear. The communication between dam operators and the tailings treatment plant personnel has been improved.
On 20 November 2000 an incident occurred as a result of galamsey (artisanal miners) activities when a tailings pipe was deliberately punctured, causing the contents to spill into the environment. The spillage affected land, vegetation and the Nyam River.	Regular checks along the length of pipelines were instituted and security around tailings facilities strengthened.

### Risk management

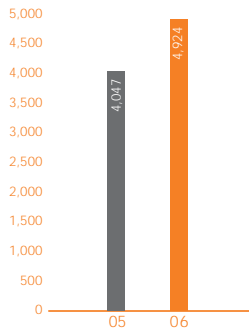
Risk management is an integral part of environmental management at Obuasi where internal and external audits are performed as well as ongoing monitoring procedures. During 2006 one ISO14001 internal audit and two ISO14001 external audits (a review and a system analysis) were performed.

### Awareness and education

Environmental education at Obuasi concentrated on familiarising key employees with the ISO14001 Environmental Management System and this included internal audit training. The four levels of the system were discussed with employees and contractors.



Cyanide usage  
(000kg)



**Engaging with stakeholders and the community**

Obuasi has formal meetings with the EPA and the Mines Inspectorate Division, and meets both formally and informally with the Obuasi Municipal Assembly and the Community Consultative Committees that represent the various communities in the area.

Complaints or comments regarding environmental issues are lodged through the community development section of the mine's Estates Department.

**Rehabilitation and closure**

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

Obuasi, which manages 67,000ha, has a current life of mine to 2027. As at the end of 2006, the total environmental liability was estimated at \$28 million (\$13.5 million for rehabilitation and \$14.5 million for decommissioning).

**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.

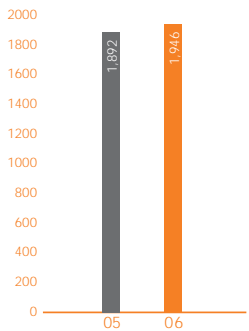
Further information may be found on our website, including a detailed breakdown of environmental performance against the GRI 2002 indicators ([www.aga-reports.com/06/GRI.pdf](http://www.aga-reports.com/06/GRI.pdf)).

**Water management**

Water management and the prevention of pollution (particularly groundwater seepage) remain key concerns across all of AngloGold Ashanti's operations. There are two main themes in water management: water consumption and water quality (which includes issues such as acid rock drainage and discharges from tailings dams).

At Obuasi, water-related issues were identified as highly significant in the strategic review of the operation completed towards the end of 2005. Management of discharges from the tailings dams and stormwater control around the plants will be among the most important elements in the implementation of the mine's environmental management system (*see case study overleaf: Social and environmental legacies at Obuasi*).

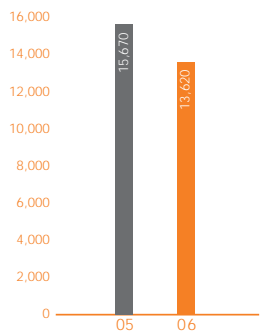
Total energy usage  
(000GJ)



**Key environmental statistics**

	Usage		Efficiency (Usage/oz)	
	2006	2005	2006	2005
Cyanide (kg)	4,924,014	4,047,000	12.72	10.35
Fresh water (m³)	13,620,000	15,670,000	35.19	40.08
Total energy (GJ)	1,945,707	1,891,882	5.03	4.84

Fresh water usage  
(000m³)



### Case study

## Social and environmental legacies at Obuasi

The business combination between AngloGold and Ashanti in April 2004 was the start of a long and complex process of not only combining the physical assets of the company into a single operating and accounting entity, but it also involved a multi-faceted process with the stakeholders of the company, both internally and externally, particularly in Ghana.

The change of effective control of the company from an Accra-based entity to a Johannesburg-based company (albeit that both Ashanti and AngloGold are largely owned by international shareholders and that the government of Ghana is now a significant shareholder in the combined company and is represented on its board) was an emotive and understandably unwelcome change to some employees and communities. It also provided an opportunity for national and international non-governmental organisations (NGOs) to increase pressure on the new company and to deal with issues that might not have received adequate attention in the past, or which could not comfortably be raised with a local company.

