



06

Country Report
South Africa
West Wits



ANGLOGOLD ASHANTI



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About this report

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

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

- the Annual Financial Statements, which are available on request or at (www.agareports.com); 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, the major issues and challenges that it is facing.

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

Introduction

In South Africa, AngloGold Ashanti operates seven underground mines situated in two geographical regions on the Witwatersrand Basin. These mines are:

- Mponeng, Savuka and TauTona which comprise the West Wits operations; and
- Great Noligwa, Kopanang, Tau Lekoa and Moab Khotsonq which make up the Vaal River operations.

This report focuses on the Wits Wits operations which are situated near the town of Carletonville in North West Province, south-west of Johannesburg, straddling the boundary with the province of Gauteng. Savuka and TauTona share a processing plant, while Mponeng has its own processing plant and a gold plant which serves the West Wits region.

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Message from Robbie Lazare

A year ago when I wrote this letter, we were looking at a very different picture for the South African operations. The gold price was not what we had hoped it would be, unit costs were increasing and we were planning the orderly downscaling and closure of Savuka.

Much can happen in a year, and it has – the increases recorded in the spot gold price on global markets and the average gold price received have resulted in a far more optimistic outlook for the gold mining industry than we have had in many years. The higher gold price contributed to increased revenues, profit and earnings, which together with the cost-savings drive at the South African operations, led to an overall decline in total cash costs of 2% to \$285/oz. This is an excellent achievement.

Safety

The one area of disappointing performance has been safety. Regrettably, after a decade of improved safety statistics, the South African operations reported 32 fatalities in 2006 compared with 17 in 2005 – almost half of these at TauTona where there were several multi-fatality incidents. Many of these fatalities were caused by seismic activity. These deaths are clearly unacceptable. Both the mining plan and method at TauTona have been revised, which will affect production in the short term, and the mining of shaft pillars at TauTona has been reviewed in the interests of safety.

Savuka, on the other hand, has had an excellent performance. While the mine's being in closure mode and the accompanying decrease in production did contribute to improved safety, managing operations during change – and with a changing risk profile – is always a cause for concern and a time when accidents can happen. This was not so at Savuka and that team is to be congratulated on its two-year fatality-free performance. Regrettably, though, a fatal accident in early 2007 marred this performance.

Production

While total production from the South African operations declined by 5% to 2.6Moz, these operations still made up 45% of group production, clearly indicating the importance of these operations to overall group performance. The three West Wits operations produced 1.15Moz, equivalent to 20% of group output

Mponeng, the star South African operation, had an excellent production year and is now beginning to bear the fruits from investment in recent years. At Savuka, thanks to the improved gold price, closure plans have been delayed by three years so that production, although lower than last year, was greater than originally planned.

Capital expenditure

Of capital expenditure of \$313 million (R2.12 billion) in 2006, 60% was committed to the development of ore reserves, in line with our strategy. The gold price and current cost initiatives are also contributing to the extension of reserves and the life of mine of

operations by enabling them to access deeper reserves and lower cut-off grades. A team has been set up at each of the two regions at the South Africa operations to investigate, research and propose potential projects for pre-feasibility and feasibility studies. So, rather than the sunset industry that we were looking at just a year ago, we can look forward to more projects and perhaps even longer lives going forward.

Highlights

It is difficult in a group such as ours to pinpoint only a few highlights:

- Attendance by employees at voluntary counselling and testing (VCT) was greatly improved with 75% of employees participating during 2006 compared with a target of 40%. At two mines – Mponeng and TauTona – attendance rates exceeded 100%. The introduction of free anti-retrovirals by AngloGold Ashanti Health has played an important role in both encouraging people to come forward and participate in wellness programmes and in ensuring that AIDS is no longer a death sentence. I urge more employees to be tested – knowing your status means you can do something about it.
- At the end of January 2007 we formally launched our Bokamoso ESOP programme. This employee share ownership programme means that every employee will now be a part owner of this company. We welcome you as shareholders and hope that you will enjoy the benefits of your labour as shareholders going forward.
- The AngloGold Ashanti Fund and Trust spent some R15.6 million (\$2.3 million) in 2006 on a range of projects. More details on this are provided later in this report.
- Good progress has been made in the implementation of our social and labour plans. We will be reporting on the projects that we are undertaking in the months to come. An important step for us is that we are now looking beyond the communities around our operations, and are taking projects into the areas from where many of our employees originate so that their families and communities may also benefit from their labour.

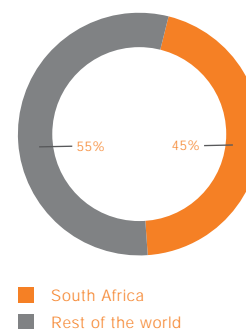
Looking forward

Looking forward to 2007, the current performance of our operations is encouraging, as is the continued emphasis on cost control and the establishment of new project teams to develop new areas of growth and opportunity for the South African operations. I am positive too that with the significant safety and health programmes we have in place and renewed effort on the part of management, unions and employees, we can make our operations safer places to work.

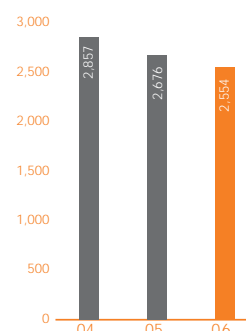
Robbie Lazare
Executive Officer – Africa: Underground Mining
20 March 2007



Contribution to group production – 2006



Gold production (000oz) South Africa



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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.

AngloGold Ashanti has seven operating mines in South Africa, grouped into two operating regions – West Wits and Vaal River. The South African operations produced 45% of the group's overall production in 2006, with 21% or 1,159,000oz coming from the West Wits operations. In 2006, the South African operations employed – on average – 35,968 people: of these 11,490 were employed in the West Wits area (9,899 employees and 1,591 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.

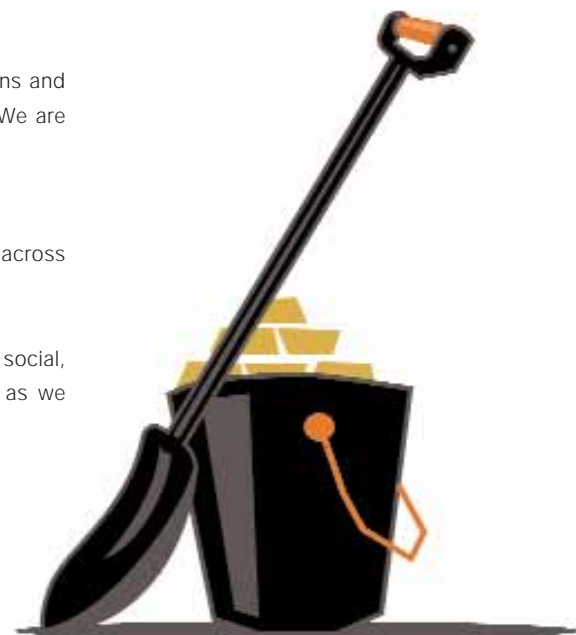
We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there. We are committed to working in an environmentally responsible way.

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:

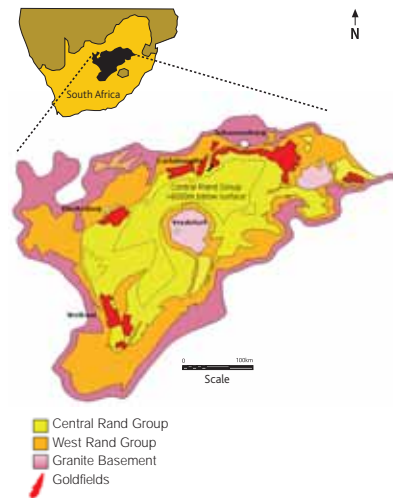
- AngloGold Ashanti – a responsible and ethical corporate citizen
- AngloGold Ashanti and the environment
- AngloGold Ashanti as an employer – safety and health
- AngloGold Ashanti in the community
- AngloGold Ashanti as an employer – labour practice



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The Witwatersrand Basin



Geology of the Witwatersrand Basin

The Witwatersrand Basin comprises a 6m-thick sequence of interbedded argillaceous and arenaceous sediments that extend laterally for some 300km north-east/south-west and 100km north-west/south-east on the Kaapvaal Craton. The upper portion of the basin, which contains the orebodies, outcrops at its northern extent near Johannesburg.

Further west, south and east the basin is overlain by up to 4km of Archaean, Proterozoic and Mesozoic volcanic and sedimentary rocks. The Witwatersrand Basin is late Archaean in age and is considered to be around 2.7 to 2.8 billion years old.

Gold occurs in laterally extensive quartz pebble conglomerate horizons or reefs, which are generally less than 2m thick and are widely considered to represent laterally extensive braided fluvial deposits. Separate fan systems were developed at different entry points and these are preserved as distinct goldfields.

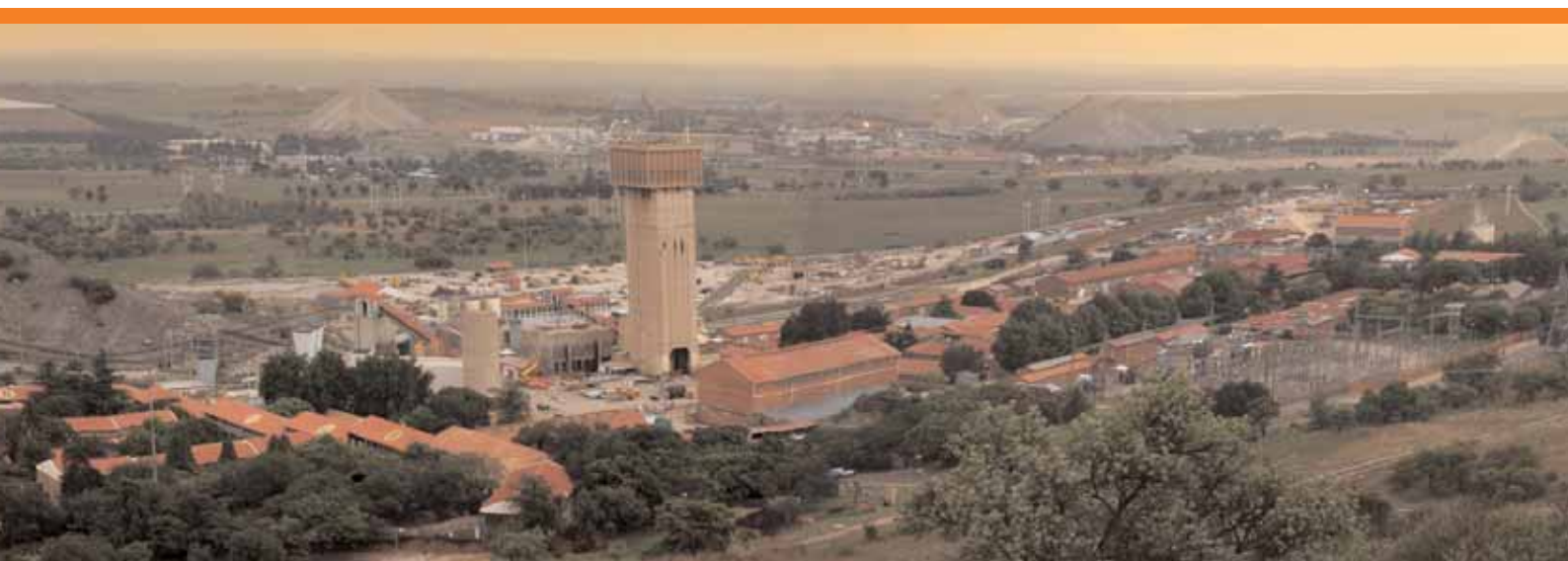
There is still much debate about the origin of the gold mineralisation in the Witwatersrand Basin. Gold was generally considered to have been deposited syngenetically with the conglomerates but increasingly an epigenetic theory of origin is being supported.

Nonetheless, the most fundamental determinant of gold distribution in the basin remains the sedimentary features, such as facies variations and channel directions. Gold generally occurs in a native form often associated with pyrite and carbon, with quartz being the main gangue material.

Geology of West Wits operations

Two reef horizons are exploited at the West Wits operations: the Ventersdorp Contact Reef (VCR), located at the top of the Central Rand Group, and the Carbon Leader Reef (CLR) near the base. Owing to non-conformity in the VCR, the separation between the two reefs increases from east to west, from 400m to 900m. TauTona and Savuka exploit both reefs while Mponeng only mines the VCR. The structure is relatively simple with rare instances of faults greater than 70m.

