

06

Country Report
Ghana
Iduapriem



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.aga-reports.com); and
- the Report to Society, which is available as a printed document, and a more extensive Report to Society on our website (www.aga-reports.com) which includes additional information, including case studies and country reports, of which this is one. Together these reports seek to present a fair and balanced reflection of the group's operation and performance, its objectives, values, business principles, and the major issues and challenges that it is facing.

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



Introduction

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

Formerly assets of Ghanaian-based Ashanti Goldfields, these mines became part of AngloGold Ashanti in April 2004 when the business combination of Ashanti and South African-based AngloGold came into effect. The Iduapriem and Teberebie properties are adjacent to each other and are part of the Tarkwaian gold fields.

Message from David Renner

The people of Iduapriem are to be congratulated on a steady performance during the year.

Safety, health and environment

During 2006, Iduapriem achieved 2.1 million man-hours without a lost time injury which translated to a Lost Time Injury Frequency Rate (LTIFR) of 1.15. There has been no fatality on the mine for the past five years.

Following the group decision to have all mines certified under the Occupational Health and Safety Assessment Series (OHSAS18001), a gap audit and risk assessment was carried out with a view to applying for certification by mid-2007. Our gap audit indicated 75% compliance with OHSAS18001 standards.

The mine continues to register strong environmental performance with no major reportable incidents during the year. Towards the end of 2006, an ISO14001 re-certification audit was carried out by DLIQ Services of Australia. Iduapriem achieved 97% assessment conformity in environmental management performance.

Likewise, there were no significant occupational health incidents recorded in 2006. Early in the year, there was a national threat of an outbreak of avian flu. The mine carried out an extensive education programme for employees and neighbouring communities. Owing to stringent measures taken by the national health authorities, the threat abated. In the continued fight against HIV/AIDS, Iduapriem and Gold Fields Ghana Ltd, Tarkwa, collaborated on the construction of a Voluntary Counselling and Testing (VCT) Centre at the district hospital to be used by both companies' employees as well as members of the public, and to find ways of encouraging people to know their status and manage their lifestyle appropriately. The facility will be managed by the District Health authorities.

Production

Production at Iduapriem for 2006 was just below 200,000oz, a 4% decrease on the previous year. Smooth operations were hampered by frequent mechanical problems with the old crushing plants and gearbox failure at the SAG 2 mill during the last quarter. Total cash costs rose by 5% year-on-year mainly as a result of the shortfall in production. A high-level Continuous Improvement Committee has been set up to look at areas that have potential for cost and productivity improvements.

Growth

A feasibility study for a plant expansion was completed in September and the mine was excited to receive news of executive approval to proceed with the estimated \$41 million upgrading project comprising a new crushing station, an additional ball mill and extensions to the leaching, gravity, thickening and residue sections of the treatment plant. The expansion will result in a 13% increase in throughput and a

significant reduction in operating costs and maintenance downtime. The project is expected to be commissioned during the last quarter of 2008.

Consistent improvements in the gold price and a further geological review of the Iduapriem orebody, led to a strategic decision to embark on an extensive drilling programme for underground potential below the current pit limits. The availability of drill rigs has been a major difficulty that has hampered progress thus far.

Community issues

On the community front, the 'Hand-in-Hand' alternative livelihood project continued to gain momentum. Greater emphasis was placed on the efficient provision of micro-credit facilities to members of the eight neighbouring communities. As a result of the poor recovery rate from previous beneficiaries, more focus was put on disbursements to women's groups who have the reputation of meeting their repayment obligations. About 80 female beneficiaries received varying amounts which were used in enterprises such as soap-making, bread-making and other light industries. A palm oil processing plant was commissioned at Adieyie because of its strategic location in relation to other communities. The facility will be managed by a committee who will be responsible for receiving and processing palm fruit from neighbouring communities which would otherwise have had to be transported long distances to Tarkwa and elsewhere for processing and sale.

There was also a high rate of success for those engaging in animal husbandry, especially pig rearing and fish farming, and for those involved in vegetable farming. Two community members were given awards as Best Farmers in the Wassa West District in Cocoa and Vegetable Farming on National Farmers' Day. One of the major challenges for the project is the marketing of produce from the farms which is currently being addressed through our social development partners, Opportunities Industrialization Center International (OIC). Infrastructure was also provided for education facilities as well as for water and sanitation in four neighbouring communities. In total \$326,000 was spent on the Hand-in-Hand programme in 2006.

Two court cases regarding compensation payments related to the Teberebie waste dump continued to be heard in the courts and are yet to be resolved. The issue of land replacement, which was recommended in a Resettlement Action Plan issued in 2003 for farmers displaced from the Teberebie waste dump area, has still not been implemented because of unforeseen challenges in finding alternative land. Consultations are ongoing with the affected people in the interests of finding a solution that is acceptable to both parties.