The former Ashanti's relationship with local NGOs tended to be burdened with mistrust and mutual suspicion. AngloGold Ashanti's relationships with these NGOs have progressed over the past two years, as have direct relationships with community members. Admittedly, however, these paths have not always been smooth or without acrimony and much remains to be done to establish common ground and a way of working.

AngloGold Ashanti has, however, indicated its intention to engage in dialogue with local Ghanaian civil society groups, such as Third World Network Africa (TWNA) and Wassa Association of Communities Affected by Mining (Wacam), and foreign groups they work with such as the UK-based ActionAid (*which released its report: Goldrush – the impact of gold mining on the poor people in Obuasi in Ghana – download pdf of ActionAid Report and AngloGold Ashanti response*). Since the merger, AngloGold Ashanti has been working towards the development of constructive relationships with these and other parties.



## Social and environmental legacies at Obuasi cont.

### Legacy issues

A significant challenge for AngloGold Ashanti is that mining has been taking place in one form or another at Obuasi for more than 100 years and that the company has to deal with significant environmental legacy issues from the past while at the same time addressing the challenges of present mining activities. In fact, many of the issues and much of the research referred to in recent reports by these groups predates the business combination between AngloGold and Ashanti.

### Engaging with NGOs

AngloGold Ashanti is in discussions with Wacam regarding the setting up of a joint investigation group which would investigate legacy issues and current and future areas of concern. Issues that have been raised and would be considered by such a committee are land issues and damage to property, environmental concerns and concerns relating to human rights. In particular, AngloGold Ashanti has indicated that it is committed to:

- reviewing jointly allegations of abuse of Mr Awudu Mohammed (see *Report to Society 2005 – page C17*). In his case there are contradictory medical reports and opinions on the cause of injuries sustained when being pursued on company property by police and AngloGold Ashanti asset protection;
- reviewing other allegations of human right abuses on company property, some of which go back as far as 10 years but which have been repeatedly highlighted by Wacam and other groups;
- reviewing settlements and compensation which have been agreed on in the past, should the committee deem this appropriate; and
- continuing to review and develop its environmental policies and procedures at Obuasi to address ongoing environmental pollution and legacy issues.

In more general terms, the company has been considering and addressing the issue of artisanal and small scale miners (see *case study on page 26: AngloGold Ashanti's approach to artisanal and small-scale mining*) which is of concern to both the company and the community as it has led to safety and health issues for employees and community members alike, sabotage of company property (including broken tailings pipes which have contributed to environmental problems), disruptions to production and human rights issues. The company is aware of the challenge it faces in finding a balance between the obligation to protect its assets in ways which do not infringe human rights and at the same time recognising that small-scale mining is a legitimate means of earning a livelihood in a gold-rich area.

Related to this and other community issues, the company is dealing with its relationship with both the police and army services in areas in which it does business. AngloGold Ashanti has applied to become a signatory of the Voluntary Principles on Security and Human Rights, and while this has not yet been formalised, the company has sought to adhere to the Voluntary Principles. As part of this commitment the company is currently reviewing its policies and practices in respect of human rights and is standardising human rights training across the group.

### Addressing environmental issues at Obuasi

AngloGold Ashanti has, over the past two years, taken a number of steps to address environmental pollution issues at Obuasi. Following a strategic environmental review conducted in 2005, five major environmental risks were identified and plans have been put in place to start dealing with them.



The five areas that have been identified as requiring attention are:

- Water management issues
- Rehabilitation plans
- Arsenic management (which has largely been addressed – see below)
- Final closure estimates
- A legacy programme to address historical issues

#### Community concerns

In addition, the company is aware of concerns raised by local residents and NGOs in respect of elevated levels of heavy metals and arsenic in and around Obuasi.

One of the most significant areas of concern was the safe disposal and rehabilitation of an area in which some 10,000t of arsenic trioxide which had been stockpiled at the Pompora treatment plant at Obuasi following the collapse of the arsenic market in the early 1990s. (See *Report to Society 2004: Arsenic remediation at Obuasi on page E31*). This stockpile came about as a by-product of gold mining at Obuasi and has been safely placed in a lined storage facility to prevent any further environmental contamination.

