

GHANA

BIBIANI



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About this report:

AngloGold Ashanti is committed to reporting to a broad range of stakeholders. In addition to its operational and financial performance the company also reports on its economic, social and environmental performance – the so-called triple bottom line.

This country profile forms part of a broader group Report to Society, which is available on the company's website, or from the contacts detailed below.

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Message from Yaw Boadi

Bibiani enjoyed another fatality-free year although our lost-time injury frequency rate (LTIFR) per million man-hours increased from zero in 2004 to 0.86 in 2005. We continued our efforts to improve our safety performance, which resulted in the mine achieving the highest safety award in Ghana. Again, Bibiani was successfully re-certified to the ISO 14001: 2004 management system conducted by DLIQ Certification Services. The overall findings demonstrated our continual improvement and conformity to our own Health, Safety and Environmental Management System which falls within the ISO 14001 framework.

Given the mine's dwindling ore reserves (now predominantly tailings), our strategy is to manage costs. In line with this we undertook a mine-wide restructuring exercise to keep the mine as compact as possible. This saw the merging of some departments and some 220 employees being made redundant.

Bibiani is putting up a 50-hectare oil palm plantation and local communities are being encouraged to join the 'out-grower' scheme. As a contribution to the local economy, the mine still supports the three bakeries it helped to establish. Bread baked by the bakers is sold to employees and the profit obtained used for repayment for the ovens and other materials the company provided to them, so that other members of the community can benefit from the scheme.

Apart from these endeavours, 17 farmers have been assisted to grow 55 acres of maize on a piece of land acquired by the company. It is estimated that \$17,000 will be realised after the harvesting of the crop. In addition to this, vegetables are grown year-round, because of the irrigation facilities provided by the company. The harvested vegetables are sold to Bibiani's canteen. Other materials needed by the operations are sourced from local vendors to help develop local industries

Gold production in the year under review was 115,000 ounces, 13% higher than budget. Gold production for the coming year is expected to drop further to between 54,000 and 56,000 ounces at a cash cost of between \$297 and \$309 per ounce. Only old tailings will be treated.

In addition to the current extensive tailings reserves (142,000 ounces), the main Bibiani Pit Cutback Project has been identified and will add about 500,000 ounces to the operation. Contractors SRK have been to site to carry out a geotechnical review of the cutback and their report is awaited in January 2006.

Notwithstanding the limited life that we face, it is our resolve to maintain best practice with regard to safety and health and the environment, and to work towards achieving the standards set by the International Cyanide Management Code.

Yaw Boadi
Senior Manager: Bibiani

Introduction

AngloGold Ashanti has three mines in Ghana: Bibiani (open-pit), Obuasi (which comprises both surface and underground operations) and Iduapriem (open-pit). Formerly assets of Ghanaian-based Ashanti Goldfields, they became part of AngloGold Ashanti in April 2004 when the business combination of Ashanti and South African-based AngloGold became effective.

Together these mines produced 680,000 ounces of attributable gold in 2005, at a total cash cost of \$339 per ounce.



Bibiani

Ownership: 100% ownership by AngloGold Ashanti

Location: Bibiani is situated in the western region of Ghana, 90 kilometres west of Kumasi.

Mining and processing: The Bibiani mine was restarted in 1998 as an opencast mine with a carbon-in-leach (CIL) plant. The mine had previously operated between 1903 and 1968 as an underground operation with minor surface quarrying activities. In addition to the opencast ores, resources at Bibiani include old tailings dumps and underground mineral potential, which is presently being explored and evaluated.

Geology: The Bibiani gold deposit lies within Birimian meta-sediments and related rocks which occur in the Proterozoic Sefwi Belt of southern Ghana. Gold and gold-bearing sulphide mineralisation occurs in quartz-filled shear zones and in altered rocks adjacent to those shears. The full strike of the Bibiani structure is at least 4 kilometres. For metallurgical classification there are three main ore types at Bibiani: primary, transition and oxide. Further lithological classification gives four ore types: quartz (generally high-grade), stockwork (medium/high grade), phyllites and porphyry (both low-grade).

