



Ghana Bibiani

Message from Peter Amponsah-Mensah

Mining at Bibiani dates from 1902 with gold production of some 70,000 ounces having been produced by 1913. Ashanti Goldfields Company Limited took over the property in 1996 and to date has produced about 1.5 million ounces of gold from this mine. The mine entered yet another chapter when it became part of the AngloGold Ashanti group at the end of April 2004. Presently the mine is ceasing its surface operations and looking at underground mining, so our process of change continues.

Bibiani has faced many challenges in recent times. To ensure that we achieve a brighter future I urge employees to:

- to continue to adopt a positive attitude to work;
- to work with renewed zeal and focus;
- to take a smarter approach to issues;
- to look for lasting solutions to problems;
- to seek empowerment through innovation
- to identify better techniques to reduce ore dilution and cost and to harness their intuitive abilities to reach out to better discoveries.

I can also assure our community and its leaders that AngloGold Ashanti has placed an elevated focus on community and social responsibility efforts in all areas of its operation to ensure that the company proactively enhances its already cordial relationship with them and I request their unflinching support as partners in development.

In meeting our community and social responsibility objectives, Bibiani focused mainly on three areas in 2004, namely:

- education and training;
- health, environment and sanitation; and
- job creation.

This is in addition to the tremendous economic contribution the mine has made to the local economy through the payment of a National Reconstruction levy of \$16,000 and \$1,953,000 in royalties. More details can be found in this report.

Peter Amponsah-Mensah
Acting general manager
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 reports, 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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2 | Introduction

On 4 August 2003, AngloGold Limited (based in South Africa) and Ashanti Goldfields Limited (based in Ghana) announced that they had agreed the terms of a recommended business combination. The Ashanti board announced on 14 October 2003 that it was recommending the improved final offer from AngloGold and, on 28 October 2003, the government of Ghana, which held 16.8% of Ashanti's issued share capital, announced its support for the AngloGold offer, as well as the principal terms of a Stability Agreement which the government of Ghana intended to enter into with AngloGold.

The business combination was effected by means of a scheme of arrangement, under Ghanaian law, which required and obtained the

approval of Ashanti shareholders and the confirmation by the High Court of Ghana. The business combination became effective on 26 April 2004 after the Court Order from the High Court of Ghana was lodged with the Ghana Registrar of Companies. From the effective date, Ashanti became a private company and AngloGold changed its name to AngloGold Ashanti Limited following approval by its shareholders at a general meeting held on 8 April 2004.

AngloGold Ashanti has three operations in Ghana: the Obuasi mine (which comprises both surface and underground operations), the Iduapriem mine (open-pit) and the Bibiani mine.

Bibiani

Ownership: 100% ownership by AngloGold Ashanti

Location: Bibiani is located in the Western Region of Ghana, 90 kilometres west of Kumasi.

Mining and processing: The Bibiani mine was restarted in 1998 as an open-pit 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 open-pit 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 metasediments 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: A total of 105,000 ounces of gold was produced for the eight months from May 2005, at an average total cash cost of \$251 per ounce. Capital expenditure was \$7 million, mainly on exploration and development work associated with the underground project.

Growth prospects: Underground mine development and exploration continues. The focus is on the immediate rehabilitation and geological evaluation of the old workings and the exploration and subsequent development of new mineralisation forming virgin ore blocks both to the south and north of the main pit. Old tailings reclamation re-commenced in December 2004 and is expected to deliver 4.7 million tonnes, at an anticipated recovery grade of 0.60g/t over a period of three years.