David Renner
Managing Director: Iduapriem
20 March 2007



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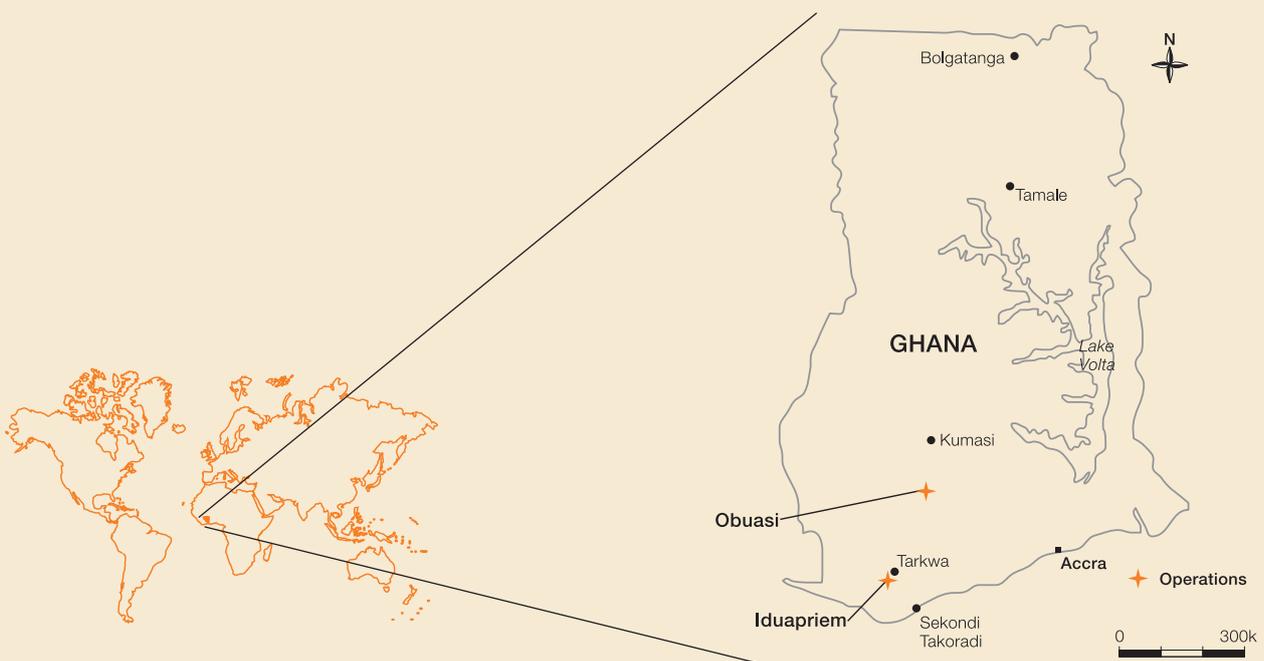
AngloGold Ashanti is one of the world's leading gold producers, with a varied portfolio of assets and orebody types in key gold-producing regions around the world. At the end of 2006, the company had 21 operations located in 10 countries (South Africa, Argentina, Australia, Brazil, Ghana, the Republic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

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

Currently, AngloGold Ashanti has two operations in Ghana – Iduapriem and Obuasi. (The Bibiani mine was sold with effect from 1 December 2006). In 2006, these mines (including Bibiani) produced 592,000oz (attributable) of gold, with 167,000oz (attributable) coming from Iduapriem. Also in 2006, the Ghana operations employed an average of 9,443 people, with 1,251 of these at Iduapriem (668 employees and 583 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.

ur mission & values

AngloGold Ashanti's mission

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

Our values

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

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

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

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

Our business principles

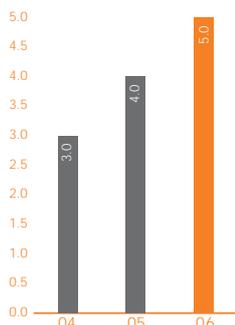
We live our values through our business principles. These principles are applicable across AngloGold Ashanti and in all the countries in which we do business.

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

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



Capital expenditure (\$m)
(attributable)
Iduapriem



Background

Ownership: AngloGold Ashanti has an 80% stake in Iduapriem (the remaining 20% is owned by the International Finance Corporation) and a 90% holding in the Teberebie gold mine (the government of Ghana holds the remaining 10% interest). The combined AngloGold Ashanti stake is 85%.

Location: Iduapriem mine is situated in the western region of Ghana, some 70km north of the coastal city of Takoradi, and 10km south-west of Tarkwa.

Mining and processing: Iduapriem is an open-pit mine. Its processing facilities include a carbon-in-pulp (CIP) plant and a heap-leach plant which has been closed down.

Geology: The Iduapriem and Teberebie gold mines are situated along the southern end of the Tarkwa basin. The mineralisation is contained in the Banket Series of rocks within the Tarkwaian System of Proterozoic age. The outcropping Banket Series of rocks in the mine area form prominent arcuate ridges extending southwards from Tarkwa, westwards through Iduapriem and northwards towards Teberebie.

Economic and financial performance

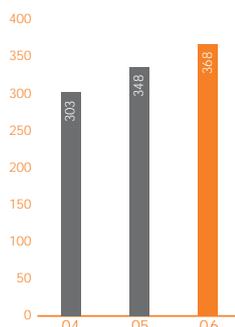
Operating performance: Attributable gold production decreased by 4% year-on-year to 167,000oz following a series of mill and crusher breakdowns which affected the operation during the first two quarters of the year. Total cash costs rose by 6% to \$368/oz in response to the decline in production and inflation-driven increase in operating costs.

The higher price received resulted in gross profit adjusted for the effect of the loss on unrealised non-hedge derivatives and other commodity contracts of \$7 million for the year, compared with a loss of \$2 million in 2005.