Performance: Opencast operations ceased in the main pit in January 2005. As planned, the mill processed a combination of opencast ore from the remaining pits and stockpiles as well as old tailings. A larger-than-expected tonnage of opencast ore was available from both the satellite pits and the stockpiles and this was processed in preference to the old tailings. The satellite pits were depleted in December 2005 and it is expected that the stockpiles will be fully depleted in January 2006. The mill will process only old tailings from February onwards.

Production attributable to AngloGold Ashanti rose by 10% to 115,000 ounces*. Total cash costs increased to \$305 per ounce as overall volumes declined. Gross loss adjusted for the effect of non-hedge derivatives was \$10 million. Capital expenditure of \$6.8 million was spent mainly on the underground feasibility study and the old tailings reclamation project.

(* In 2004 production was reported for the last eight months of the year only.)

Government remittances: Bibiani paid \$2 million in royalties in 2005. No corporate taxes were payable because of assessed tax losses.

Growth prospects: Old tailings reclamation is expected to increase to around 200,000 tonnes per month from the end of January 2006 and to deliver 3.9 million tonnes, at an anticipated yield grade of 0.6g/t over 18 months.

A study is currently in progress to assess the viability of recommencing mining operations in the main pit by way of a cutback that would cater for the extraction of mineral resources to a depth of approximately 60 metres below the current pit floor. Following the start of the evaluation of the opencast cutback, underground exploration and feasibility work was suspended in July 2005 and the underground mine was put on care and maintenance.

Outlook: Gold production in 2006 is expected to decrease further to between 54,000 and 56,000 ounces with the old tailings as the main treatment material. Total cash costs of between \$297 and \$309 per ounce are forecast. Planned capital expenditure will be between \$500,000 and \$1 million and will be spent principally on the tailings embankment raise.

With the ongoing rationalisation, the employee complement (excluding contractors) at Bibiani will be reduced from 446 to 226.

† Throughout this report \$ refers to US\$.

Bibiani

		2005	* 2004
Gold production	(000oz)	115	105
Total cash costs	(\$/oz)	305	251
Total production costs	(\$/oz)	482	369
Capital expenditure	(\$ million)	7	7
Total number of employees		602	871
Employees		462	479
Contractors		140	392

* For the eight months from May to December 2004.

Mineral resources and ore reserves

Mineral Resources and Ore Reserves 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 Code). Mineral Resources include the Ore Reserve component.

AngloGold Ashanti had Mineral Resources of 175.8 million ounces and Ore Reserves of 63.3 million ounces as at 31 December 2005. Of these, the Ghanaian operations accounted for Mineral Resources of 28.8 million ounces and Ore Reserves of 10.6 million ounces.



	Category	Tonnes million	Metric	Imperial		Contained gold million oz	
			Grade g/t	Contained gold tonnes	Tons million		Grade oz/t
Mineral resources (as at 31 December 2005)							
Bibiani	Measured	5.4	1.85	10.0	6.0	0.054	0.3
	Indicated	1.6	3.78	6.0	1.7	0.110	0.2
	Inferred	3.4	3.09	10.6	3.8	0.090	0.3
	Total	10.4	2.55	26.6	11.5	0.074	0.9
Ore reserves (as at 31 December 2005)							
Bibiani	Proved	4.0	1.03	4.1	4.4	0.03	0.1
	Probable	0.4	0.93	0.3	0.4	0.027	-
	Total	4.3	1.02	4.4	4.8	0.03	0.1

Community

A fundamental philosophy of the company is that its operations and activities should contribute towards long-term sustainable development and that communities should be better off for AngloGold Ashanti having been there. Total corporate social investment expenditure in 2005 was \$8,752,407, of which \$96,506 was spent by Bibiani.

Community relations

In Ghana guidelines for community relations have been set by the local Environmental Protection Agency (EPA) and the Mines Inspectors' Department. Close contact is maintained with the chiefs and traditional authorities, including paying homage at significant events.

AngloGold Ashanti strives to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments which affect them, throughout the lifecycle of its operations. Extensive stakeholder engagement structures exist, including relations with government, media, organised business and the communities themselves, and communication is conducted on a regular basis.