The CLR consists of one or more conglomerate units and varies from several centimetres to more than 3m in thickness. Regionally, the VCR dips at approximately 21°, but may vary between 5° and 50°, accompanied by changes in thickness of the conglomerate units. Where the conglomerate has the attitude of the regional dip, it tends to be thick, well-developed and accompanied by higher gold accumulations. Where the attitude departs significantly from the regional dip, the reef is thin, varying from several centimetres to more than 3m in thickness.



MPONENG

Background

Ownership: 100% owned by AngloGold Ashanti

Location: Mponeng lies on the West Wits Line, close to Carletonville in Gauteng and about 65km from Johannesburg.

Geology: Mponeng is located on the north-western rim of the Witwatersrand Basin. There are seven gold-bearing conglomerates within the lease area, of which two are economically viable at present. The Ventersdorp Contact Reef (VCR) is a gold-bearing quartz-pebble conglomerate of intermediate grade, capping the last angular Witwatersrand non-conformity.

Mining and processing: Mining at Mponeng is conducted at an average depth of 2,800m. The mine operates two vertical hoisting shafts, a sub-shaft and two service shafts. The hoisted ore is milled and smelted at the processing plant which comprises a crusher, mill, and carbon-in-pulp (CIP), zinc precipitation and smelting facilities.

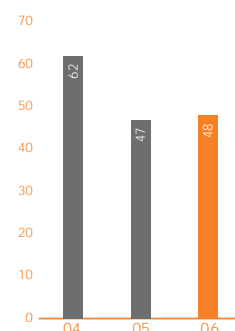
Economic and financial performance

Operating performance: During 2006, production increased by 16% to 596,000oz as a result of higher volumes and an improved yield. Total cash costs consequently declined by 15% to \$237/oz, aided by the benefit of the cost savings initiatives undertaken in the beginning of the year. In local terms, total cash costs were 10% lower at R51,524/kg. Gross profit adjusted for the effect of unrealised non-hedge derivatives and other commodity contracts was considerably higher year-on-year at \$156 million (R1.05 billion). Capital expenditure remained steady year-on-year at \$48 million (R325 million).

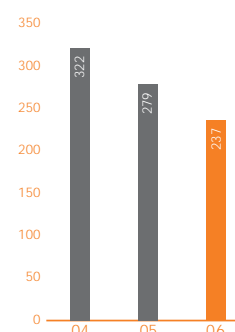
Mponeng		2006	2005	2004
Pay limit	(oz/t)	0.23	0.34	0.41
	(g/t)	7.74	11.53	13.71
Recovered grade	(oz/t)	0.290	0.267	0.237
	(oz/t)	9.93	9.15	8.14
Gold production	(000oz)	596	512	438
Total cash costs	(\$/oz)	237	279	322
	(R/kg)	51,524	57,084	66,437
Total production costs	(\$/oz)	338	363	386
	(R/kg)	73,507	74,309	79,718
Capital expenditure	(\$ million)	48	47	62
	(R million)	325	301	402
Total number of employees		5,284	5,574	5,876
Employees		4,760	4,897	5,164
Contractors		524	677	712

Growth prospects: The Mponeng VCR below 120 project consists of four parallel declines which are to be sunk from the 120 level to gain access to the VCR reef on levels 123 and 126. The declines will be equipped with a conveyor belt, monorail and chairlift to service the new mining areas. The project, from which production will start in 2013, is expected to produce 2.5Moz of gold over a period of 10 years, at a capital cost of \$252 million, and will extend the life of mine by approximately 8 years. Construction is scheduled to begin in early 2007.

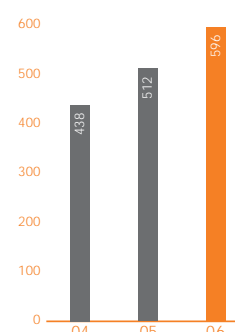
Capital expenditure (\$m)
Mponeng



Total cash costs (\$/oz)
Mponeng



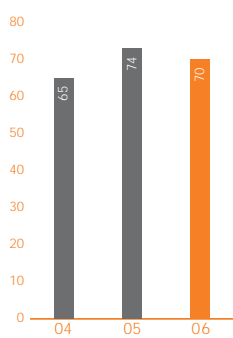
Gold production (000oz)
Mponeng



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Capital expenditure (\$m)
TauTona



Outlook: Production at Mponeng is expected to decrease to 550,000oz at a total cash cost of \$249/oz. Capital expenditure is estimated to be \$87 million, with the bulk of this to be spent on the project to expand the mine to below the 120 level.

TAUTONA

Background

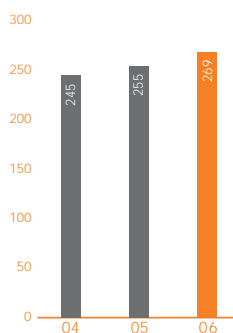
Ownership: 100% owned by AngloGold Ashanti

Location: TauTona lies on the West Wits Line, close to Carletonville in Gauteng and about 70km south-west of Johannesburg.

Geology: The vertical separation of the VCR from the CLR varies between about 900m and 1,200m with the VCR lying above the CLR.

Mining and processing: Mining at TauTona takes place at depths ranging from 1,800m to 3,500m, where the world's deepest stoping section is found. The mine has a main shaft system as well as a secondary and a tertiary shaft. It is predominantly a longwall operation. The TauTona and Savuka mines share a processing plant which uses conventional milling to crush the ore and a CIP plant. Once carbon has been added to the ore, it is transported to the plant at Mponeng for electro-winning, smelting and final recovery of the gold.

Total cash costs (\$/oz)
TauTona

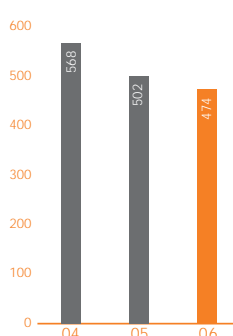


Economic and financial performance

Operating performance: Production declined to 474,000oz due to the lower planned volume mined, as well as seismicity concerns in the first and fourth quarters of the year. Total cash costs, in local currency terms, consequently increased by 12% to R58,419/kg and in dollar terms by 5% to \$269/oz, although the continued implementation of cost-savings initiatives at the mine helped offset the effect of reduced ounces. Gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts improved significantly to \$101 million (R683.8 million), as a considerably improved price received helped mitigate the effect of a decline in production and increased total cash costs.

Capital expenditure, at \$70 million (R474.7 million), was 5% lower year-on-year.

Gold production (000oz)
TauTona



TauTona		2006	2005	2004
Pay limit	(oz/t)	0.53	0.72	0.73
	(g/t)	18.25	24.43	24.47
Recovered grade	(oz/t)	0.297	0.281	0.317
	(g/t)	10.18	9.62	10.88
Gold production	(000oz)	474	502	568
Total cash costs	(\$/oz)	269	256	245
	(R/kg)	58,419	52,158	50,531
Total production costs	(\$/oz)	384	364	311
	(R/kg)	83,398	74,418	64,085
Capital expenditure	(\$ million)	70	74	65
	(R million)	475	468	416
Total number of employees		5,166	5,455	5,498
Employees		4,164	4,459	4,673
Contractors		1,002	996	825

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Growth prospects

There are three projects:

- The CLR below 120 level project – the CLR reserve block below 120 level is being accessed via a twin decline system into its geographical centre, down to 128 level. The project, from which production will begin in 2008, is expected to produce 2.6Moz of gold over a period of nine years (2009 to 2017), at a capital cost of \$168 million (R1.14 billion). Of this, \$56 million (R379.1 million) has been spent to date.
- The CLR shaft pillar extraction project – this project allows for stoping operations up to the infrastructural zone of influence. The project, from which production began in 2004, is expected to produce 534,000oz of gold over a period of six years (2004 to 2009), at a capital cost of \$45 million (converted at the 2005 closing exchange rate), most of which has been committed. The expected average project cash cost is \$118/oz.
- The VCR pillar project – this project aims to access the VCR pillar area situated outside the zone of influence (top and eastern block). The project, from which production began in 2005, is expected to produce 200,000oz of gold over a period of eight years (2005 to 2012), at a capital cost of \$19 million (at the 2005 closing exchange rate). Of this, \$11 million has been spent to date. The expected average project cash cost is \$158/oz.

Outlook: Production at TauTona should decline to 470,000oz and total cash costs are expected to improve to \$252/oz as a result of anticipated higher volumes. Capital expenditure will remain relatively high at \$79 million (R534.8 million), most of which will be spent on a project to expand the mine below the 120 level, as well as on ore reserve development.

SAVUKA

Background

Ownership: 100% owned by AngloGold Ashanti

Location: Savuka lies on the West Wits Line, close to Carletonville in Gauteng and about 65km from Johannesburg.

Geology: At Savuka, the CLR constitutes the largest portion of the resource available to mine.

Mining and processing: Savuka mines both the CLR and the VCR with mining conducted from sub and tertiary shaft systems. A combination of mining methods is used: longwall, conventional and sequential grid mining. Savuka shares a processing plant with TauTona. This plant follows the conventional mill circuit which feeds into the CIP circuit. The product from here is transferred to the Mponeng gold plant for final elution and smelting of the product into gold bars.

Economic and financial performance

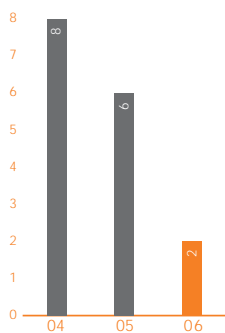
Operating performance: The strength of the gold price led to a revision of the closure plans reported in the Annual Report 2005, and the operation's life has now been extended, although at a lower rate of production. Management of Savuka now falls under that of the neighbouring Mponeng mine. Production for the year totalled 89,000oz which, although 29% less than produced in 2005, was 535% more than had been planned. Total cash costs decreased by 16% in local currency terms to R72,865/kg and by 22% in dollar terms to \$336/oz. Gross profit adjusted for the effect of unrealised non-hedge derivatives and other commodity contracts increased to \$21 million (R145.2 million) from a loss in 2005 of \$8 million (R46 million), owing to better cost control and a significantly higher price received for the year.



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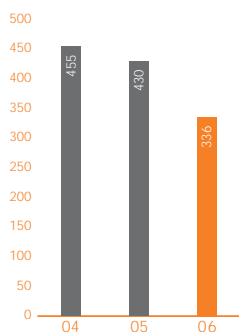
Capital expenditure (\$m)
Savuka



Capital expenditure for the year was minimal at \$2 million (R12.8 million) compared with \$6 million (R38.0 million) in 2005.

Savuka		2006	2005	2004
Pay limit	(oz/t)	0.31	0.45	0.44
	(g/t)	10.75	15.18	14.89
Recovered grade	(oz/t)	0.224	0.198	0.181
	(g/t)	7.68	6.80	6.19
Gold production	(000oz)	89	126	158
Total cash costs	(\$/oz)	336	430	455
	(R/kg)	72,865	87,200	94,036
Total production costs	(\$/oz)	359	517	523
	(R/kg)	77,752	105,194	108,457
Capital expenditure	(\$ million)	2	6	8
	(R million)	13	38	54
Total number of employees		1,040	2,325	3,229
Employees		975	2,178	3,001
Contractors		65	147	228

Total cash costs (\$/oz)
Savuka



Outlook: Production will decline to 70,000oz, although the life of mine has been extended for at least another three years in terms of the restructuring programme. Total cash costs are expected to be \$372/oz as a result of lower grades, while capital expenditure will be minimal at about \$4 million (R27.1 million), and will be used primarily for ore reserve development and the maintenance of infrastructure.

Sustaining operations

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

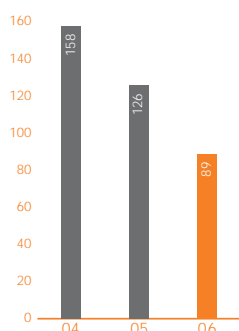
- incur capital expenditure, both to prolong the viability and sustainability of existing operations, and to develop access to new reserves;
- undertake exploration, both greenfields and brownfields, to identify and possibly develop new operations; and
- acquire projects and operations that might extend 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*

Government remittances

AngloGold Ashanti's operations in South Africa paid an amount of \$77 million (R521 million) in corporate taxes in the 2006 financial year.