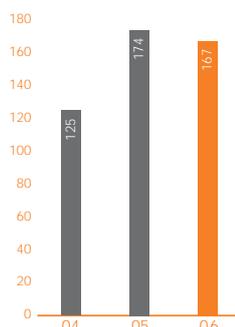
Attributable capital expenditure was \$5 million and was spent primarily on the start of the plant expansion project and general stay-in-business expenses.

Growth prospects: A plant expansion project to increase treatment capacity from 3.7Mtpa to 4.3Mtpa began during the fourth quarter of 2006. The expansion is expected to be commissioned in the third quarter of 2008 at a capital cost of \$41 million.

Total cash costs
(\$/oz)
Iduapriem



Gold production (000oz)
(attributable)
Iduapriem



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During 2007 a scoping study will be undertaken to evaluate the economics of exploiting the considerable low-grade mineral resources of other properties which lie in the Tarkwaian conglomerates extending below the economic limit of the pits.

Outlook: Production in 2007 is expected to be 170,000oz as a result of a planned higher yield. Total cash costs are likely to increase to around \$403/oz and capital expenditure will be significantly higher at \$46 million as a result of the plant expansion project.

Iduapriem		2006	2005	*2004
Pay limit †	(oz/t)	0.05	0.023	0.022
	(g/t)	1.60	0.72	0.76
Recovered grade ††**	(oz/t)	0.051	0.050	0.050
	(g/t)	1.74	1.71	1.72
Gold production – 100%	(000oz)	196	205	147
	– 85%	(000oz)	167	174
Total cash costs	(\$/oz)	368	348	303
Total production costs (\$/oz)		478	451	423
Capital expenditure – 100%	(\$ million)	6	5	4
	– 85%	(\$ million)	5	4
Total number of employees		1,251	1,283	1,306
Employees		668	698	709
Contractors		583	585	597

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

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

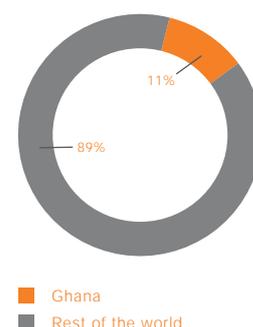
* For the eight months from May to December

** Open-pit operations

Government remittances

The attributable contribution from Iduapriem to government revenue for 2006 comprised royalties of \$3.0 million, corporate tax of \$4.3 million, property tax of \$0.03 million, import duties of \$1.45 million and non-recoverable VAT and other indirect taxes of \$0.6 million.

Ghana's contribution to group production – 2006



Sustaining operations

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

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

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

Mineral resources and ore reserves

Ore Reserves and Mineral Resources are reported in accordance with the minimum standard described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition), and also conform to the standards set out in the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC 2000 Code). Mineral Resources are inclusive of the Ore Reserve component unless otherwise stated.

AngloGold Ashanti had Mineral Resources of 181.6Moz and Ore Reserves of 66.9Moz in December 2006. Of these, the Ghanaian operations accounted for Ore Reserves of 10.9Moz and Mineral Resources of 33.0Moz.

Iduapriem	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)*							
	Proved	32,536	1.53	49,718	35,865	0.04	1,598
	Probable	11,676	1.63	19,032	12,871	0.05	612
	Total	44,213	1.55	68,751	48,736	0.05	2,210
Mineral resources (as at 31 December 2006)*							
	Measured	35,075	1.57	55,041	38,663	0.05	1,770
	Indicated	20,108	1.65	33,192	22,166	0.05	1,067
	Inferred	13,844	1.52	21,067	15,261	0.04	677
	Total	69,028	1.58	109,300	76,090	0.05	3,514

* Attributable to AngloGold Ashanti



Occupational safety and health

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

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

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

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

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

Implementation of OHSAS18001 is under way at Iduapriem and an external compliance audit will follow. In 2006 the safety manager from corporate office carried out an OHSAS18001 gap audit. Controls were put in place to deal with all the risks identified during these assessments and audit.

Managing safety and health

Iduapriem reported a fatality-free year, although the mine's Lost Time Injury Frequency Rate (LTIFR) per million man-hours increased from 0.58 in 2005 to 1.15 while the number of shifts lost through injuries went up to 133 (2005: 87). The mine achieved a record of 2.1 million man-hours without a lost-time injury during the course of the year.

Iduapriem, which falls under the Ghanaian Mining Regulations of 1970 (LI 665, LI 666) and the Labour Act 2003 (Act 651), recorded no areas of non-compliance during 2006.

Safety and safety issues form part of the collective bargaining agreement that is in place on the mine. Unionised and non-unionised employees and contractors are actively involved in the joint Safety, Health and Environment committees. Co-ordinators and representatives see to the day-to-day management of safety in their departments. Heads of departments have direct responsibility for safety and health in their area while the manager of the mine's Health, Safety and Environment Department is the overall co-ordinator of safety and health on the mine.

A central tenet of Iduapriem's safety and health policy, which is based on AngloGold Ashanti's



LTIFR – Iduapriem
(per million man-hours worked)





policy, is that employees are responsible for working in a safe manner and it is their duty to report all unsafe conditions to their supervisor.

Regular inspections ensure that risks are continually assessed.

Communication and training

Communication regarding safety and health takes place at the weekly toolbox meetings run by line supervisors, through monthly meetings of the Safety, Health and Environment Committee, and through the use of noticeboards and e-mails.