Outlook: Gold production is expected to decrease to 101,000 ounces in 2005, at a total cash cost of some \$278 per ounce. Capital expenditure, principally on exploration and underground development, is expected to rise to \$15 million subject to the successful outcome of the feasibility study. In 2005, the smaller satellite pits will be mined out and the processing plant will be fed with a mix of this ore, use of mine stockpile material and old tailings.

| Bibiani | | |
|----------------------------------|------------|------------|
| | | *2004 |
| Gold production | (000oz) | 105 |
| Total cash costs | US\$/oz | 251 |
| Total production costs | \$/oz | 369 |
| Capital expenditure | \$ million | 7 |
| Total number of employees | | 871 |
| Employees | | 479 |
| Contractors | | 392 |

*For the eight months from May 2004



Mineral resources and ore reserves

Mineral resources and ore reserves are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code), together with 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 218.2 million ounces and ore reserves of 78.9 million ounces as of 31 December 2004. Of these, the Ghanaian operations accounted for mineral resources of 34.3 million ounces and ore reserves of 11.8 million ounces.

| Mine | Category | Tonnes million | Metric | | Imperial | | |
|---|--------------|-------------------|--------------|-----------------------------|-----------------|---------------|---------------------------------|
| | | | Grade g/t | Contained gold tonnes | Tons million | Grade oz/t | Contained gold million oz |
| Mineral resources (as at 31 December 2004) | | | | | | | |
| Bibiani | Measured | 5.8 | 1.22 | 7.1 | 6.4 | 0.036 | 0.2 |
| | Indicated | 18.5 | 1.26 | 23.3 | 20.4 | 0.037 | 0.8 |
| | Inferred | 3.1 | 6.10 | 18.9 | 3.4 | 0.178 | 0.6 |
| | Total | 27.4 | 1.80 | 49.3 | 30.2 | 0.052 | 1.6 |
| Ore reserves (as at 31 December 2004) | | | | | | | |
| Bibiani | Proved | 5.6 | 1.23 | 6.9 | 6.2 | 0.036 | 0.2 |
| | Probable | 2.2 | 3.43 | 7.5 | 2.4 | 0.100 | 0.2 |
| | Total | 7.8 | 1.84 | 14.4 | 8.6 | 0.054 | 0.5 |

Occupational safety and health

Bibiani has an excellent safety track record and, in 2004, again achieved a lost time injury free year. The mine was also acknowledged for this achievement by a Nosa 5-star rating during 2004.

The group's values and business principles on safety and health and accompanying safety and health policy are minimum guidelines for the group 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.

AngloGold Ashanti is committed to complying with all relevant laws, regulations and standards applicable to the countries in which its

operations are located. In the absence of appropriate laws, regulations or standards, or where these are perceived to be inadequate, the company will adopt standards reflecting good practice.

The group encourages both employee involvement in matters relating to safety and health, and communication with employees in this regard. Safety and health representatives are appointed from the workforce and there is union representation when incidents are being investigated. It is also actively involved in safety and health campaigns co-ordinated by the safety, health and environment department. Safety training is largely informal and on-the-job for the majority of employees while selected employees undergo formal training courses.



Labour

AngloGold Ashanti is committed to being a responsible and fair employer. The Ghanaian operations employ some 8,900 people, comprising both employees and contractors. Of this number, 871 are employed at Bibiani, comprising 479 employees and 392 contractors.

About 87% of the total labour force and all non-supervisory employees belong to the Ghana Mineworkers' Union.

The group is committed to upholding the Fundamental Conventions of the International Labour Organization (ILO) and seeks to ensure fair employment practices group-wide. The group's business principles underpin this commitment, and reflect the spirit of the Universal Declaration and the Fundamental Human Rights Conventions of the ILO. By virtue of its domicile in South Africa, AngloGold Ashanti is subject to certain conventions signed by the South African government. These include human rights and social conventions (ILO 29, 87, 98, 100, 105, 111 and 138).

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which seeks to promote an organisational culture that recognises the diversity of the societies within which the company conducts its business, and which affords all employees the development

opportunities that will enable them to achieve their optimal levels of career development in the course of their employment with the company. Key elements of the group's employment equity programme include employee development and retention, the implementation of strategies to counteract losses, to develop careers and to promote mobility in an environment that is free of discrimination.

Training and development is a primary focus area for the group. In line with AngloGold Ashanti's belief that all employees should be provided with the opportunity for appropriate training which improves their workplace competencies, the company is also committed to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of their workplace. Literacy levels are 100% at Bibiani. Company bursaries are granted to the dependents of employees who have gained admission to government-approved secondary and tertiary educational institutions. 1,380 bursaries were granted to the Ghanaian operations overall during 2004.