As in a number of other places in the world, gold and base metals at Obuasi are strongly associated with naturally occurring deposits of arsenic (arsenopyritic orebodies). When the host rock is crushed to release the gold, arsenic, together with base metals, may be released into the tailings or waste residues.

Although water sampling programmes have been conducted over many years, a new programme to identify areas of land and water courses containing high concentrations of arsenic was initiated in December 2006. The following have been put in place.

- An intensive plan has been established to monitor the quality of the ground water in the vicinity of Obuasi and to develop a conceptual ground model which will assist in understanding water flows and developing a comprehensive water management programme. Natural water courses have been plotted on the AngloGold Ashanti Geographic Information System (GIS) allowing the company to track their proximity to mining areas and communities. Information is being gathered from 86 sampling points and is being recorded on the GIS and, from this data, any polluted streams will be identified. A systematic campaign of sampling a selection of the 120 community boreholes is also planned. Based on the information generated, an arsenic pollution profile will be determined for each stream and recorded as a benchmark. The most significant arsenic discharges into the streams and natural environment will be traced to their origins, which may or may not relate to mining, and action plans will be developed in response to these. This initial programme is expected to be completed in 2007.
- A comprehensive water balance has been established for the Obuasi operations, showing both the piping reticulation and the volumes of water handled. Investigations have revealed that excess water from operations has been discharged into the natural water courses and that these discharges contain levels of arsenic higher than the EPA standard. An immediate part of the remedy is the commitment by Obuasi to purchase two water treatment plants for the removal of cyanide so that water may be reused in the plant. This will significantly reduce the volumes of water discharged as the discharge points will decrease from three to one.
- An initial investigation into the presence of toxic metals in oranges and other fruits at Obuasi has been conducted, following publication of a report by TWN alleging the presence of traces of arsenic in these fruits. The company has approached TWN proposing a joint further investigation into this matter. TWN's response was still awaited at the time of writing. (See our website for further information: [www.aga-reports.com/06/legacy-Obuasi.htm](http://www.aga-reports.com/06/legacy-Obuasi.htm))



## 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 the Executive Committee. It is expected that this policy will be implemented in a phased approach by the end of 2007.



## OBUASI – GHANA

### Country Report 2006

#### Engaging with communities and other stakeholders

Obuasi holds consultative meetings twice a week with the surrounding communities. These committees comprise 10 'opinion leaders' from the local community, namely the chief, two of his traditional elders, the youth organiser and secretary, two women representatives and three representatives of the local government administration.

The mine meets on a weekly basis with the mine regulatory authorities, on a monthly basis with local, regional and national government institutions and on a quarterly basis with the traditional authorities.

#### Stakeholder development workshops

In an effort to initiate a more formal process of engagement directly with communities in Ghana, AngloGold Ashanti held two Sustainable Development Workshops in Obuasi in 2006, one in August and one in October. The first was for internal role players and the second for external stakeholders and interested parties. More than 50 people attended the second session. Key issues addressed included:

- the need for more proactive and better stakeholder engagement, and the development of a formal stakeholder engagement process;
- agriculture as an opportunity for development;
- manufacturing opportunities – a specific summit on 'The future of gold jewellery manufacturing' is planned;
- services (provision and development of providers);
- tourism as an opportunity for development; and
- other opportunities for development, including social investment opportunities and needs, land use in the longer term.

#### Social investment

In 2006 AngloGold Ashanti's total corporate social investment expenditure in Ghana was \$716,000: of this amount \$128,000 was spent at Obuasi.

The upliftment of the local economy and the development of alternative livelihoods is a fundamental focus of the company's corporate social responsibility in Ghana (*see item on Capacity building at Ayanfuri mine in Ghana Obuasi Country Report 2005*)

One of the major projects tackled by the mine in the past year was the construction of a new bridge – the Diawuoso Vehicular Bridge Project – to replace an old culvert.

#### Procurement

As part of AngloGold Ashanti's contribution to sustainable development, the company tries to procure goods and services locally. At Obuasi about 12% of the company's material requirements are sourced from local businessmen. The transport of employees and of materials to and from the mine is handled by local private companies. Food and drinks for the employees' club houses and the canteen are sourced from businesses in the area.