All new employees and contractors go through a safety induction process before they start work. Safety and health representatives and other employees undergo formal training in hazard identification and risk assessment, fire-fighting, first-aid and emergency response. Training is also given in job safety analysis, accident and incident investigations, and workplace inspections.

Medical surveillance

Iduapriem has its own on-mine medical facility which provides medical care to employees and their dependants and screens for early detection of occupational and other diseases. Run by a resident medical officer, assisted by an occupational health nurse, primary health care nurses, and laboratory and dispensary technicians, the clinic has 12 in-patient beds.

During 2006, a total of 462 medical examinations (pre-employment, periodic, transfer and exit) were carried out on employees.

Emergency management

There is a comprehensive mine-wide emergency response plan in place at Iduapriem with four emergency rescue stations strategically positioned on the mine and a trained response team in each department. Emergency drills (evacuation and fire, for example) are scheduled for all departments.

There are two ambulances on site. Minor injuries can be treated at the clinic where initial treatment can also be administered for major injuries before patients are referred to the government hospital for further treatment.

As part of the mine's emergency preparedness, first-aid and safety courses are run for the community and some staff members of the district hospital have been given training in dealing with cyanide-related emergencies.

Regional health

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

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

Malaria

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

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These circumstances notwithstanding, AngloGold Ashanti is pleased to report an improvement in 2006 in the control of the disease at Iduapriem. The number of malaria cases declined from 1,287 in 2005 to 1,247 in 2006 and the Malaria Lost Time injury Frequency Rate* (MLTIFR) was 388 (2005: 416).

Under the direction of the Safety, Health and Environment Department, the mine clinic is responsible for the management of malaria. The strategy focuses on:

- education campaigns to make employees and members of the community aware of the causes, signs and symptoms of the disease as well as the importance of drug compliance;
- vector control which involves the spraying of houses, the provision of insecticides and insect repellants as well as long-sleeved clothing for night workers, the draining of stagnant water and the weeding of overgrown areas; and
- treatment which is provided at the clinic with the laboratory providing essential back-up for effective diagnosis.

During 2006, Iduapriem spent \$22,605 on malaria drugs for employees.

Increasingly, Iduapriem will benefit from the malaria control centre which has been established at Sansu, a suburb in the town of Obuasi, to serve as the headquarters for AngloGold Ashanti's Obuasi malaria campaign and as a training centre for group malarial projects. The centre will also function as a satellite research centre and will be equipped with the necessary supporting infrastructure. The insectary is operational and satellite mosquito stations have been established. AngloGold Ashanti is sponsoring the resident entomologist's doctoral studies at the University of the Witwatersrand in South Africa.

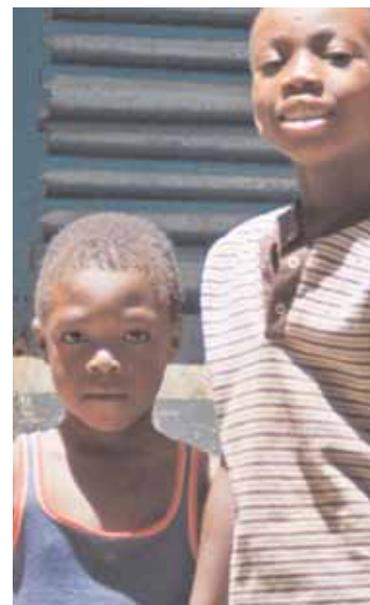
**MLTIFR, expressed as the number of cases (incidents) due to malaria for every million man-hours worked, allows the rate to be compared with the conventional LTIFR and clearly demonstrates the negative impact malaria has on productivity and health in the workforce. Malaria incidence rates are expressed as a percentage of employees affected by malaria in a given period. Because of seasonal changes in malaria incidence, this is usually reported as a quarterly rate.*

HIV/AIDS

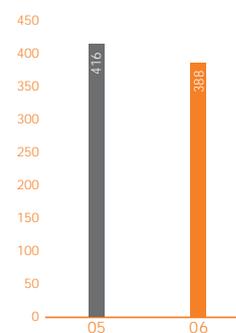
An HIV/AIDS policy has been developed in Ghana under the auspices of the Ghana Employers' Association and the National AIDS Commission in Ghana. According to the commission, the national prevalence rate was 3.1% in 2004 and 2.6% in 2005 which is similar to the level prevailing in the area around Iduapriem (2.7%).

While there is no formal voluntary counselling and testing (VCT) centre at Iduapriem, the mine clinic is equipped to undertake VCT and, in January 2007, the mine, Gold Fields Ghana and the Ministry of Health launched a VCT centre at a local government hospital. Here anti-retroviral (ART) treatment will be available for those requiring it.

There are 34 peer educators among employees at Iduapriem and 13 educators were trained in 2006 to work with the communities. In addition, educational pamphlets are distributed and use is made of information boards and stickers. Condoms are distributed with payslips every month and are available at a number of vantage points. There are no confirmed cases of employees infected with HIV at Iduapriem.



Malaria LTIFR – Iduapriem
(per million man-hours worked)





Human resources

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

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

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

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

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

Employment overview

In 2006 Iduapriem employed 1,251 people (668 employees and 583 contractors).