Gold production (000oz)
Savuka



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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, West Wits accounted for Mineral Resources of 38.6Moz and Ore Reserves of 12.9Moz (the respective numbers for the South Africa region as a whole are 83.5Moz and 27.2Moz).

West Wits	Resource Category	Metric			Imperial		
		Tonnes (000s)	Grade (g/t)	Contained Gold Grams (000s)	Tons (000s)	Grade (oz/t)	Contained Gold Ounces (000s)
Ore reserves							
(as at 31 December 2006)							
Mponeng	Proved	1,769	11.22	19,850	1,950	0.33	638
	Probable	22,311	8.56	190,967	24,593	0.25	6,140
	Total	24,080	8.75	210,817	26,544	0.26	6,778
TauTona	Proved	589	11.40	6,709	649	0.33	216
	Probable	13,171	11.27	148,394	14,519	0.33	4,771
	Total	13,760	11.27	155,103	15,167	0.33	4,987
Savuka	Proved	561	5.96	3,345	618	0.17	108
	Probable	392	5.30	2,079	433	0.15	67
	Total	953	5.69	5,424	1,050	0.17	174
Mineral resources							
(as at 31 December 2006)							
Mponeng	Measured	5,731	13.63	78,137	6,318	0.40	2,512
	Indicated	45,153	15.06	680,227	49,773	0.44	21,870
	Inferred	49	25.61	1,255	54	0.74	40
	Total	50,934	14.91	759,619	56,145	0.43	24,422
TauTona	Measured	1,096	23.45	25,702	1,208	0.68	826
	Indicated	10,402	30.13	313,413	11,466	0.88	10,076
	Inferred	1,510	8.46	12,777	1,664	0.25	411
	Total	13,008	27.05	351,892	14,338	0.79	11,314
Savuka	Measured	925	14.03	12,970	1,020	0.41	417
	Indicated	3,686	14.79	54,536	4,063	0.43	1,753
	Inferred	-	-	-	-	-	-
	Total	4,611	14.64	67,505	5,083	0.43	2,170
West Wits Surface	Measured	-	-	-	-	-	-
	Indicated	55,733	0.29	16,315	61,435	0.01	525
	Inferred	7,388	0.68	5,027	8,144	0.02	162
	Total	63,121	0.34	21,342	69,578	0.01	686



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 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.

Laws, policies and agreements

The South African operations fall under the Mine Health and Safety Act 29 of 1996, the Mine Works and Minerals Act 50 of 1991, the Compensation for Occupational Injuries and Diseases Act 130 of 1993 and the Mines and Works Act 208 of 1993.

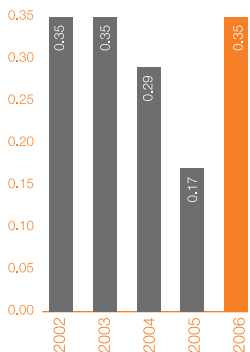
Based on the AngloGold Ashanti policy, each operation has its own safety and health policy, with management and unions involved in its review. Each operation also has its own safety and health agreement with the union representative of the majority of employees, the National Union of Mineworkers (NUM). These agreements, however, are extended to all the unions represented in the company.

Managing safety and health

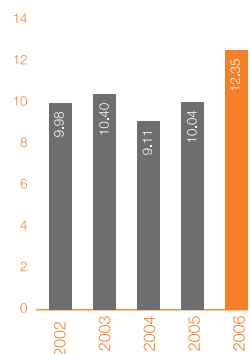
In line with the Mine Health and Safety Act (MHSA), each operation has a joint health and safety committee and all working places are covered by such agreements. There are trained, full-time safety and health representatives in place at each mine.

Internal and external reviews of health and safety performance are undertaken on a regular basis. Every fatal accident is reviewed not only through the required mine-based and statutory review bodies, but also by the corporate Safety and Health Department and a further review at executive level. Given the disappointing safety performance of the South African operations in 2006, high-level external parties (including participants from DuPont and major shareholder

FIFR: South Africa
(per million man-hours worked)



LTIFR: South Africa
(per million man-hours worked)



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Anglo American plc) were asked to review the safety and health strategy. (See case study: *Safety Review at South African operations on page 16.*)

AngloGold Ashanti believes that the involvement of employees in safety and health is crucial to success, not only in terms of creating awareness and commitment to standards and best practices, but also of keeping them fully informed of their rights and responsibilities.

Communication plays an important part in this. At Mponeng, for example, employees are kept informed through weekly meetings, briefs and monthly reports. Regular fall of ground informal awareness and training sessions are held. Every quarter 'Gold Safe' days are held in each section of the mine. It is both an occasion for celebrating achievements and for focusing on safety results and statistics. Mponeng's safety and health campaign also includes 'Bonga-Bonga' (thank you) functions where the entire workforce spends a day away from the workplace in celebration of noteworthy safety and production achievements.

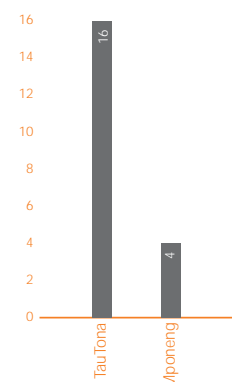
The emphasis at all operations is on getting every employee to take responsibility for his/her own safety and that of his/her fellow workers. On average, employees at the West Wits operations spend more than 30 hours a year on safety and health training.

Safety overview

Regrettably, 32 employees and contractors lost their lives in AngloGold Ashanti's South Africa Region. Of these deaths, 20 occurred at the West Wits operations: 16 at TauTona and 4 at Mponeng. The board and management of the company 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 AngloGold Ashanti, 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.

While the Lost Time Injury Frequency Rate (LTIFR) per million man-hours improved to 10.70 (2005: 12.20) in the case of Mponeng, it deteriorated at Savuka (from 14.13 in 2005 to 19.30 in 2006) and TauTona (from 10.76 in 2005 to 17.09 in 2006). Savuka, however, showed a significant improvement in the fourth quarter when a LTIFR of 9.42 was recorded (see case study: *Managing a changing risk profile on page 17.*)

Number of fatal accidents 2006



LTIFR year-on-year for West Wits operations per million man-hours worked

	2006	2005
Mponeng	10.70	12.20
Savuka	19.30	14.13
TauTona	17.09	10.76

FIFR year-on-year for West Wits operations per million man-hours worked

	2006	2005
Mponeng	0.30	0.21
Savuka	0.00	0.00
TauTona	1.23	0.29



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In memoriam – the names and details of those who died at work at the West Wits operations during 2006

Name	Mine	Date of accident/death	Agency (cause)	Occupation
January 2006				
Whitey Tintim Nabo	Mponeng	6 January	Fall of ground	Miner's assistant
Sello Daniel Nkopane	TauTona	10 January	Fall of ground	Team leader
Kokoyi Mathandanako				Stope driller
Monyane Elliot Letho				Stope multi-task crew member
February 2006				
Mareka Khomolishoele	TauTona	3 February	Fall of ground	Stope driller
Thembinkosi Mjongi				Stope driller
March 2006				
Alson Mbasha Maseko	TauTona	23 March	Fall of ground	Stope multi-task crew member
Nhlanhla S Magagula	Mponeng	27 March	Inundation	Winch operator
April 2006				
Leneha Lekhotso	TauTona	12 April	Fall of ground	Stope multi-task crew member
July 2006				
Zeth Khumalo	Mponeng	11 July	Fall of ground	Scraper winch operator
August 2006				
Manuel Alfiodo Masive	TauTona	2 August	Fall of ground	Grouting assistant
Samson B Dube	TauTona	24 August	Fall of ground	Stope driller
Nicolaas Rademeyer	TauTona	27 August	Electrocution	Winder electrician
September 2006				
Tsepo Eliacer Mokoena	TauTona	31 August (Died on 3 September)	Trucks & tramming	Loco driver
Yanga Benya	Mponeng	7 September (Died on 8 September)	Fall of ground	Mining team member
October 2006				
Abiel Koali Nteko	Tau Tona	23 October	Fall of ground	Mining team member
Jaime Auxilio Sambane				Stope driller
Daniel Siteo				Stope driller
Jeremiah Songeso Dubeni				Mining team member
Lwandile Mgwenye				Stope multi task crew member

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Causes of fatal accidents

The primary cause of fatal accidents in South Africa remains falls of ground (78%) with seismically induced falls of ground accounting for 44% of all fatalities in the country. In the case of TauTona 12 (75%) people died as a result of seismic events and this was the cause of 2 (50%) of the deaths at Mponeng.

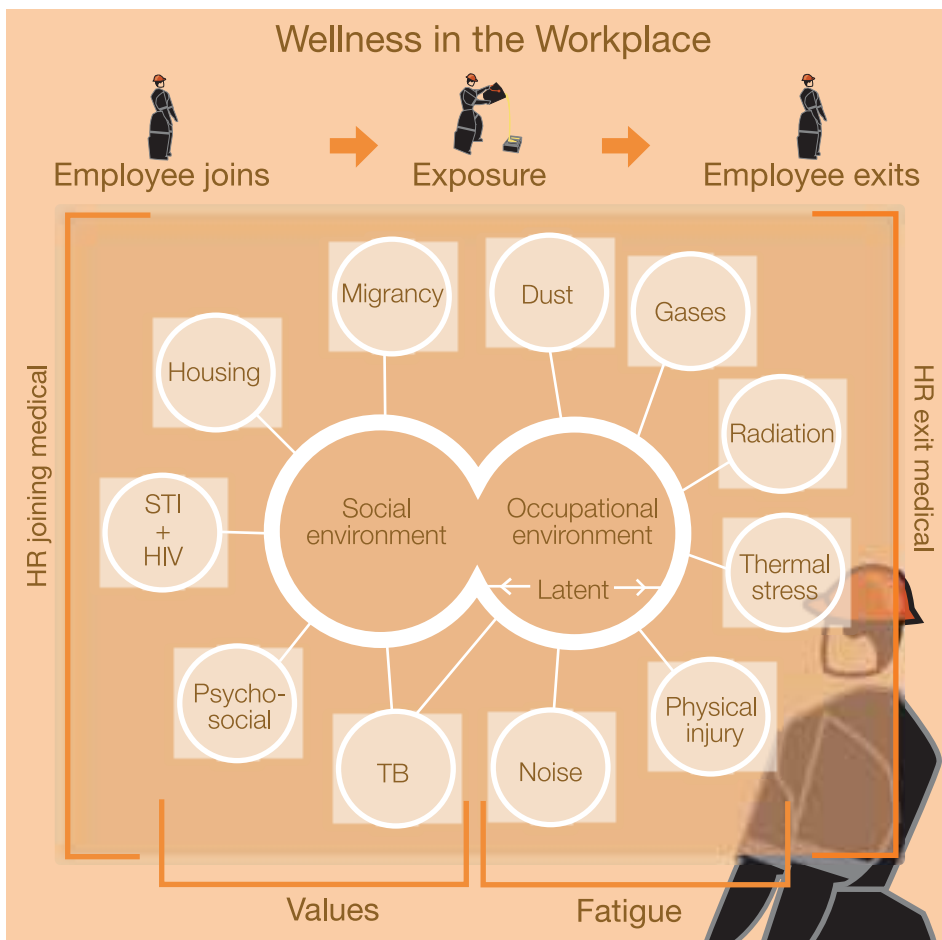
Health overview

The primary health threats to AngloGold Ashanti employees in South Africa are noise-induced hearing loss (NIHL) and occupational lung disease (OLD), with the latter a particular threat in underground mining environments where silica dust exposure is present. In South Africa, tuberculosis (TB) in silica-exposed employees is a significant occupational disease risk, especially in view of the relationship between HIV/AIDS and TB.

Health care is handled by AngloGold Ashanti Health, which provides health care services to employees and their dependants. The hospital at West Wits has medical, surgical and maternity wards, an intensive care unit, operating theatres, casualty and outpatient facilities, as well as radiography, occupational therapy and physiotherapy services.

Medical surveillance

In accordance with the requirements of the MHSA, 50,343 medical surveillance examinations (initial, periodic, transfer and exit) were performed in South Africa during 2006.