#### Employee participation

Many employees perform leadership roles in the community, serving on the boards of churches, schools and other organisations as elders and members of parent teacher associations and other community bodies. Plans are well advanced for staff members to assist in teaching certain subjects for classes being prepared for examinations.



## AngloGold Ashanti's approach to artisanal and small-scale mining

One of the most significant and multi-faceted challenges facing AngloGold Ashanti is that of artisanal and small-scale mining. It is a material issue at the company's operations in Ghana, Guinea, Tanzania and to a lesser extent Mali as well as the exploration sites in Colombia and the Democratic Republic of Congo (DRC).

Artisanal and small-scale mining is a global phenomenon, with estimates of those directly involved in the activity ranging from 13 to 20 million people in over 30 developing countries and a further 80 to 100 million people depending on the sector for their livelihood. (Source: *Community and Small Scale Mining Initiative (CASMI) www.casm.org*). It is a socio-economic phenomenon allowing miners to earn low, often subsistence, levels of income, generally in economies characterised by low levels of earnings. Small-scale and artisanal mining is frequently labour-intensive, employing a semi-skilled or unskilled workforce with low levels of mechanisation, production, productivity, recovery and efficiency. Artisanal miners are often simultaneously engaged in subsistence farming and other similar low-income livelihoods. It is most commonly practised in economies with old mining, metal-working and jewellery traditions, and where the commodity has a high value relative to its mass, such as is the case with gold and precious stones. Individuals either work alone or in teams, mining and panning for gold and selling their product into complex, often opaque, networks of middlemen and financiers.

Small-scale miners frequently work in collectives comprising two to 20 or more people, with varying forms of commercial incorporation and business models.

The key challenge facing AngloGold Ashanti in managing the issues associated with artisanal and small-scale mining is to develop a strategy which permits co-existence and promotes the development of orderly, viable small-scale mining sectors in collaboration with host communities and governments. These issues are complex and numerous.

- Conflict is common between large-scale operators, working within a formal, regulated land tenure framework and small-scale miners, illegally working on land over which they have no legal entitlement (though they may claim to have an historical entitlement).
- Small-scale miners often have difficulty in accessing land appropriate to their type of mining practice, with large-scale operators generally being given preference in the allocation of mining licences and capital development incentives, for reasons associated with governments' concerns to optimise the exploitation of natural resources in national interests.
- They experience a lack of capital needed to allow even rudimentary production efficiencies and, often, resultant debt bondage and poverty traps, which prevent them from achieving little more than using a day's earnings to feed themselves and their families.

- Unregulated, inefficient and, often, illegal pricing and distribution mechanisms and practices contribute further to commercial inefficiencies and often facilitate associations by miners with illegal political and armed groups involved in human rights violations.
- The sector is generally characterised by poor health and safety practices.
- Environmental degradation is common, with artisanal miners seldom rehabilitating the areas they have mined. The uncontrolled and unsafe use of mercury in the processing phase is of particular concern given its bio-accumulation tendencies in the eco-system.
- The sector often includes a large proportion of people from vulnerable groups such as women, children and migrant groups, with labour exploitation, including a lack of respect for basic rights of workers in the sector.
- There are substantive legislative hurdles in many countries characterised by either a lack of regulation, ambiguous legislation or a legal framework which is inappropriate to small-scale operators and, consequently, is not enforced.
- Social problems such as crime, increased levels of substance abuse as well as prostitution and high exposure to HIV/AIDS are common.

It is AngloGold Ashanti's view that these challenges can best be addressed by adopting a multi-stakeholder approach, with governments taking a lead role in addressing the issue along with artisanal miners, large-scale miners, NGOs and development agencies. A number of projects are under way, and structures have been created to address these issues at both an international and local level.

### Key elements of the AngloGold Ashanti artisanal and small-scale mining strategy

In the first instance, it is necessary to understand properly the history, extent and circumstances of artisanal and small-scale mining in particular areas. During 2006 AngloGold Ashanti initiated external baseline studies in the DRC and Ghana, and a review is also under way in Guinea.