In line with the company's upholding of international labour conventions, freedom of association is encouraged and collective bargaining structures are recognised in the regions where these structures commonly exist, as they do in Ghana. At Iduapriem 32% of employees are represented by the Ghana Mineworkers' Union (GMWU) and 21% by the General Metal Manufacturing Union (GEMM). In total, 74% of employees are covered by the mine's collective bargaining agreement. As is the case every year, new rates of pay were negotiated between the company and the union in 2006. A brief industrial relations incident occurred in December as a result of dissatisfaction with the previously agreed bonus payments. The issue was resolved after a few hours of consultation and workers returned to work the same day.

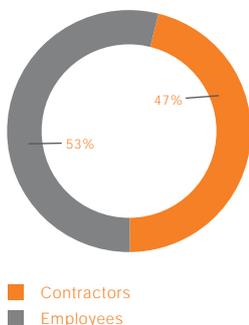
In 2006 a new employment policy was introduced at the operation: an overtime policy to make sure that employees do not overwork – which could result in workplace incidents – and as a way of controlling costs.

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. Iduapriem had three expatriates on its payroll in 2006. An additional 19 expatriates are employed by the mining contractor.

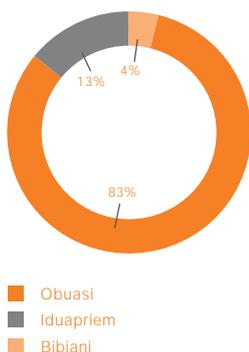
AngloGold Ashanti has a group policy in place that encourages the employment of local employees and replacement of expatriate employees over time, through skills transfer programmes and career development of local people.

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

Employees and contractors – 2006



Employment in Ghana – 2006



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Training and development

During 2006 Iduapriem spent \$83,600 on training.

The company places great emphasis on the training and development of its workforce. It is committed to providing all employees with the opportunity to participate in training that will improve their workplace competency and to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of that person's workplace. Most employees at Iduapriem are literate and numerate. In 2006, 367 employees underwent specialised training: 268 received technical training, 74 supervisory training and 25 management training.

AngloGold Ashanti's Talent Management Programme identifies and develops the group's management for the future. The programme has three areas of intervention: development, retention and the monitoring of talent which includes an annual talent review at executive level to look at succession plans for talented employees. Iduapriem identifies key staff in all the departments to benefit from the Talent Management programme.

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. A total of four employees participated in all three programmes in 2006. Another five have been earmarked to participate in 2007.

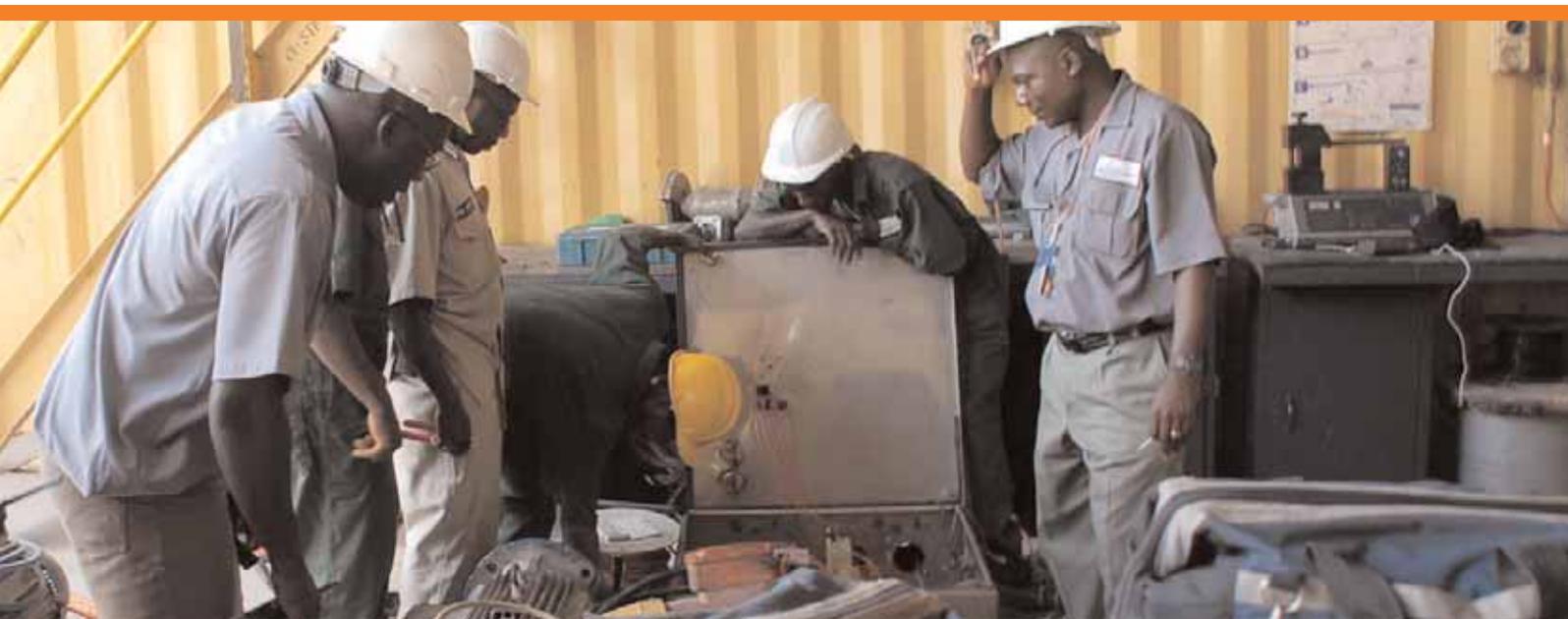
Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to AngloGold Ashanti. In Ghana company bursaries are granted to the dependants of employees who have gained admission to government-approved secondary and tertiary educational institutions. This was undertaken at a cost to the company of \$135,000 in 2006 and, at Iduapriem 142 students benefited from this programme.