Case study

Safety Review at South African operations

In November 2006 AngloGold Ashanti CEO Bobby Godsell was quoted* as saying that there is no reason that the risk of harm should be greater in mining than it is in any other form of economic activity, and that while all human action involves a measure of risk, the challenge is to identify, understand and then manage this risk. Godsell said successful management of health and safety risks in mining requires good science to identify and understand the nature of risks in mining; engineering to remove or reduce the risks; and creating values, habits and behaviours which make every worker an effective manager of health and safety risk. But, he said, in 2006 AngloGold Ashanti had seen a disturbing regression in that progress in regard to accidents on its South African mines and these reversals had deepened the company's determination to regain the trend evident over the past 10 years.

In total, 37 people died as a result of injuries sustained at work at AngloGold Ashanti during 2006, 32 of these deaths at the South African operations. In 2005, 25 employees lost their lives in work related accidents, 17 of whom were in South Africa. Comparing the fatal injury frequency rate (FIFR) year-on-year shows a significant increase in the frequency of fatal accidents in the South Africa operations, from 0.17 in 2005 to 0.35 in 2006.

Almost half of the fatal accidents (16) in the region were at the TauTona mine near Carletonville (*see case study: Mining plan at TauTona changed in the interests of safety at www.aga-reports.com/06/TauTona-safety.htm*), 12 of which were attributable to seismic falls of ground, two to gravity-related falls of ground and the remaining two to other causes. (Falls of ground may be related to either seismicity or gravity: seismic-related falls of rock occur when energy is released into the environment, causing ground movement and possible rock falls; gravity-based falls of rock occur when loose ground is not sufficiently stabilised.)

TauTona's response to the fatalities has been multi-faceted, aligned to the various legs of the fall of ground management strategy (*see case study: Fall of Ground Management at www.aga-reports.com/06/FOGM.htm*). The mine is in the process of changing its mine plan and mining method from longwall to sequential grid mining in most mining areas, which will initially have a negative impact on production. In addition, this mine has reviewed its shaft-pillar mining plan that had been modelled by South Africa's Council for Scientific and Industrial Research (CSIR) in 2002 and was the subject of a workshop with the CSIR in 2006. The accident on 23 October 2006, which cost five lives, occurred in mining of the shaft pillar.

The TauTona mine plan has also been subject to scrutiny at industry level:

- It is the subject of a two-year Safety in Mines Research Advisory Committee (SIMRAC) research project, involving the collection of

seismic data from areas close to the shaft pillar. TauTona has an intensive and state-of-the-art seismic monitoring network in place.

- Tripartite workshops, involving high-level representation from the inspectorate and the National Union of Mineworkers and other unions were held to review the risks involved in mining each section and to draw up action plans.
- External parties, including representatives of AngloGold Ashanti's major shareholder Anglo American, participated in a review of the region's safety and health strategy. The review found a strong foundation to the region's strategy, with a high level of commitment, monitoring, modelling and programme development in place. The review also indicated that this should be used to leverage change and build upon it for further enhancements. A number of areas were also identified for possible improvement and this is being acted upon by the company. The review team endorsed the view proposed by Godsell* when he spoke on the importance and relative weighting of critical factors in the area of safety and health management and where he emphasised that positive results could only be achieved with an emphasis on people. He proposed an approach which comprises systems (10%), engineering (20%) and people (70%). The review team's recommendations were made in a similar vein.

One particular area of concern that has been raised, both in the external review, elsewhere and in the industry as a whole, is the matter of fatigue. While programmes have been put in place to manage workplace conditions (such as ventilation and cooling), there are clearly a range of issues relating to fatigue that need to be addressed. A comprehensive group level fatigue management strategy is being developed (*see case study: Managing fatigue at Sunrise Dam in the Report to Society 2005: page SH22 and Fatigue management programme progressing at Navachab mine www.aga-reports.com/06/fatigue-manage.htm*). A fatigue management strategy is being developed for the South African operations and a roll out will commence in 2007.

AngloGold Ashanti remains committed to eliminating accidents at work and is determined to achieve significant improvements in the year ahead. In the words of Bobby Godsell, "Every death is unacceptable. While we have achieved significant improvements in recent years and expended a great deal of effort, the recent trend means that we simply have to intensify our efforts."

*Bobby Godsell was speaking at the International Council on Mining & Metals (ICMM) International Safety Conference in Johannesburg.

Case study

Managing a changing risk profile at Savuka

Savuka gold mine (the name means ‘wake up’ in isiZulu) was previously scheduled for closure in the first quarter of 2006. After operating for some time as part of neighbouring TauTona, with which it shares a metallurgical plant, it was brought under the control of Mponeng gold mine in June 2005.

“After a thorough re-assessment of costs, and supported by the rising gold price, we concluded Savuka could still be profitable,” says general manager Johan Viljoen. In 2006, the mine made a profit of R120.2 million, compared with a R46.4 million loss the previous year. Costs have been contained at below R70,000/kg. “One of the key lessons we have learnt,” says Viljoen “is that we can successfully move out of our usual approach of operating only high-quality, long-life, low-risk assets. People’s ability to deal with change should not be underestimated.”

The mine’s complement was reduced from some 3,500 to 1,000, principally by natural attrition and intra-group transfers, with fewer than 500 employees retrenched. “Only employees directly involved in production, from section manager and section engineer level downwards, remained at Savuka,” says Viljoen, “with management and services coming from Mponeng.”

Insofar as mining infrastructure is concerned, strategy has focused on isolating non-productive mine areas and concentrating on the payable sections. “At current cost scenarios, the mine’s closure is now planned for the end of 2009,” says Viljoen.

These changes had a significant impact upon the mine’s risk profile. “This is something we missed at the beginning,” explains Viljoen. “Removing service personnel meant that virtually everyone working at Savuka was directly exposed to production and its related occupational risks.”

Savuka is a challenging mine from a safety perspective: established in 1958, it is currently the deepest operating mine in the world (mining is carried out at depths up to 3.7km) with long travelling distances between the shaft and the workplace.

Apart from the impact of the changed operational approach, the Mponeng management team had to deal with the challenges posed by low employee morale. “Inevitably, imminent closure has a negative effect on a mine’s risk profile,” says Viljoen. “People’s jobs are not secure, and there is a temptation to cut corners from a safety perspective in order to achieve production targets.”

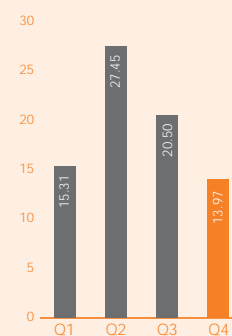
To counter this, Viljoen and his team applied the safety management model successfully implemented at Mponeng, currently the only one of AngloGold Ashanti’s South African mines to have achieved a LTIFR marginally above 10.

The core themes of the model are articulated in a set of Mponeng values, derived from, and integrated into, the AngloGold Ashanti business principles. “The model focuses on a caring culture, placing value on people and their right to a safe workplace, and taking pride in work,” says Viljoen. With the full involvement of unions and associations, the Mponeng model has been transferred to Savuka through an ongoing process of education and communication. “We have found this was the key issue, as safety standards and procedures were already in place and being adhered to.”

The effectiveness of the turnaround strategy is evident in the mine’s improved safety results. Lost time injury frequency rates improved significantly in the last quarter of the year. For the first time in the mine’s history, it achieved 19 days completely free of injury in December 2006. Savuka is the only mine among the South African operations to have achieved two fatality-free years in succession.

Note: Unfortunately, on 14 February 2007, Savuka experienced three seismic events – of magnitudes 3.1, followed by a 1.1 and a 2.2 – resulting in an extensive fall of ground, and fatally injuring a scraper winch operator, Mr. Norini Sombo. Two of his co-workers sustained minor injuries in the accident.

Savuka mine LTIFR 2006
(rates per million man-hours)



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Noise-induced hearing loss (NIHL)

In 2006, 67 new cases of NIHL were identified in South Africa, a rate of 2 per 1,000 employees. This is a significant decrease on the 4 per 1,000 reported in 2005. Comprehensive hearing conservation programmes are in place at all the operations and include, among other aspects, noise control engineering (silencing), the provision of hearing protection devices, education and communication programmes, and annual audiometry examinations of employees.

Baseline audiograms were conducted in 2005 in line with new compensation regulations and these have formed the basis of assessments of employees' hearing loss. A major engineering initiative to reduce noise at source to below 110 decibels (dBA) has resulted in all underground drill and noisy fans having been silenced in the region, with ongoing identification and silencing of other noisy equipment in place.

Occupational lung disease (OLD)

OLD includes TB, TB silicosis and obstructive airways disease. Of these, TB is the most pervasive and is compounded by a high HIV prevalence in the mining population (about 30%) which greatly increases the risk of TB. It is estimated that about 85% of employees diagnosed with TB are HIV-positive.

During 2006, 348 cases of OLD were compensated in South Africa, which reflects a rate of 10 per 1,000 employees, an increase on that reported in 2005 (9). An additional factor contributing to the incidence of OLD is the increasing average age (42) of the workforce which has had a longer, cumulative exposure to silica dust underground.

Dust control

Initiatives to eradicate dust and improve methods of dust control have continued, although the agreed* industry target, for which 95% of all individual samples must be below the legal limit of 0.1mg/m³ by 2008, has not yet been achieved. In 2006, the average silica dust concentration was 0.03mg/m³ (2005: 0.04mg/m³). A total of 3,788 personal gravimetric samples were taken during 2006.

**Target agreed by Mine Health and Safety Council*

TB control

Digital diagnostic radiology (DDR) has revolutionised the application of TB examinations in recent years, facilitating earlier detection of the disease. There is a fixed digital radiology unit at the occupational health centre at West Wits which can handle up to 450 X-ray images per day. Although the capital costs associated with these systems are high, running costs are considerably cheaper and, most important, their technological benefits are proving to be significant.

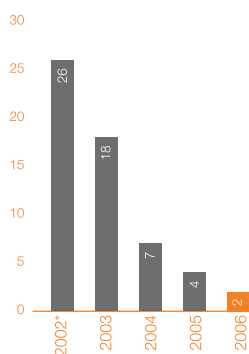
In late 2005 approval was given for the purchase of a mobile DDR unit for the three mines in the West Wits area. This unit was commissioned in the first quarter of 2006.

The benefits of DDR, compared with standard X-ray technology, is that the radiation dose that was present in the mass-miniature X-rays previously used is virtually eliminated; only one image is taken and then digitally manipulated; no developing of film is required as images are stored digitally; and this in turn saves the cost of potentially hazardous chemicals used in the developing process, as well as the cost and space involved in storing conventional X-ray films over time.

Symptom screening is done on site and the X-ray can be read immediately, speeding up the diagnosis of TB patients who need to be hospitalised. The objective is to detect and treat TB at an earlier stage, thereby preventing the spread of the disease and reducing its impact on the individual and the community.

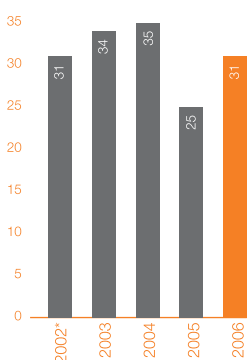
World Health Organization-aligned TB treatment programmes are made available free of charge to employees and contractors alike by the group's medical services (*see case study: Aurum research programme under way*).

NIHL (new cases) South Africa
Rate per 1,000 employees



* Not assured

TB (new cases): South Africa
Rate per 1,000 employees



* Not assured

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Silicosis

Silicosis is caused by the inhalation of free silica dust present in deeper level mining areas with high quartz concentrations. (A case study on the Legacy of Silicosis may be found on page 118 of the Report to Society 2006.)

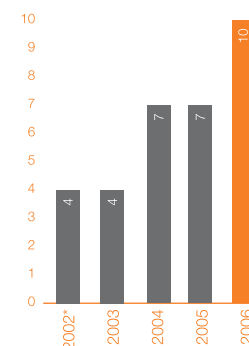
The legacy of silicosis remains a significant issue for the company. The current state-led compensation systems are cumbersome and inefficient and, because of this, many silicosis-affected employees of the mining industry have not had access to regular medical examination, substantial medical care or compensation, if found to be due. AngloGold Ashanti, together with Gold Fields and Harmony, is working with the state and unions to identify affected ex-employees in need of care, and to improve access to and use of follow-up treatment and compensation systems. (See case study on the nongoma project at www.aga-reports.com/06/nongoma.htm – an on Worker compensation in South African under review – www.aga-reports.com/06/worker-compensation.htm.) At the same time the company is participating constructively in the debate surrounding the possible combination of the current compensation mechanisms.