Secondly, the company will assess and work with governments and other interested and affected parties in promoting a regulatory environment which acknowledges the existence and inevitability of artisanal and small-scale mining and which seeks to promote its orderly development and control in ways which complement large-scale commercial mining. Key here is proper consideration of property rights, environmental, health and safety considerations, and the marketing and distribution of the product.

Consistent with the view that small-scale mining has a legitimate place in the economy and mining sector, AngloGold Ashanti will work with government agencies and communities to ensure that any small-scale mining will take place on land set aside for that purpose,

which has the potential to support small-scale mining and, through appropriate regulatory and administrative procedures, to allocate this land to miners in this sector.

In Ghana, the company is working with other mining companies, the Chamber of Mines and the National Minerals Commission to identify properties which are suitable for small-scale mining and to promote registration by miners in respect of operations on these properties.

AngloGold Ashanti recognises that many regions no longer have the mineral resources in appropriate forms or quantities to support the number of small-scale miners operating in a region. This is clearly apparent in the Obuasi area in Ghana, for instance. Consequently, an integral part of the artisanal and small-scale mining strategy is to work with interested and affected parties in identifying a broad range of livelihood options, including small-scale mining.

Regarding security and human rights considerations, the company acknowledges and supports the rights and obligations of governments to uphold the law and to prosecute people who act outside it. The company is also supportive of government efforts to protect its assets and its employees. Where individuals or groups of people trespass on company property or undertake unlawful mining activity, AngloGold Ashanti will take appropriate action to remove them and hand them over to the police for action to be taken against them in terms of the law.

However, AngloGold Ashanti is equally concerned to ensure that any security activities associated with artisanal and small-scale mining are carried out in accordance with established international norms of human rights. This commitment is also manifested in the company's subscription to international voluntary conventions such as the Universal Declaration of Human Rights, the Global Compact and the Voluntary Principles on Security and Human Rights, to promote and ensure the protection of citizens' human rights in the upholding of the law. And where government public order, military and policing authorities are involved in the enforcement of laws in this regard the company welcomes and encourages a dialogue between government officials, mining companies and other interested stakeholders to consider appropriate strategies.

In this respect, AngloGold Ashanti in Ghana is aware of a number of cases where accusations of human rights abuses have arisen over the past 10 years, where police or mine security have sought to apprehend gamamsey (as artisanal miners are known in Ghana), and which have led to allegations having been levelled against the then

Ashanti Goldfields and, subsequently, against AngloGold Ashanti (see *Report to Society 2005: Understanding and working with artisanal miners in Africa*). In response to these historical issues and any which might occur in the future, the company is in the process of establishing a joint investigation forum with human rights and community-based organisations to promote appropriate standards and ensure that any allegations of inappropriate conduct are properly investigated and conflicts resolved.

By way of example of the company's approach to security and artisanal and small-scale mining, at the end of 2006, the government of Ghana announced that, in the interests of upholding the law relating to mining title and property rights, it intended acting against illegal mining activities in several regions in the country. AngloGold Ashanti, acting through the Chamber of Mines at the level of national government and directly with local law enforcement agencies, held a series of meetings with officials and community representatives to discuss both law enforcement and human rights issues associated with the action. These meetings were intended to ensure common cause between company and government security officials regarding both the effectiveness of the operation and compliance with human rights obligations and undertakings. The operation proceeded as planned, without incident.

Consistent with its principles and undertakings, the company will continue to strengthen internal programmes to ensure that company security officials, in the performance of their duties, comply with relevant national laws and international conventions. Working with other interested stakeholders, the company will also continue to develop programmes to promote health and safety, environmental protection and efficient mining practices in the small-scale industry. And in this way, working in association with government, AngloGold Ashanti will reinforce its efforts to develop lawful and properly regulated small-scale mining industries in the countries where it does business.

AngloGold Ashanti has become increasingly active in CASM, which is housed in the World Bank Group, and two years ago took a seat on its Strategic Management Advisory Board.

All of these activities are in turn undertaken within the context of the company's stakeholder engagement and integrated development action plans that mines and exploration sites are putting in place which seek to engage communities and other stakeholders in finding a range of development and livelihood alternatives to address the underlying causes for the ASM phenomena. There is much collaborative work to be done.



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