Reward system and employee benefits

Iduapriem has a reward system in place for individuals and teams that is based on performance and upon the attainment of key performance indicators.

Company accommodation is provided to senior staff based on length of service and the nature of the work that they do. All other employees are paid a housing allowance.

Health care is provided free to all employees and their dependants.





Environment

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

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

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

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

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

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

Laws, regulations and requirements

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

- the EPA Act 490, 1994
- Mining and Mineral Law Act 703, 2006
- Mining and Environmental Regulations
- EPA Reclamation Security Agreement, 2004
- Water Resources Commission Act, 1996
- Act 522 Environmental Assessment Regulations, 1999, LI 1652
- Mining and Explosives Regulation 1970, LI 665
- Minerals and Mining Law 1986, PNDCL 153

No areas of non-compliance in terms of Ghanaian legislation were recorded by Iduapriem in 2006.

Managing environmental issues

The environmental management system at Iduapriem is risk-based and in compliance with the standards set by ISO14001. Iduapriem was certified in 2003 and re-certified in December 2006 with no major instances of non-conformance.

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The mine is currently partially compliant with the International Cyanide Management Code and is scheduled for external auditing in the third quarter of 2008.

Environmental incident reporting

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

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

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

No major environmental incidents occurred at Iduapriem in 2006.

Risk management

Risk management is an integral part of environmental management at Iduapriem. In 2006 two internal ISO audits and a safety, health and environment audit were undertaken. Three external audits were conducted during the year: two financial/environmental audits relating to mine closure and one in respect of the rehabilitation of the tailings dam.

Awareness and education

A 15-minute talk on safety, health and environmental issues is given each morning before employees start working and these matters also form part of the weekly toolbox meetings which include contractors. Different environmental themes are explored each month and extensive use is made of noticeboards and e-mails to spread environmental messages across the operation.

Engaging with stakeholders and the community

Iduapriem has meetings/visits every quarter with Ghana's Environmental Protection Agency, the Minerals Commission, the Water Resources Commission and Mines Department as well as the Chamber of Mines. Formal meetings with the District Assembly (local government) and the communities take place every quarter with informal sessions occurring as and when necessary.

Rehabilitation and closure

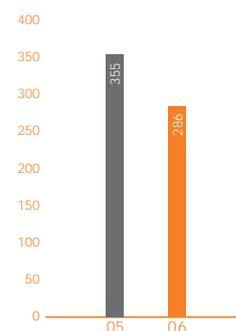
Iduapriem's current life of mine is to 2020 and a land reclamation and mine closure plan is in place. The operation manages 110km² of land of which 228ha have been rehabilitated with 244,000 seedlings planted to date. A total of 10,200 seedlings were planted on 9.2ha during 2006. An amount of \$15 million has been set aside to cover liabilities for rehabilitation (\$4.9 million) and decommissioning (\$10.1 million).

Plans for the decommissioning of the Teberebie spent heap and adsorption, desorption and recovery (ADR) facility is under way. The progressive rehabilitation of the Block 1 North and Southern-East waste rock dump was completed in December 2006. Cash crops are being grown on trial plots on the rehabilitated tailings dam which has been restored into a self-sustaining forest estate.

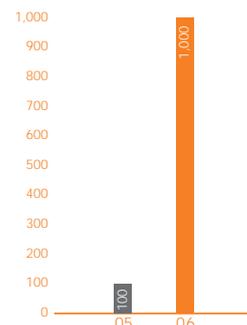
Cyanide usage
(000kg)



Total energy usage
(000GJ)



Fresh water usage
(000m³)



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).