Bibiani mine engages regularly with the local District Assembly Committee and has taken steps to inform community members about its activities through the local radio station and at periodic community engagement meetings. Based on current estimates, the mine is due to close in 2007.

Local economic development

Local economic development and the development of alternative livelihoods is a fundamental focus of AngloGold Ashanti's corporate social responsibility programme in West Africa.

Regional management is looking at the possibility of cultivating oil palm, rubber and jethropha (bio-diesel plant) on a commercial scale to generate employment in surrounding communities.

Bibiani is already developing a 50-hectare oil palm plantation and local communities are being encouraged to join this scheme. The mine helped to set up three bakeries and it continues to support these enterprises. Currently, the profits from the bakeries are used to repay the company for the ovens and other materials it provided. Seventeen farmers have been helped to develop 55 acres of maize on land acquired by the mine. In addition to this, irrigation facilities provided by the mine enable farmers to grow vegetables year-round. The vegetables are sold to the canteen at Bibiani.

To provide alternative livelihoods for young men and women, Bibiani has continued to finance two community farms it established five years ago at a cost of \$21,710. In 2005 assistance included irrigation and credit facilities. Some 300 youths have benefited from this job creation initiative. Crops cultivated on these farms include pawpaws, lettuces, passion fruits, okra, tomatoes and maize.

Many materials required by the mine are sourced from local vendors to stimulate the development of local industries.

Labour practices

AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO) and endeavours to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour. By virtue of its South African domicile, the company is subject to certain conventions signed by the South African government including the ILO's human rights and social conventions (ILO 29, 87, 98, 100, 105, 111 and 138).

In line with the company's upholding of human rights conventions, freedom of association is encouraged and collective bargaining structures are recognised in the regions where these structures commonly exist, as they do in Ghana. Some 93% of the total labour force at AngloGold Ashanti's operations in Ghana belongs to the Ghana Mineworkers' Union. New rates of pay were negotiated between the company and the union during 2005.

Employment equity

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which aims to promote an organisational culture that recognises the diversity of the societies within which the company operates, and which affords all employees the development opportunities that will enable them to achieve their optimal levels of career development during the period of their employment. AngloGold Ashanti's employment equity and equal opportunity programme covers employee development and retention, strategies to counteract losses, career development and the promotion of mobility in an environment that is free of unfair discrimination.

Localisation of labour

In Ghana the use of expatriate labour is overseen by government and



the state approves the company's expatriate quota on an annual basis. Expatriates are employed on a two-year contract during which it is required that local staff are trained to take over their roles.

Training and development

AngloGold Ashanti places great emphasis on the training and development of its workforce. It is committed to providing all employees with the opportunity to participate in training that will improve their workplace competency and to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of that person's workplace.

Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to AngloGold Ashanti. As part of this, company bursaries are granted to the dependants of employees in Ghana who have gained admission to government-approved secondary and tertiary educational institutions.



Environment

AngloGold Ashanti's environmental philosophy and practice are guided by the company's business principles and environmental policy. Operations are subject to the environmental laws, rules and regulations of the countries in which they are situated. Where no such laws exist or where these laws are perceived to be inadequate, the operations are guided by the company's business principles, environmental policy and the tenets of good practice.

The company's environmental policy and strategy is overseen by the board Committee on Safety, Health and Sustainable Development and driven at the corporate level. Within each region, the environmental manager provides advice to the relevant management teams.

At most operations, on-site environmental professionals are responsible for implementing the mine's environmental programme and advising the general manager. Regional environmental offices and the operations themselves may engage specialists who consult to the operations.

Environmental incidents

AngloGold Ashanti's reporting protocol enables the company to identify and manage the risks and impacts of environmental incidents as well as their associated costs. The protocol provides the appropriate level of information to advise the executive of the board

About ISO 14001

The International Organization for Standardization (ISO) is a voluntary not-for-profit network of national standards institutes from 146 countries with a Central Secretariat in Geneva, Switzerland, that co-ordinates the system. ISO 14001 focuses specifically on environmental management systems, and was first published in 1996. It applies to those

environmental aspects over which the organisation has control and over which it can reasonably be expected to have an influence.