Emergency management

Risk assessments, conducted every year internally and by external parties form an integral part of the emergency management process.

Emergency preparedness plans include preparation for fires, hazardous material accidents, biological threats and high angle rescues. Different emergencies are treated by different response teams. Each of these is trained to be effective within its area of activity. Among others, there are teams for asset protection services, fire and emergency services (both surface and underground), ambulance services, mine-based rescue teams and the Mines Rescue Service (MRS). All employees receive a level of basic training and paramedics are available at the operations to ensure a quick response. Refresher training is held at prescribed intervals, as are emergency drills and review processes. The emergency Asset Protection Emergency Control Centre and the Mponeng Control Centre are the bases from which fire and emergency services are dispatched to the West Wits (and Vaal River) operations. West Wits has contracted ISOS to run its ambulance service. This is based at the hospital and manned round the clock by advanced life support paramedics. This service is available to the public in the event of a major disaster in the area, as is the use of the hospital, which has trauma facilities, theatres and ICU.

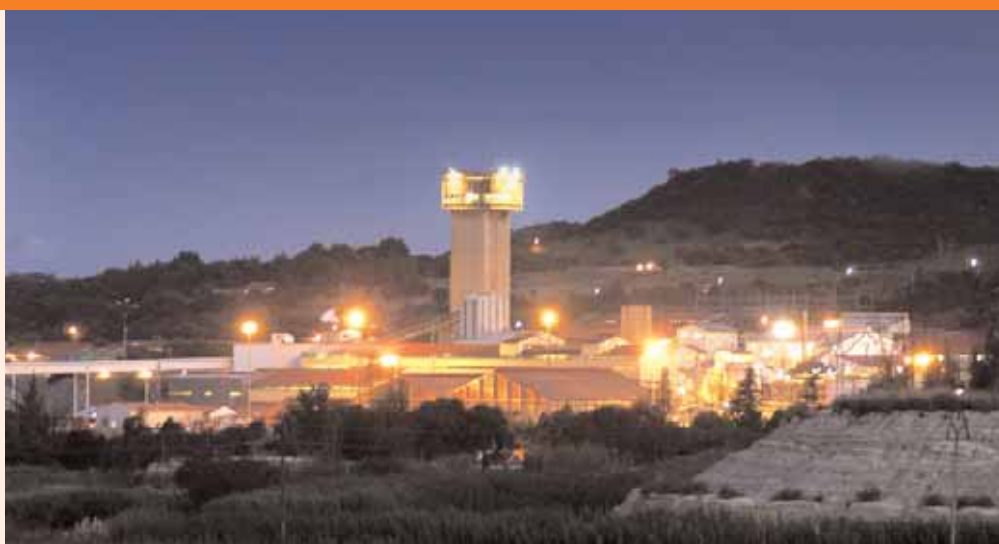
OLD (new cases) South Africa
Rate per 1,000 employees



* Not assured

Award

- Savuka mine received recognition from the Department of Minerals and Energy in November 2006 for two years without a fatality.





HIV/AIDS

Although an accurate survey of prevalence levels cannot be conducted, it is estimated that prevalence levels of HIV/AIDS have remained stable at around 30% of the workforce in recent years at the South African operations (2005: 30.0%; 2004: 30.24%). These estimates are based on best available information that includes regional antenatal data and extrapolations from comparable reference groups. The provision of anti-retroviral therapy (ART) – which was introduced in November 2002 – will, over time, logically lead to a higher prevalence rate than would otherwise be the case as infected individuals live longer than they would without ART.

AngloGold Ashanti HIV/AIDS programme

The overall aims of the HIV/AIDS programme are to prevent the spread of infection, to care for those infected or affected by the disease and to provide support to both employees and communities. The programme, which is an integral part of the ‘wellness in the workplace’ initiative under way at the South African operations, aims to reduce the number of new infections and efficiently manage those already infected.

In 2006 the focus remained on the continued implementation of the programme. There was some measure of success and there is an indication that most employees have a clearer understanding of the structure and purpose of the HIV and AIDS programme. The programme model used in the South African operations has been effective in its simplicity in empowering individuals to make the decision to find out about their HIV status.

Each business unit participates in the prevention programme and various VCT initiatives, and now has its own workplace HIV/AIDS programme which it runs and manages. Technical support is provided by AngloGold Ashanti Health and the treatment programmes, including ART, are managed by the health service.

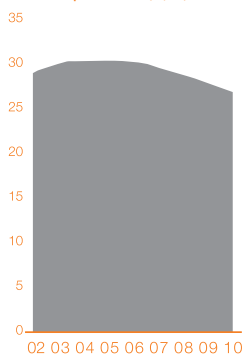
Prevention: Although a key aspect of this is VCT, it also includes induction training, peer education, awareness campaigns, information feedback sessions to the business units, condom distribution and the treatment of sexually transmitted infections (STIs).

The most notable achievement of 2006 was the increase in the uptake of VCT. In 2006, 23,389 encounters were recorded at VCT centres which, assuming single annual testing, is equivalent to 75% of the South African employee base. This was an increase of 129% on the 10,219 encounters recorded in 2005, and exceeded the target of 40% set for the year. Given the total anonymity of the administrative system, there is no way of monitoring repeat visits. However, indications of repeat visits are low. While employees are encouraged to attend VCT once a year, those who attend VCT and whose sexual behaviour is considered to be high risk are encouraged to attend more frequently. The 2006 data compares with VCT rates of 32.4% and 10% in 2005 and 2004 respectively. Of those who underwent VCT, 79% were HIV-negative and 21% HIV-positive.

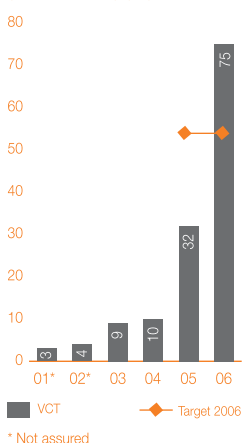
The reluctance to be tested by those at higher risk of being HIV-positive is problematic and may explain why the rate of those testing positive is less than the estimated overall prevalence rate (see case study: *Prevention and VCT at TauTona on page 23*).

In all, 265 peer educators were trained in 2006, bringing the total trained over the past two years to 531. This gives a ratio of one peer educator for every 59 employees (compared with 1:115 last year), and compares favourably with the target set for the year of 1:60. The peer education programme is aimed primarily at promoting awareness of HIV, including knowledge of HIV status, and lifestyle and behaviour change.

HIV prevalence rate projections (South Africa operations) (%)



VCT attendance vs target (South Africa) (%)



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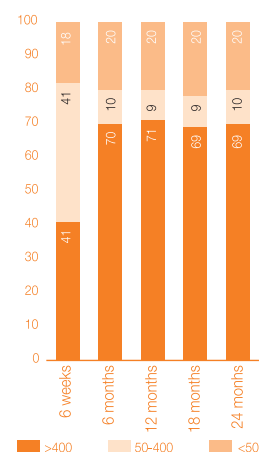
Condom distribution continued and close on 1.22 million male condoms were distributed during the year (2005: 520,000). Female condoms are now available for distribution at all AngloGold Ashanti operations in South Africa.

A new VCT centre was opened at the West Wits satellite training centre in Carletonville on 1 October 2006. Initially operating on a part-time basis, its services will be available on a full-time basis as from the first quarter of 2007.

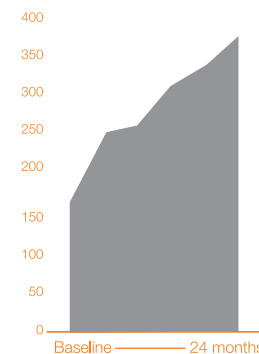
Treatment: Corresponding with the increased uptake of VCT, there was an increase in attendance at the wellness clinics and in enrolment for anti-retroviral therapy (ART). A total of 4,513 patients were registered on the wellness programme as at the end of December 2006, with 1,467 (33%) of these on ART. Altogether 1,252 employees enrolled for the first time at the wellness clinic during 2006, and 617 new patients began ART during the year. This compares with new enrolment at wellness clinics of 1,267 and 630 on ART in 2005.

The number of new patients who started ART in 2006 (expressed as a rate per 1,000 employees at the South African operations) has remained stable year-on-year. The cumulative number of employees registered at wellness clinics as at the end of 2006 was 4,513, or 15% of all employees, and the cumulative number of employees maintained on ART was 1,467 or 5%.

Viral load response on ART



Improvements in CD4 count on ART



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Records show that 66% of patients who begin ART remain on treatment. The most frequently cited reasons given by those who do not remain on treatment are non-adherence to treatment regimes (about a third) and employees leaving the company (another third); the remaining third cease treatment for a variety of reasons including death. AngloGold Ashanti Health provides three months of ART to employees who leave the company, and who could benefit from ART, and endeavours to facilitate the referral of individual patients to a government clinic in their community for ongoing treatment, care and support. The number of employees leaving the company may seem disproportionately high but this has been significantly influenced by the down-sizing at the operations during the year. Reasons for leaving include retirements, retrenchments, resignations, dismissals, and ill-health retirements.

The prognosis for those on ART remains good and monitoring of their progress indicates that viral suppression rates are being controlled by ART. Of those on ART, 80% have viral loads of less than 400 after six months of treatment and these viral suppression rates are maintained after two years on treatment. In addition, once ART has begun, the CD4 count rises steadily from a mean of 148 to a mean of 390 after two years of treatment. Some 80% of patients attending wellness clinics have been declared fit for work by their attending clinician.

The total cost of providing ART is R1,290 per patient per month which includes monthly drug costs of R470 per patient (*see case study: Economic impact of HIV/AIDS on the South African operations on page 24*).

Provisional results from research being conducted into the economic costs of the HIV/AIDS epidemic indicate that absenteeism has declined significantly with the provision of ART from a mean sick leave rate of seven days per month for employees starting ART, to two days per month after one year on ART. There has also been a similar decline in the use of health care facilities for the majority of those on ART.

With the increase in the participation of VCT and attendance at wellness clinics, there has been an increased workload at clinics. AngloGold Ashanti Health has budgeted to employ four additional members of staff next year – two in the West Wits region and two in the Vaal River region.

Assuming an ideal annual VCT testing rate of 100% of employees, and an HIV/AIDS prevalence rate of 30%, and that 25% of HIV-positive employees require ART, then the actual proportion of employees reached versus expected is 75% for VCT, 50% for the wellness clinic and 63% for ART.

Support: In terms of support, the focus is on providing palliative and home-based care for the AIDS-ill who retire from the employment of AngloGold Ashanti. This support extends to families and includes counselling and support groups, assistance with home-based palliative care and, where appropriate, the care of orphans in households headed by children or grandparents.

AngloGold Ashanti has formed partnerships with several home-based care programmes in the areas around its operations in South Africa. For example, the Carletonville Home-based Care Programme has 530 people enrolled in support groups, 90 patients receive palliative care and 513 orphans in households headed by children or grandparents are being cared for. Furthermore, a total of 126 former employees receive care from TEBA Home-Based Care which is supported by AngloGold Ashanti and other mining companies operating in Southern Africa.

The death rate of employees in service at the four largest business units at the South African operations has been declining over the past three years. There has also been a decline in medical absenteeism among those on ART. A key contribution to these declines has been the increased uptake of ART.

Expenditure related to the chronic disease management of HIV-infected employees (including the provision of ART), VCT, home-based care for terminally ill ex-employees, and certain programme related research, monitoring and evaluation, amounted to R21.5 million in 2006 (2005:R16.45 million). This included R2.6 million which the AngloGold Ashanti Fund contributed to HIV/AIDS-related community projects.

Case study

Prevention and VCT at TauTona – Progress made in 2006

VCT and wellness clinic attendance at TauTona were among the best at AngloGold Ashanti's South Africa operations in 2006: 4,848 VCT attendances, more than double the target, and 769 wellness clinic registrations, were recorded. In addition, TauTona now has among the highest number of employees receiving anti-retroviral therapy (ART) since the roll-out of the ART programme.