Resource usage

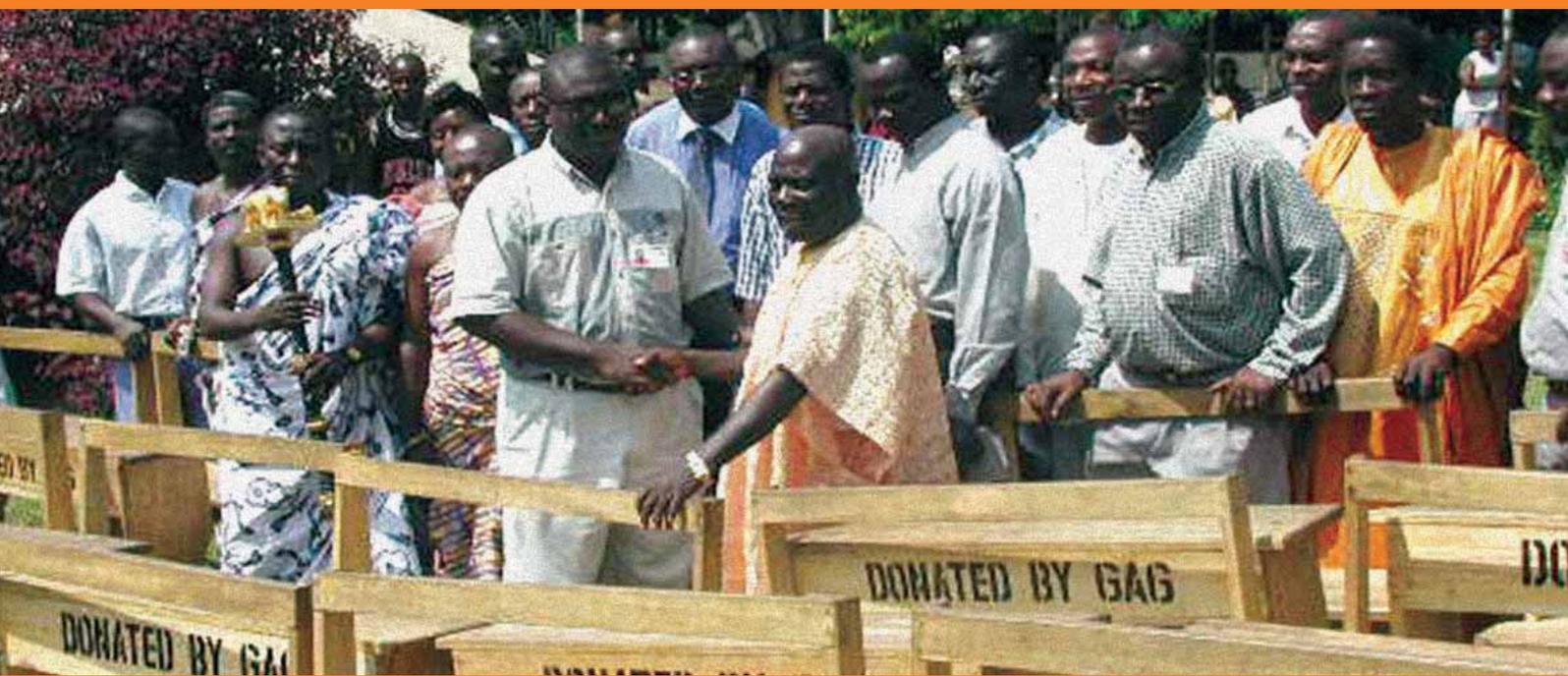
Process water is recycled for use in the plant; on average 570,00m³ of water are recycled and re-used at Iduapriem a month.

The use of a cyanide analyser, TAC 2000, optimises the use of cyanide in leaching gold and the levels of cyanide in the tailings decant water has been less than 5ppm (far below the ICMM guideline of 50ppm) since this was introduced. The mine's objective for 2007 is to minimise the consumption of cyanide rate from 3.9kg per tonne of ore treated to 3.7kg.

Key environmental indicators

	Usage		Efficiency (Usage/oz)	
	2006	2005	2006	2005
Cyanide (kg)	1,128,000	1,378,000	5.75	6.72
Fresh water (m ³)*	100,000	100,000	0.51	0.49
Total energy (GJ)	286,007	354,783	1.46	1.73

* Estimate of annual groundwater abstraction; nil abstraction from other sources.



COMMUNITY

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

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

- aims is to have a positive impact on the people, cultures and communities in which it operates. The company will be respectful of local and indigenous people, their values, traditions, culture and the environment;
- strives to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments that affect them, throughout the life cycle of the company's operations;
- undertakes social investment initiatives in the areas of need where the company can make a practical and meaningful contribution, in particular to those areas of education and health care relevant to AngloGold Ashanti's business activities, and those most likely to be sustainable after operations have closed;
- encourages its employees to make themselves available for participatory and leadership roles in the community;
- seeks to acquire and use land in a way that promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, the company will abide by appropriate guidelines for resettlement, where they exist, and will work with the local communities to develop workable plans for any resettlement; and
- strives to contribute to the sustainable economic development of host communities through procurement activities; the contribution of redundant assets to the community; assistance in the establishment and growth of small- to medium-sized sustainable enterprises; and the outsourcing of goods and services from local vendors where appropriate.

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

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

Policies and practices

Iduapriem follows the Community Development for Social Investments and Sustainable Livelihoods and the Resettlement Action Plan prescribed by the International Finance Corporation (IFC).

AngloGold Ashanti's Policy on Human Rights

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

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

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

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

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



The mine has a Community Relations Office that manages community and social issues at Iduapriem and employees are made aware of the mine's community-related policies and activities through meetings, seminars and newsletters.

Engaging with the community and other stakeholders

There are eight villages – Adisakrom, Adieyie (Mile 8), Mile 7, Techiman, Nkwantakrom, Wangarakrom, Teberebie and Abompuniso – situated in the vicinity of Iduapriem and each has a Community Consultative Committee with which the mine meets once a month. Each committee is made up of eight members representing the chiefs, the youth, women, farmers and unit committee and community-based organisation members in that community, as well as representatives from the mine.

The Community Liaison Group comprising representatives from the consultative committees, NGOs and Iduapriem meets on a quarterly basis. There is also the Monitoring Advisory Group which meets twice a year. This group has a convenor, two members representing the consultative committees and representatives of the Wassa West District Assembly, NGOs and the mine. Further meetings with the assembly and the traditional rulers take place as and when required.

Significant incidents and grievance mechanisms

One significant incident occurred on 2 February 2006 when a farmer, Mr Anthony Baidoo, was accidentally shot at Teberebie during a scuffle between a group of farmers and state security personnel. The farmers were demonstrating at the gate leading to the haul road.