ISO 14001 certification is the only ISO 14000-series standard against which it is currently possible to be certified by an external certification authority. Based on regular auditing by an appropriately accredited external body, an organisation may state that it is ISO 14001 certified.

of the nature and occurrence of important incidents and management's response to these. It also stipulates that a major incident must be reported within 24 hours. No major incidents took place at Bibiani during 2005.

AngloGold Ashanti has formally adopted ISO 14001 as the standard for the company's environmental management system; Bibiani achieved certification in February 2003.

Cyanide management

The use of cyanide in the recovery of gold is a core concern for the gold mining industry and is critical to its viability. AngloGold Ashanti was party to the development of the International Cyanide Management Code and was one of the first signatories announced in November 2005. The code is a voluntary industry programme for companies that use cyanide in the production of gold. Its codes and principles commit signatories to manage cyanide in a responsible manner.

Closure and rehabilitation

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

Water recycling at Bibiani

At Bibiani mine, as at all AngloGold Ashanti mines, water conservation and the prevention of polluted discharges into the environment are important aspects of water management. The mine is located close to the Mensin River and its tributaries, the Mpokwampa and Amponsah streams. At a slightly greater distance lies the Tano River, one of Ghana's major rivers into which the Mensin flows. A number of communities are situated within the mining lease area, and also beyond its boundary. They rely mainly on streams and shallow wells for their domestic water supply.

At the mine's tailings dam, the repository for slurry after the gold

AngloGold Ashanti Ghanaian operations – environmental statistics 2005

Total environmental liability	\$ million	47.1
Cyanide use	kg	5,954,000
Water usage	m ³	15,670,000
Energy use	GJ	3,142,796

extraction process, all of the mine's water is recycled as part of the mine's 'zero effluent discharge' philosophy, which means that process water is contained in a closed system and that there is no seepage or spillage of water into the environment. This water management programme has been in place since the mine re-started as an open-pit mine in 1998.

Water is used in the milling and chemical extraction process in the treatment of approximately 2.5 million tonnes of ore annually. The ore is crushed and milled prior to leaching by cyanidation. The gold is then adsorbed (collected) out of solution on to activated carbon and the residual solution is recycled to the process plant as process water.

Bibiani's water supply is obtained from a number of sources:

- the tailings dam;
- levees (raised embankments for water storage) – the mine has five levees which store rainfall, underground water and, on a temporary basis, water from Lake Amponsah until the water is pumped to the process plant;
- dewatering from the underground project; and
- Lake Amponsah (water from the lake is only used when other sources are inadequate).

The mine's total water consumption for 2005 was estimated at 3.5 million cubic metres, almost 76% of which was recycled water. This meant a saving of 2.3 million cubic metres in fresh water abstraction.

As mentioned, water from the tailings dam, which forms the bulk of the water source, is recycled for re-use at the process plant. Waste from the treatment process forms slurry which is pumped to the tailings dam or tailings storage facility. The quality of the water is then improved through a decanting process which consists of both a particulate and a liquid phase: metal pollutants like iron and



manganese settle on the bottom of the dam while cyanide residue in the water is naturally degraded through exposure to the sun. This water is then pumped to the process water pond (a surge facility) before it is required for processing.

Water from the levees is pumped directly to the process water pond. Water levee levels are strictly monitored, particularly after a minor discharge from an overflow in 2003, when heavy rainfall caused one levee to collapse, forcing water into the next levee which consequently also collapsed, resulting in flooding of the environment. Immediate remediation measures were taken, including water sampling inside and outside the concession area to determine the level of local water body contamination as a result of silting; fish caught in the flood waters were removed to the dam; all regulatory bodies were informed; the two affected levees were reconstructed; and freeboard has been increased and spillways located in competent ground.

To ensure that no flooding occurs at the suspended underground project, a care and maintenance programme has been implemented.