A three-phase approach has been developed to control the spread of HIV and AIDS among employees at TauTona. This approach, which is in line with corporate strategy, focuses clearly on the ultimate aim of maximising the health and longevity of the mine's workforce. The three phases of this approach are:

- education and awareness;
- voluntary counselling and testing (VCT); and
- wellness and treatment.

While the three phases were initially introduced sequentially, today they form an overlapping integrated whole, with increasing emphasis on the latter two phases given that the condition of an infected person can only ultimately improve with treatment.

After some 10 years of education and awareness campaigns, the existence of the disease is now widely acknowledged. However, many misconceptions and misunderstandings continue to exist, and the need for education and maintaining awareness remains. VCT initiatives were revitalised about two years ago against a background of the perceived stigmatising of known HIV/AIDS sufferers. By ensuring strict anonymity, trust among employees has grown and with it the acceptability of VCT. At the same time, the stigmatisation of those who are HIV-positive has become less prevalent.

Private knowledge of an individual's own HIV status is in itself emotionally traumatic. However, participation in a wellness

programme could potentially make the individual's condition more widely known. It is this fear which has to be overcome to ensure that all those infected request treatment. Participation in this phase is now receiving greater attention, and particular attention is being given to maintaining anonymity.

Employees at TauTona have access to one permanent wellness clinic counsellor but efforts are made to arrange events at which testing is 'taken to the people', making it easily accessible to all employees.

These events included the very successful Mine Overseers' Safety Days held in May 2006 during which the full section was on surface and VCT counsellors were available for mass testing. Feedback on the results of these tests was presented the following day, in private and confidential counselling sessions. These days were a marked success and responsible for the surge in VCT attendance in the second quarter – 3,127 as compared to between 500 and 600 and more such days are scheduled for February 2007.

In addition, the use of peer educators is beginning to bear fruit. Peer educators, often people who are HIV-positive, talk to and advise mine employees about HIV/AIDS. They promote awareness of the disease, educate and inform, answer questions and encourage people to attend VCT. Peer educators have been trained and are fully committed to what they do. They have also played and continue to play a significant role in encouraging people to attend the wellness clinics and receive treatment.

Although no further mass campaigns have been conducted at TauTona during the year, monthly participation continued to exceed target, largely owing to the work done by peer educators, which built on that of the Mine Overseers' Safety Days.



Case study

Economic impact of HIV/AIDS on the South African operations

Given the potential for far-reaching economic effects of HIV/AIDS on the company, and in order to plan adequately for future preventative and therapeutic measures, AngloGold Ashanti recognises the importance of quantifying the economic impact of HIV/AIDS as far as this is possible.

Total expenditure on the AngloGold Ashanti HIV/AIDS programme in 2006 amounted to R21.5 million or R694 per employee in the South African operations. This total cost (which amounts to 1.2% of basic pay or in production terms, \$1.24/oz) is broken down as follows:

- prevention programme – R1.1 million;
- treatment programme (including the provision of VCT and ART) – R16.63 million; and
- support programme – R3.8 million

The total direct financial costs to the company include the cost of the entire HIV/AIDS programme (i.e. prevention, treatment, support) as well as the cost of treating the side-effects of medication and the cost of treating opportunistic infections to which people may succumb as a result of having HIV/AIDS.

The economic impact of HIV/AIDS on the company, however, is far more complex than simply taking into account the financial expenditure incurred. The Aurum Institute for Health Research, of which AngloGold Ashanti was the founder and remains a substantial funder, has made significant progress through its Health Economics and Systems Research Programme in data analysis and model building to determine the full economic impact of HIV on AngloGold Ashanti and to estimate the cost and savings associated with having in place a comprehensive programme that includes the provision of ART to HIV-positive employees, in order to combat HIV/AIDS.

This programme of work, begun in 2003, has included the estimation of the potential economic impact of untreated HIV/AIDS on AngloGold Ashanti as part of an independent Anglo American group-wide assessment funded by GlaxoSmithKline and undertaken by Aurum. This study indicated that the economic impact of HIV on AngloGold Ashanti would continue to rise from 2003 (that is the potential impact of not undertaking prevention, treatment or support) and would reach 6% of payroll in 2006. The greatest impacts lie in medical care (47%) and absenteeism (36%).

Early indications from the Aurum research programme suggest that in the medium term, the provision of ART to HIV-positive employees has had cost benefits for AngloGold Ashanti. These benefits include a decrease of more than 50% in deaths in service, a decline in hospital admissions in excess of 70% as well as a decrease in medical absenteeism and, consequently, a fall in the number of lost shifts. These statistics are limited to those on the ART programme and do not represent global statistics for the South African operations.

Initial indications are thus that the 'savings' resulting from the provision of ART outweigh the overall cost of the programme over a two- to three-year period. The costs of providing AngloGold Ashanti's HIV/AIDS programme include:

- a comprehensive cost per employee on ART per month of R1,290 declining over the four-year implementation period as a result of a decline in drug and laboratory costs and gaining economies of scale in treatment delivery. At the start of the programme this cost was about R2,000 per employee per month;
- VCT costs of R56 per employee tested; and
- a wellness clinics cost of R280 per patient per month on the programme including the provision of ongoing counselling and prophylaxis against opportunistic infection.

There has been a significant increase in VCT uptake, with a resulting increase in patients attending the wellness clinics (almost 40% increase in 2006) and patients taking ART (57% increase in 2006). Nevertheless efforts to mitigate the economic impact of HIV are constrained by the still relatively low uptake of ART on the part of employees, their reluctance to be tested (although this has improved significantly – by 129% – over the past year) and late presentation for treatment. The more recent increase in VCT uptake is encouraging and has resulted in an increase in patients attending wellness clinics – an increase of almost 40% in 2006 – and in patients taking ART – a 57% increase in 2006. The high number of HIV-positive employees not remaining on ART after starting treatment also exacerbates the situation. However, this gives added impetus to the importance of the prevention aspects of the HIV/AIDS programme and to encouraging employees to attend VCT and the wellness clinics.

The final report of the Aurum research programme is scheduled for release in mid-2007.



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

There was a total of 35,968 people (30,162 employees and 5,806 contractors) working for AngloGold Ashanti in the South Africa Region in 2006: of these 9,899 employees and 1,591 contractors were employed at the West Wits operations.

Some 97.8% of all South African employees are either represented by unions or catered for by the agency shop agreement. (This agreement exists across the lower level bargaining unit within the company. This means that non-union members contribute 0.75% of their monthly basic pay to a human and industrial relations fund, whereas union members contribute 1% of their monthly basic pay to this cause.) The four unions that are recognised are the National Union of Mineworkers (NUM), the United Association of South Africa (UASA), Solidarity and the South African Equity Workers’ Association (SAEWA).

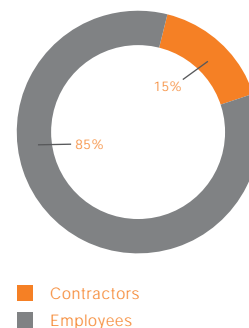
There were no significant disputes or strikes in South Africa during the period, although there were six incidents, of which three were declared formal disputes, that led to brief work stoppages. The formal disputes related to the overtime payment rate for Sundays, transport for employees and the engagement of contractors. These incidents were amicably resolved.

The employment of historically disadvantaged South Africans (HDSAs) remains a particular priority. Employment targets and achievements are reported annually to the South African Department of Labour (on 1 August) and reporting will also be provided in terms of the Mining Charter from 2007. HDSAs comprise 26% of management (2005:22%). (Managerial employees are defined as those in supervisory and management roles in Paterson job grades D-Lower and above.) HDSAs make up 18% of the board (same percentage as in 2005).

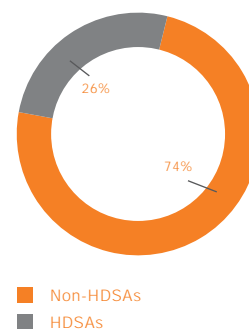
Foreign migrancy is reported in South Africa in line with the spirit of the Mining Charter. Foreign migrants are defined as employees drawn from outside the borders of South Africa but generally



Contractors vs employees at the South African operations



HDSAs in management



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from countries within the Southern African Customs Union as well as Mozambique. Many other migrant workers originate from rural areas within South Africa. The percentage of foreign migrant employees was 35.7% as at 31 December 2006 (2005: 36%).

Employee participation

Emphasis is placed on employee participation at the South African operations, besides the normal meetings and management briefing sessions for regulating the interaction with the unions and associations. The NUM Steering Committee is the body that interacts with management at corporate level on general company level issues. Company level interaction with the other unions and associations also takes place in the form of bilateral meetings on a regular basis, as and when the need arises. Other forums include the HIV/AIDS Committee, the Accommodation Forum and the Skills/Equity Committee. Interaction at operational/ business unit level largely takes place through the West Wits NUM Branch Committee and NUM Shaft Committees for each of the mines at the West Wits operations.

An Employee Share Ownership Programme (ESOP) was launched in South Africa in 2006 and is currently being implemented (*see case study: Harvesting for the future: Bokamoso ESOP on page 28*).

Training and development

In 2006, \$21.20 million (R143.5 million) – 4.64% of payroll – was spent in the South African operations.

Five broad areas of training can be identified:

ABET: It is AngloGold Ashanti's policy to provide Adult Basic Education and Training (ABET) to ensure that all employees are able to become literate and numerate. At the West Wits operations more than 50% of employees have a minimum qualification of ABET Level 3 which means that they are functionally literate. Full-time and part-time courses are held at the ABET centre and at the mines.

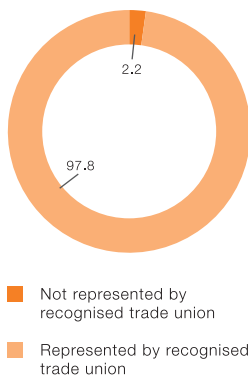
Vocational training: The provision of vocational training is an important part of the company's Social and Labour Plan. AngloGold Ashanti is registered with the Mining and Minerals Sector Education and Training Authority (SETA) and the Mining Qualifications Authority (MQA). The West Wits region's centralised training venue provides accredited technical training in mining, mining services, engineering, metallurgy, and occupational environment safety and health.

Talent management: AngloGold Ashanti's Talent Management Programme identifies and develops management for the future. The programme has three areas of intervention, namely: development; retention; and monitoring of talent, and includes an annual talent review at executive level to monitor 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.

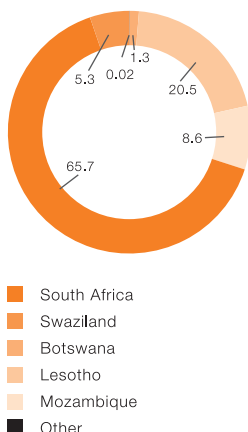
Graduate training: The South Africa region supports students in full-time studies at universities and universities of technology (formerly known as technikons). The bursary scheme is open to employees (in-service bursary scheme) as well as to the general public or so-called 'off-the-street' candidates. The company currently supports 48 students studying towards tertiary qualifications. In respect of the 48 students, 12 are employees while 36 are 'off-the-street' students. A total of \$0.75 million (R5.12 million) was spent on this programme in 2006.

Training for life: Training for life equips employees or ex-employees with skills to ensure their continued employability or ability to be self-employed after employment by the company and in

Workforce represented by a recognised union – South Africa (%) 2006



Country of origin of South African employees (%)



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preparation of career endings, both as a result of ill health or as a result of mine closure. Employees who are retrenched are offered re-training in a skill that will assist them to remain economically active within their community.

Housing and health care

In South Africa a wide range of accommodation options are available to employees. These options vary from privately-owned houses to company-owned single accommodation residences. The company provides a housing allowance to assist employees to acquire accommodation.

Historically, the South African mining industry has drawn a large percentage of its workforce from countries around South Africa – Lesotho, Mozambique, Swaziland and Botswana – as well as from rural areas within South Africa, such as the Eastern Cape, KwaZulu-Natal and Mpumalanga. The majority of these employees prefer to retain their homes in their country or region of origin and to return to their homes during weekends, annual leave periods and at the end of their employment.