The background to the incident is that the company has constructed an alternative road away from the main mining areas so that local farmers can access their land safely. While the road was under construction the mine organised a temporary bus service along the haul road. When the first phase of construction was completed on 31 January 2006, the community heads and other stakeholders were informed that the farmers should start using the new road and that the bus service would stop. At the same time the community was informed that the second phase – to construct culverts – would be completed before the start of the rainy season in March.

In response management received a letter from the community leaders stating that unless culverts were constructed at certain portions of the new road, the farmers would not use it. The leaders were urged to persuade the farmers to use it while the next phase of construction proceeded as the absence of culverts in no way affected the condition of the road which was perfectly safe for vehicles and pedestrians. Management emphasised that the haul road exposed pedestrians to safety risks.

On 2 February Teberebie community members converged at the gate leading to the haul road, blocking it and reportedly trying to force their way through the barrier that had been established. During a struggle between a community member and state security personnel, Mr Baidoo was struck by a bullet in the thigh. Four other people sustained minor injuries in the scuffle.

Mr Baidoo was taken to the mine clinic for initial treatment. Later the same day he was transferred to the Effia-Nkwanta Government Hospital after which he was air lifted to 37 Military Hospital in Accra. He was discharged in October 2006 and is under medical surveillance and receiving treatment as necessary at the mine clinic. Iduapriem is paying for all his medical expenses.

On 3 February 2006 the Wassa West District Assembly invited Iduapriem representatives and Teberebie community leaders to the District Security Committee meeting to resolve the matter. The committee concluded that the farmers should use the new road while the mine should hasten construction of the culverts. The following day farmers were observed to be using the new road.

Grievances can be raised at the Community Consultative Committee meetings or reported to the mine's Community Relations Office. Complaints are investigated and resolved in line with best practice. More than a dozen complaints were received during the course of 2006.

Social investment

AngloGold Ashanti's total corporate social investment expenditure in Ghana in 2006 was \$716,000: of this amount \$432,000 (88%) was disbursed by Iduapriem.

A central focus of social investment at Iduapriem is the Hand-in-Hand Programme, an alternative livelihoods initiative, aimed at uplifting the economic and social fabric of communities both during operations and after they cease. It was established at the beginning of 2005 through a partnership between AngloGold Ashanti and non-profit NGO Opportunities Industrialization Center International (OIC), an institution with its headquarters in the United States which fosters economic self-reliance

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through human resource development in Africa, Poland and the Philippines. OICI has provided development assistance programmes for disadvantaged communities in Ghana for the past 35 years.

The objectives of the programme are to:

- build the livelihood capacity of households;
- develop human capacity in health, nutrition and education;
- augment income-generating activities for the disadvantaged; and
- boost community resilience and participation.

The initial three-year Hand-in-Hand Programme aims to assist as many people as possible in the eight communities in the vicinity of the mine. The youth, who comprise 25% of the 7,500-strong population, are being specifically encouraged to take part in the initiative which offers alternative employment opportunities to artisanal mining, a centuries-old traditional form of employment which is often both dangerous and illegal.

Building capacity and promoting economic activity are the two main pillars of the initiative.

Iduapriem spent \$314,000 on the programme in 2006. (*For further details of the Hand-in-Hand Programme see the case study in the Report to Society 2005*). The rest of the mine's social investment expenditure was focused on general community development, water and sanitation projects, education and community health.

Some of the most significant projects supported during the year included the formation of groups to farm small ruminants, vegetables and palm oil; the construction of an Early Childhood Development Centre at Teberebie; the provision of micro credits (to the value of 76 million cedis) to 80 women; and capacity-building for over 200 community members.

Employee participation

A number of employees are church elders and members of parent teacher associations and other community bodies. Plans are well advanced for staff members to assist in teaching certain subjects for classes being prepared for examinations.

Resettlement

About 100 households were affected by the resettlement programme necessitated by the placement of the Teberebie waste dump. Those affected were fully involved in the resettlement plans and procedures. A breakaway group, however, sued the mine claiming inadequate cash compensation among other issues. Efforts have been made to settle the matter out of court but these have not been successful.

There are two court cases pending against Iduapriem: one action is being brought by the Wassa Fiase Traditional Council and the other by Emelia Amoateng and 34 other farmers (one of whom has refused to move from the dump area). The former are demanding a percentage of the compensation paid to the farmers, and the latter are seeking higher rates of compensation.

Iduapriem is planning to mine Ajopa Ridge in 2008 and this will affect some families who will have to be resettled. An independent group has been appointed to undertake socio-environmental studies before mining starts.

Artisanal and small-scale miners

Illegal miners have recently moved out of the Iduapriem mining lease area. This was achieved through consultation with the Wassa West District Assembly and the elders of the Teberebie community. There is, however, a group of artisanal and small-scale miners at Ajopa Ridge. An extensive case study on our approach to artisanal and small-scale mining may be found on our website at www.aga-reports.com/06/artisanalminers.htm

Recognition

Iduapriem's efforts in the community were recognised on two occasions in 2006.

The first occurred when the mine presented the Wassa West District Assembly with a €20 million cheque in support of National Sanitation week in September 2006. Iduapriem was commended for its social responsibility programmes and the support it has given to the Assembly. The second happened when management paid a courtesy call on the Apinto chief on whose land the mine is situated. He praised the company for being the first open-pit mine in the area to embark on development programmes to improve the living conditions of community members.



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