Excess water is routed to the process plant where it supplements process water supplies. A comprehensive programme is in place to prevent spillages at the tailings dam itself. The programme includes grassing of the embankment, securing the tailings discharge joints to avoid breakage, inspections, audits and regular patrols; and the establishment of an Emergency Response Management Programme.

Excess water is used to fill up the water bowsters, or tankers which sprinkle water regularly on haulage roads to minimise dust emissions.

Should an environmental issue occur, communities have recourse to the mine through the Human Resource Department which is charged with community relations. Complaints are investigated and the necessary remedial action taken. A possible indication of the success of Bibiani's Environmental Management Programme is that no complaints were received in 2005. Bibiani's Environmental Department has recently requested to be represented on the District Assembly, a community body which also deals with issues and grievances.



Occupational safety and health

While Bibiani enjoyed another fatality-free year, its lost-time injury frequency rate (LTIFR) per million man-hours increased from zero in 2004 to 0.86 in 2005. Nevertheless, the mine's continued efforts to improve its safety performance resulted in an award for Best Safety Mine in Ghana.

Managing safety and health

Safety and health performance is monitored and managed as an integral part of operational performance. While AngloGold Ashanti sets minimum guidelines for the company as a whole in respect of safety and health, regions and operations are encouraged to develop their own specific principles, guidelines and policies in line with local conditions and legislation.

At Bibiani, a behaviour-based safety system is to be introduced in 2006 to cultivate a safety mind-set amongst employees. Greater attention will also be given to improved contractor management to ensure greater contractor commitment to safety.

Following a safety day held at Obuasi in September 2005, a safety workshop was held for senior production managers from the three operations in Ghana – Obuasi, Iduapriem and Bibiani – and Guinea. Following the workshop, these operations resolved to adopt OHSAS 18001 as their safety management system, including the accompanying risk management programmes. OHSAS 18001 is

an Occupational Health and Safety Assessment Series specification which, rather than being prescriptive, suggests standards covering a number of key safety aspects.

Because mining operations often take place in areas with limited infrastructure, particularly with regard to health care services, AngloGold Ashanti makes provision for such services. Bibiani has its own on-mine medical facilities which cater for employees and their dependants.

Emergency management

Emergency procedures have been developed for a wide range of potential emergencies at Bibiani mine, and all shifts have been trained accordingly. Bibiani has worked closely with the Local National Disaster Management Organisation so as to integrate with the procedures in place for the wider community. In 2005, 20 members of the community were trained in basic first aid as part of this process.

Employee participation

AngloGold Ashanti strives for employee involvement and consultation with employees or their representatives in the implementation of safety and health principles. Safety and health agreements and

policies, which have been negotiated with representative unions, are in place at many of the operations. In Ghana, employee safety and health is catered for in the collective bargaining agreements with the unions that cover all categories of employees.

The company also believes in the importance of communication with employees on safety and health issues to create awareness and commitment to standards and best practices. Communication tools include meetings, notices and signage, the intranet, mine-based newsletters, safety newsletters, launches and other events, posters, videos and induction procedures.

Regional health threats

Malaria

Malaria is a significant health threat in West Africa. During 2005, 2,050 cases of malaria were reported amongst the Bibiani workforce and the malaria lost-time injury frequency rate (MLTIFR) was 534.9, the second highest at AngloGold Ashanti's Ghanaian operations. The MLTIFR allows the rate to be compared with the conventional LTIFR and clearly demonstrates the negative impact malaria has on productivity and health in the workforce.

In an effort to reduce the incidence of malaria amongst its employees and their dependants at Bibiani, the mine embarked on an anti-malaria campaign two years ago. Measures that have been implemented at the mine and at employee accommodation include:

- **vector control** – the regular spraying of residential areas with insecticides; desilting of drains and water bodies; supplying insecticide-treated mosquito nets to employees and dependants at subsidised rates; and supplying mosquito repellents to night shift workers in exposed areas;
- **education on malaria prevention** – education for employees takes place at regular 'Tool Box Talk' meetings and daily at the mine's on-site clinic which is open to employees, dependants and private patients. Malaria prevention is also emphasised at the twice-weekly antenatal clinics held for expectant mothers; it is notable that in 2005 less than 5% of pregnant women reported to the clinic with malaria; and
- **effective malaria management** – all malaria cases are treated at the mine clinic. No malarial fatalities have been reported during the last three years at the clinic. Children under the age of five and pregnant women are prioritised. In line with the national treatment protocol, all pregnant women are placed on an anti-malaria prophylaxis.