These employees are accommodated in single accommodation residences which comprise mainly communal rooms (accommodating between four to eight persons per room), catering facilities, visiting families' units and entertainment and recreational facilities. A programme is in place to convert the communal rooms into single room accommodation. To date 1,031 single rooms have been created and the plan for 2007 is to create a further 572 single rooms. AngloGold Ashanti also plans to redevelop under-utilised residences into family accommodation and some 86 family units have been completed. A further 127 family units will be developed in 2007. Meals that are provided in the residence comply with international nutritional standards and are monitored by an independent dietician on a monthly basis.

All employees in South Africa not covered by formal medical scheme arrangements have access to health care at company facilities. The service is provided by AngloGold Ashanti Health, a subsidiary of AngloGold Ashanti.

The West Wits and Vaal River areas both have a central hospital providing secondary, and to some extent tertiary level care, surrounded by a network of peripheral primary health care and occupational health clinics. Health care activities which focus on care to employees in these areas and care to immediate dependants, where appropriate, include preventive, occupational, and primary health care; hospital care and the management of trauma; injury on duty; and treatment of HIV/AIDS.

The two occupational health centres are each staffed by two doctors and some 30 support health care practitioners. The occupational health discipline performs the functions of screening prior to employment, evaluation of baseline health status, surveillance during employment for purposes of early detection of disease (particularly high-risk diseases commonly associated with the mining industry) and directing the management of diseases detected, including the workplace and compensation initiatives required.

Each hospital has about 300 beds with emergency rooms, operating theatres and multi-disciplinary intensive care units. Speciality disciplines include internal medicine; general surgery; orthopaedic surgery; ear, nose and throat surgery; radiology; paediatrics; and obstetrics and gynaecology. These clinical disciplines are supported by the allied clinical disciplines of physiotherapy, occupational therapy and clinical psychology, which together ensure comprehensive patient care and rehabilitation.





Case study

Harvesting for the future – Bokamoso ESOP

In October 2006, AngloGold Ashanti, NUM, Solidarity, UASA and Izingwe Holdings (Pty) Limited jointly announced the launch of an employee share ownership plan (ESOP), together with a black economic empowerment (BEE) transaction. These transactions will result in 1.9% of AngloGold Ashanti's share capital – worth some R1.8 billion – being transferred into the hands of non-managerial employees and a BEE consortium.

Shareholders voted in favour of the transactions at a general meeting in December 2006. Managerial employees currently participate in a share participation scheme.

AngloGold Ashanti CEO Bobby Godsell says that this transaction is intended both to align employee rewards more closely with the company's share price, and simultaneously to give effect to the undertakings made to the Department of Minerals and Energy at the time the company gained its mineral rights conversions in August 2005. The company undertook to establish an ESOP and a BEE transaction equivalent to at least 6% of the value of the company's South African operations.

The establishment of the ESOP involved an in-depth process of consultation between AngloGold Ashanti and the three representative unions, making the process adopted unusual in the South African context. These consultations lasted for almost a year and were marked by attempts to reach consensus on all material issues, a goal which the parties believe was achieved.

The structuring of the ESOP in association with the BEE transaction with Izingwe Holdings, a company chaired by Siphon Pityana, is built around a co-operation agreement between Izingwe and the Bokamoso ESOP Trust.

About the Bokamoso ESOP

The shares issued to the Bokamoso Trust are a combination of ordinary shares (free shares) and a new class of shares (called loan shares). For each of the 30,953 eligible employees, 30 free shares (928,590 in total) have been allocated, and 90 loan shares (a total of 2,785,770) at a 10% discount to market value at the start of the scheme. Both classes of shares effectively have full voting and dividend rights. In practice, this means that each of the eligible employees will receive shares worth R36,000.

The free share element of the Bokamoso ESOP was introduced by agreement between the company and the unions to give greater assurance of value to employees. In terms of this agreement, approximately half the originally envisaged loan shares were converted into free shares on the basis of roughly the same cost to company.

The Bokamoso Trust has been established to acquire and administer the shares. The Board of Trustees who will oversee the trust will consist of two people nominated by the NUM, one by each of UASA, Solidarity and AngloGold Ashanti, and four people not connected to any of these parties but nominated by agreement between them. The elected chair of the Board of Trustees is May Hermanus, Director of the Centre for Sustainability in Mining and Industry at the University of the Witwatersrand.

The ESOP will run for seven years. The right to trade shares will occur annually in five equal tranches to each eligible employee on the so-called vesting dates, with the first portion vesting on the third anniversary of the Bokamoso ESOP launch, and the last on the seventh anniversary.

The ESOP seeks to address potentially conflicting imperatives: on the one hand it aims to promote broad-based share ownership of the company and long-term financial planning on the part of employees, and on the other hand it also aims to provide short-term cash returns to employees.

On each of the five vesting dates, eligible employees will receive the full benefit of the free shares that are due at that time, that is they may sell these shares.

With regard to the loan shares, the benefit due to eligible employees will be calculated on the basis of the difference between the exercise price and the share price on the relevant vesting date, taking into account an escalation factor accruing at 7% a year, and reduced by any applicable dividend flow. For the loan share aspect of the scheme, 50% of applicable dividends will flow directly to employees, and the other 50% will be used as described above.

Says NUM General Secretary Frans Baleni of the employee share ownership plan: "The NUM believes that there are better ways of turning workers into assets than the old traditional view of looking at them as a cost factor. Thus we lay praise to the breakthrough between organised labour and AngloGold Ashanti on the conclusion of the ESOP which should see 6% of South African assets committed to the development of this initiative. In line with the mining charter expectations, our members laud the development of the ESOP. We also wish to acknowledge the stakeholder involvement and participatory approach that underpinned the process, coupled with frank openness to an extent that parties crafted the trust deeds word by word."

Solidarity's General Secretary, Flip Buys, said that the transaction created a blueprint for similar transactions in the future at other companies. "AngloGold Ashanti has taken the lead by investing in its own future and that of its workers. The future will show that this was the right thing to do. Solidarity welcomes the job security that will result from the deal."

The establishment of the ESOP will involve extensive and ongoing education and communication work with employees, which the company and the unions will carry out jointly, as a further indication of the level of consensus reached in the consultative process. Each employee received a letter providing information on the ESOP and their participation following a formal launch of the ESOP to employees in late January.

AngloGold Ashanti recognises that, over time, many employees are likely to sell the shares that are due to them to gain immediate financial rewards. While the company will provide education relating to the

benefits of being longer term shareholders and the benefits of saving (either in the form of shares or other means), AngloGold Ashanti does not see the long-term holding of the shares as a precondition for the success of the ESOP. The only matter currently left unresolved is whether, and if so how, employee participation in the company will continue in seven years' time following the culmination of this scheme. This will be discussed between the parties in due course.

The role of Izingwe Holdings in the transaction

The acquisition by Izingwe Holdings of 1.4 million AngloGold Ashanti shares (equivalent to an equity interest of 6% in AngloGold Ashanti's South African production) forms an integral part of the overall ESOP/BEE transaction. Izingwe Holdings is a BEE investment company chaired by Siphso Pityana.

Mr Pityana has occupied strategic roles in both the public and private sector. He was formerly a senior executive of Nedbank and is currently a non-executive director of several companies including Bytes Technology Group (BTG), African Oxygen (Afrox), Munich Re and Aberdare Cables. He has had a working relationship over many years with various AngloGold Ashanti executives and trade union leaders, particularly in his previous public sector roles. Given the envisaged co-operative relationship between Izingwe and the ESOP Trust, this was a critical factor in the selection of Izingwe for this role.

Izingwe has said of its relationship with AngloGold Ashanti. "The partnership with AngloGold Ashanti will be more than a shareholding relationship. The shareholding will be a springboard for jointly pursuing other projects. This is in the context of Izingwe's broader commitment to the mining industry. Izingwe has already secured prospecting licences for a range of minerals and it intends introducing various existing and greenfield opportunities to AngloGold Ashanti. The AngloGold Ashanti transaction consolidates and adds significant momentum to Izingwe's interests in the mining sector.

"Izingwe will also be active in other areas of AngloGold Ashanti's business. It will play a strategic role in its transformation initiatives and it will contribute to enhancing supply chain and routes to market, both from a general business perspective and by promoting a strong empowerment presence and culture in these areas."

This transaction has been structured in a similar manner to the loan shares issued in terms of the Bokamoso ESOP. Mr Pityana has been invited to join the Board of Directors of AngloGold Ashanti.

A key feature of this transaction is the intended conclusion of a co-operative agreement between Izingwe Holdings and the Bokamoso Trust following a series of consultations between Izingwe Holdings and the three unions. This will be finalised soon now that trust has been established. It is envisaged that the agreement could include commitments on shareholder co-operation, with Izingwe Holdings acting as a channel of communication between the Bokamoso Trust and the company's governance structures on transformation and other operational issues.



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 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

AngloGold Ashanti's South African operations have to comply with a host of national and provincial laws as well as a number of local by-laws. Some of the major laws are: the National Environmental Management Amendment Act 8 of 2004; the National Environment Management: Air Quality Act 39 of 2004; the Atmospheric Pollution Prevention Act 45 of 1965; the National Water Act 36 of 1998; the Water Services Act 108 of 1997; the Environment Conservation Act 73 of 1989; the National Environmental Management: Biodiversity Act 10 of 2004; and the National Environmental Management: Protected Areas Act 57 of 2003.

Although incidents of non-compliance with national and provincial legislative requirements occurred during 2006, these were of no material significance and, therefore, did not result in any fines being imposed on or legal action taken against the company.

Managing environmental issues

In addition to the AngloGold Ashanti Environmental Policy, every operation in South Africa has its own environmental policy.

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The Environmental Management Department in the South Africa region facilitates the implementation of environmental management in each operation in order to achieve legal compliance but each operation takes responsibility for its own environmental management.

All the operations have approved Environmental Programme Reports (EMPRs) in place as required in terms of South African environmental and mining legislation. All policy issues that can be addressed at a business unit level are included in the EMP management actions: radiation management, waste management, air quality management, land management, surface water management and groundwater management. The EMPs are updated every two years.

Environmental risk management and incident reporting

Risk management forms an integral part of AngloGold Ashanti's environmental management systems. Key environmental risks are identified as part of the company's overall risk profile and are reported accordingly.

All environmental incidents are reported to the environmental co-ordinators at operational level. These environmental professionals carry out investigations into significant incidents with the relevant operational staff. Investigations are documented and action plans drawn up.

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.

During 2006, six incidents at West Wits were reported to the board. Four of these took place at TauTona. In three incidents – on 15 February, 16 February and 11 March – the release of 12,300kg of refrigerant R134a (a greenhouse gas) underground and on surface occurred after the failure of condenser tubes. Changes have been made to condenser tubes at all refrigeration plants to ensure that this does not occur again.



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In the fourth incident the 1A refrigerant plant tripped on low evaporator pressure resulting in approximately 1,550kg of R134a refrigerant being discharged into the atmosphere. Extensive repairs have been undertaken.

The last two incidents, which occurred on 14 November and 20 December, the North Boundary Dam at West Wits overflowed owing to heaving rainfall in the catchment area. Water was discharged into the Wonderfontein spruit. Samples of discharged water were taken and analysed to determine water quality. Subsequently, the way in which the dam operates was reviewed and opportunities for minimising water levels are being explored through the Blyvooruitzicht Canal, including de-silting to restore the full retention capacity and pumping of water to an alternative storage facility.

Rehabilitation and closure

In line with its business principle and legislation, AngloGold Ashanti provides for rehabilitation and final closure during the operating life of all of its mines. In South Africa the company maintains a Rehabilitation Trust Fund. The table below presents the rehabilitation and decommissioning liabilities as at the end of 2006 for the South African operations as a whole, as well as each of the West Wits operations (including legacy projects related to historical operations).

Rehabilitation and decommissioning liabilities in South Africa (\$ million)

	2006						2005	
	Rehabilitation		Decommissioning		Total		Total	
	\$ million	R million	\$ million	R million	\$ million	R million	\$ million	R million
South Africa	58.5	396.0	96.8	655.3	155.3	1,051.4	145.3	925.6
West Wits								
Savuka	0.5	3.4	4.9	33.2	5.4	36.6		
Mponeng	2.0	13.5	13.8	93.4	15.8	107.0		
TauTona	3.3	22.3	13.7	92.7	17.0	115.0		
Legacy projects	3.3	1.1	0.9	6.1	2.1	14.2		

All the operations have closure plans which are reviewed and updated on a regular basis to take cognisance of operational conditions and developments, legislative requirements, international protocols, technological developments and advances in good practices.