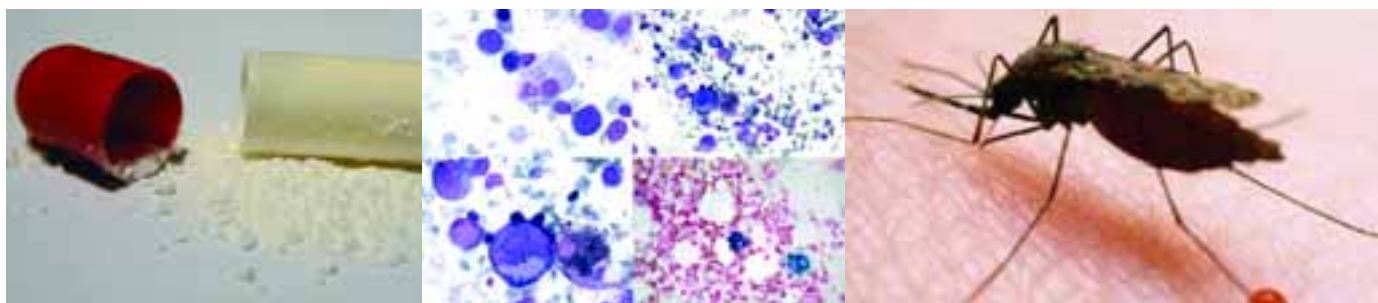
Despite these efforts, however, the incidence of malaria has not declined, as one would have expected, but has increased significantly. Between 2003 and 2005, the number of employees and contractors contracting malaria almost doubled, rising from 1,180 to 2,050; 522 work days were lost to malaria in 2005. Out of a total number of 11,516 cases presenting at the clinic in 2005, including employees, dependants and private patients, 4,430, or 38.5%, were diagnosed with malaria.

Bibiani mine is now undertaking a study to investigate why the incidence of malaria is on the increase. Headed by Dr Ernest Nagali from Bibiani mine clinic, the study team is attempting to find out how effective the vector control measures are at the mine and its residential areas, compared to the rest of the town of Bibiani – the largest in the district with an estimated population of 45,000 – which was not included in the mine's vector control programme. The two-year study, which commenced in June 2004, is likely to show that malaria prevention needs to be adapted to suit local conditions. The results, which will be presented to the mine, local health authorities and other interested parties, are expected to be released by August 2006

HIV/AIDS management

HIV/AIDS programmes are part of AngloGold Ashanti's policy to reduce the incidence of the disease amongst its workforce. While the company plays an advisory role in the development and delivery of HIV/AIDS programmes, individual operations are responsible for the programmes and initiatives which are frequently undertaken in collaboration with government bodies and non-governmental organisations (NGOs).

A company-specific policy has been in place at Bibiani since 2000. The on-mine medical officer is charged with oversight of the HIV/AIDS programme, the main thrust of which is aimed at the prevention of infection. A monthly message is communicated to employees by the on-mine peer educators, HIV/AIDS messages are printed on all pay slips, and the monthly company newsletter has a dedicated HIV/AIDS column. An HIV/AIDS talk is given at the clinic each day and condoms are freely available to employees. The clinic also treats all sexually transmitted infections (STIs) and encourages the treatment of partners of those who present with STIs. The on-mine clinic also provides voluntary counselling and testing (VCT) free of charge to employees and their dependants and at a highly subsidised rate to community members. Since December 2004, when the VCT programme began, 24 tests have been done. Although there is no formal wellness programme, two employees are on anti-retroviral treatment (ART).



Awards

- ISO 14001: 2004 Re-certification successful
- First place in the Zone B National First Aid Competition
- Placed first as Best Safety Mine in Ghana at a National Safety Competition, organised by the country's Mines Department and the Chamber of Mines