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).

Efficient use of resources, including water and energy

AngloGold Ashanti has plans in place to improve the efficient use of resources and the company's over-arching philosophy is that this optimisation is best managed at site level where the staff

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understand the requirements of the operation and can identify needs and reduce wastage. Thus, environmental targets are also established by the individual mines to reflect the priorities and risks unique to each operating unit.

Water management

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).

In South Africa, apart from improving and maintaining compliance with water permit conditions, water quality improvements are being driven by the impending Waste Discharge Charge System (WDCS). The WDCS is a pricing strategy designed by the Department of Water Affairs and Forestry (DWAF) to improve national water use efficiencies and financially penalise the dischargers of poor-quality water. A number of water quality management challenges are being addressed by the South African operations, perhaps the most significant of which is the separation of clean and dirty water catchments on our older sites, some which date back almost 50 years. This often entails a macro scale redesign of drainage infrastructure that was built when water quality requirements were lax when compared with today's stringent standards.

A second but equally important water quality challenge is the management of groundwater seepage from tailings facilities, where short and long-term engineered solutions, including phytoremediation, are being investigated. (*See case study – Report to Society 2004*).

Recent media attention has focused on the state of the Wonderfonteinpruit, which flows from the north of the West Wits operations towards Potchefstroom. The issue is contamination of the water resource, with specific focus on radioactive sediment which has been deposited in the watercourse over an extended period of time by a number of mining companies, including abandoned and closed mines. Naturally occurring rock in this region contains uranium and other radioactive isotopes. The catchment area includes the workings of a number of mining companies, all with waste rock dumps, tailings dam and associated plant infrastructure.

The extent of damage to the stream has yet to be properly quantified, and a number of mining companies – including AngloGold Ashanti – have agreed to form and participate in an action group to address the various issues raised by the community and others. AngloGold Ashanti has in recent years reduced the amount of overflow from the North Boundary Dam during periods of high rainfall into the Wonderfonteinpruit and has – over the past seven years – spent around R7 million on a stormwater separation system to do this. This system includes the construction of a stormwater channel which diverts rainwater falling in the nearby West Wits Village allowing it to flow directly to the Wonderfonteinpruit. A further project, currently in progress, will increase the process water storage capacity by using the thickener tanks at a redundant West Wits process plant.

AngloGold Ashanti West Wits – environmental statistics

	Usage		Efficiency (Usage/oz)	
	2006	2005	2006	2005
Cyanide usage – kg	1,477,355	1,311,609	1.27	1.15
Water usage – m ³	8,530,177	8,200,289	7.36	7.19
Energy use – GJ	6,203,944	6,322,597	5.35	5.55



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'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

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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.

AngloGold Ashanti and the community in South Africa

The South African socio-political landscape is governed by a range of legislation: the most important to the mining sector being the Mineral and Petroleum Resources Development Act (MPRDA) which requires that all mining operations submit and adhere to a Social and Labour Plan as a prerequisite to the granting of new order mining rights and report their compliance with the MPRDA in accordance with the Mining Charter. In addition to specific human resources-related issues, the Charter requires mining companies to engage with local communities in which the company's operations are situated and from which it draws its workforce. AngloGold Ashanti was granted these conversions in respect of all its operations in August 2005 and will report on its compliance with the Mining Charter in 2007.

Engaging with the community

Regular meetings are held between AngloGold Ashanti and local councillors and business people – specifically with the Merafong Local Council and the Merafong Chamber of Business in the case of the West Wits operations – and the office of the Premier of North West Province. Sessions are held every quarter to brief the community on the company's operational and financial results and these forums also provide an opportunity for the discussion of other issues.

Corporate social investment

AngloGold Ashanti spent \$3.13 million (R21.19 million) on corporate social investment in 2006, in Southern Africa (South Africa and the neighbouring countries in the region from where the company draws a number of its employees).

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.

As in previous years education was the sector that received the greatest support from the AngloGold Ashanti Fund followed by HIV/AIDS, welfare and development, skills training and job creation, and health. In two other respects, however, there have been significant changes.

The first is that there has been a reduction in the number of small grants in favour of channelling larger amounts into projects with the potential to make a bigger impact on their communities. The second is a continuation of the trend where initiatives are generally only considered if they are based in the regions where AngloGold Ashanti has operations (and where Local Area Committees determine some of the projects selected for support) and from which the company draws large numbers of employees (and where the families of many of those employees live). In this respect AngloGold Ashanti is following the requirement of the Charter that mining companies should concentrate on development in their host communities and in the major-labour sending areas.

Fundamental to the philosophy of the AngloGold Ashanti Fund is the belief that development works best where people are empowered to work towards their own advancement and where ownership of the initiative rests either with the individuals or with the communities responsible for those initiatives. The aim is to provide constructive support for sustainable projects which will benefit the region concerned in the longer term.



Ergo model taken to West Wits

AngloGold Ashanti was aware that the closing in 2005 of its Ergo operation (to the east of Johannesburg) would have a marked impact on the nearby townships of Tsakane and Kwa-Thema. In view of this and in line with the company's commitment to its mining communities both during the life of operations and afterwards, the fund started a three-year project to improve teaching skills in mathematics and science in 14 secondary schools and literacy in 20 primary schools.

The manager of the fund, Sipho Mahlangu, says that from the outset the intention was that, if the model proved to be successful, it would be replicated in other areas. Having seen the difference that the interventions have made to pupils in the selected schools in Tsakane and Kwa-Thema, the fund decided to go ahead and introduce similar programmes in the regions of the company's West Wits and Vaal River operations (*for more detail on the latter please refer to the Vaal River Country Report*). Preparations started in 2005 and the projects got under way in 2006.

The thrust of the R1.6 million programme in the West Wits area is to provide extra classes in mathematics, science and English to learners in grades 10, 11 and 12. Some 150 children of varying abilities and drawn from a number of schools in Carletonville have been chosen for the two-year project which is being conducted by Star Schools, an organisation which specialises in the provision of supplementary education.

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Employee participation

In South Africa there is a 'give-as-you-earn' and matched volunteerism programme at the corporate office called Hearts of Gold. In 2006, 51 employees participated and volunteered a total of 259 hours of their time. In 2007 this programme will be rolled out to two pilot sites (one in the West Wits area).

Encouraging economic development

AngloGold Ashanti believes that its operations and activities should contribute towards the long-term sustainable development of host communities.

AngloGold Ashanti provides further support by procuring goods and services, where possible and practical, locally and by contributing redundant assets to community ventures.

The company's Small and Medium Enterprise Development Initiative (SMEDI) continues to identify people with ability and potential, and enters into a partnership with them to provide education, training and funding with the long-term aim of creating sustainable business. The raising of venture capital is managed through Masakhisane Investments limited, which was established in 1999, with an initial capital of R10 million (then worth approximately \$1.6 million).

Through a project to formalise mining villages, AngloGold Ashanti is making an important contribution to the sustainable development of the West Wits and Vaal River areas. *(See case study overleaf).*



Case study

Formalisation of mine villages to outlast mining

AngloGold Ashanti's South Africa region has initiated a process of formalising the mine villages near its West Wits and Vaal River operations. What this means is that the company is going through the necessary technical procedures and getting the approval of the relevant authorities to have the villages proclaimed public townships. Currently the property within these areas falls under the jurisdiction of the Department of Minerals and Energy. The table below spells out the changes that occur when these mining villages become proclaimed townships.

One aspect that does not change is the responsibility for environmental rehabilitation and the safety of mining operations which remains with AngloGold Ashanti.

The goal of the formalisation process is to hand over control and management of these residential areas to the local municipalities in order to ensure self-sustainable communities when mining operations cease.

Formalisation brings a number of benefits to the residents including:

- the upgrading of services (including bulk water supply, sewage, storm water and solid waste management) and roads to bring these in line with the requirements of the local authority;
- the registration of individual erven with approved rezoning rights with the office of the Surveyor General and the National Deeds Office. This will give people the chance to own their homes and will open the way for expanded business development; and
- access to any social services that the municipality may provide, for example, clinics, libraries and pension payout points.

AngloGold Ashanti properties manager Jacques Wessels says that before embarking on the formalisation process the company

appointed a team of specialists to investigate if, from a technical perspective, there were any 'fatal flaws' in the plan for the West Wits and Vaal River/Umuzimuhle villages. No impediments were found but anticipated development parameters were formulated. The local authorities were approached to enlist their support in principle for the intended process and their sanction was received for the inclusion of the villages into their area of jurisdiction.

West Wits village

Established in 1957 at the time of the development of the Western Deep Levels mine (now known as the West Wits operations), West Wits Village is situated 7km south of the centre of Carletonville and 10km north-west of Fochville in North West Province. The proposal for the 300ha area includes 572 erven: 518 residential erven, 48 hectares of erven with high-density accommodation (including offices and other facilities in some cases) and 53 erven to be used for economic and other uses related to support services. An area may also be set aside for education facilities.

Once the formalisation has been completed, control and management of this area will fall under the Merafong Local Municipality. *(For further detail on the Vaal River/Umuzimuhle Village, refer to the Vaal River Country Report.)*

Public participation

AngloGold Ashanti is involved in an extensive public participation process to give people who may be affected by the proposed formalisation, ample opportunity to comment, to raise concerns or to make suggestions that may result in the enhancement of the project.

Mining village	Proclaimed township
Mining villages, property and land use rights vest with AngloGold Ashanti and are aimed at supporting the core mining function.	The villages have the characteristics of a normal town where residents have access to land with a variety of defined uses in line with the standards approved by the provincial planning authorities.
Residents and businesses merely lease the land. Third-party ownership is not possible.	Various tenure and upgrading options become available.
The development and sustainability of the community is not considered as part of the strategic planning and budgeting priorities of the local authority.	The village areas are included in the social, infrastructural, health, economic and developmental (including housing) planning of the local municipalities.
The use of the land is managed through a system of permits and consents from the Department of Minerals and Energy.	Land use is managed by the local authority in terms of its zoning policies, municipal by-laws and Integrated Development Plans (IDPs).
AngloGold Ashanti attends to the needs (in terms of the provision of municipal services) of its workforce.	The local council is responsible for attending to these needs for its citizens and those living in surrounding communities.

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The first invitations to participate were issued in mid-November 2006 and, in addition to briefing documents, newspaper advertisements, notices and fliers, a series of public interaction meetings are being held (these started in mid-January 2007). Draft town planning layouts are available for public viewing at central venues in both villages.

Comments and issues raised during the public participation process will be fed into the Environmental Assessment Report which forms the basis on which the environmental and planning authorities will base their decision to approve or decline the formalisation. Responses to the town planning aspects (layout, conditions and so forth) will be submitted to the local authority for evaluation.

Progress to date

Independent environmental consultants were appointed by AngloGold Ashanti to assess the impact of the proposed townships on the surrounding environment. The study was submitted to the North West Department of Agriculture, Conservation, Environment and Tourism (NWDACET) in May 2006.

Site layout plans, prepared with inputs from geotechnical, engineering and environmental consultants, are being reviewed by the Merafong and Matlosana municipalities.

Towards completion

Once the public participation process (outlined above) has been completed a Scoping Report will be submitted to NWDACET which will then decide, on the basis of environmental considerations, whether the project can proceed and, if so, on what conditions.

When approval is given by the Planning Tribunal at the local authority concerned, conditions will be set regarding the establishment of the township and its layout. The role and responsibilities of the service providers as well as the services handover programme would also be finalised.

The next step would be the final survey and approval of the overall plan by the Surveyor General. This would be followed by the opening of a register at the Deeds Office, the obtaining of clearance certificates for the upgrading of all services and, finally, the proclamation of the township.

It is expected that the township will be proclaimed by the end of 2007.

Conclusion

Jacques Wessels points out that the basic motivation for the establishment of the townships is to “normalise” the existing situation. “Formalisation acknowledges the urban nature of the area and makes land uses, engineering services and the legal basis of the erven compliant with the standards of the authorities who control land development.”

He adds: “By providing the legal and technical basis for the allocation of land for non-mining activities and for the transfer of property, growth and integration will be facilitated and, ultimately, sustainability achieved.”



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Feedback

We welcome your feedback on our Report to Society 2006 and this country report. A feedback form may be found on our website at www.aga-reports.com.