The company seeks to remunerate employees fairly at both an individual and team level. Remuneration levels are set taking into account the market as well as economic and inflation indicators.

Environment

AngloGold Ashanti's environmental philosophy and practice is guided by the group's business principles and the group environmental policy. The latter was reviewed in 2004 following the business combination between AngloGold and Ashanti.

Environmental management systems (EMSs) form the backbone of environmental management at an operational level. Bibiani has adopted the ISO 14001 EMS and is ISO 14001 certified.

As environmental incidents can represent a significant risk and cost to the company, AngloGold Ashanti has developed a reporting protocol that allows the company to effectively identify and manage these risks and associated costs. The protocol aims to streamline operational reporting requirements yet provide the appropriate level of information necessary to advise the executive and the board of the nature and occurrence of important incidents and developments and management response. Major environmental incidents are reported to the regional management, as well as the corporate environmental office, within 24 hours of the time that operational management becomes aware of the incident. No such incident was reported at Bibiani during the year.

In all the 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 cost, of the anticipated closure and rehabilitation costs for the operation. (Rehabilitation refers to the process of reclaiming or restoring mined land to a similar use to before mining or a pre-determined, agreed use post-mining.) These amounts are derived from the mine closure plans, which are also regulated by law.

Closure plans are devised prior to the commencement of operation and are regularly updated based on life-of-mine projections. Although the final cost that will be incurred at closure is not definite, ample provision is thus made during mine life. Closure liabilities for Bibiani are currently \$4 million. This estimate is based on studies carried at the operation and will likely

Defining ISO 14001

ISO 14001: The International Standards Organization (ISO) is a voluntary not-for-profit network of national standards institutes from 146 countries with a Central Secretariat in Geneva, Switzerland, that coordinates the system. ISO 14001 focuses specifically on environmental management systems, and was first published in 1996. It applies to those environmental aspects which the organisation has control over and over which it can reasonably be expected to have an influence.

ISO 14001 certification: ISO 14001 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.

change as further technical investigations, that may influence the closure provisions, are carried out.

The primary environmental concerns for the company have been the use and management of cyanide, mine closures, water use and management, the use of other resources (such as energy), biodiversity issues, surface and land rehabilitation during mining operations. The use of cyanide for the recovery of gold is a core issue for the gold mining industry and is critical to its viability. Yet, its potential impact on the environment is one of the most controversial and debated issues for legislators, environmentalists and other groups.

AngloGold Ashanti has been actively involved in the development of the International Cyanide Management Code (Code) and has adopted published protocols and standards of practice for cyanide management. Substantial progress has been made with its implementation. Internal audits of compliance will be conducted in Ghana in early 2005.

Bibiani's role in the debate on protected forests



The open-pit at Bibiani, which was commissioned in 1998, is in the Sefwi-Bibiani belt, host to over 17 million ounces of gold, and the second-most significant gold-bearing belt in Ghana after the Ashanti Belt to the east. As host to some of the world's largest gold deposits, Ghana's gold mining industry has more than doubled in the past decade. However, there are concerns that the forests, beneath which lie the valuable gold deposits, are in danger of disappearing. Opponents claim that much of Ghana's formerly forested areas has been lost, and that existing forest reserves are progressively being converted into other forms of land-use, in this case, surface mining. Mining is blamed not only for deforestation, but also for altering entire physical ecosystems. However, it is the view of AngloGold Ashanti that mineral development can alleviate deforestation pressures and contribute to the reforestation of disturbed areas.

An example of how this can be realistically achieved is AngloGold Ashanti's Bibiani mine; this operation also begins to dispel the myth that mining operations in developing countries operate to lower standards than their counterparts in developed countries.

Bibiani mine is an ISO 14001 certified operation and has received significant recognition for both its environmental and safety performance. In 2001, it was cited by the Ghanaian Environmental Protection Agency as an Environmentally Committed Company (Mining Sector).

Bibiani has a policy of progressive rehabilitation; this means that instead of leaving its rehabilitation obligations till the end of operations,

mined-out areas and associated waste are reforested as they become available. Standard methods of rehabilitation are used (including flattening of dump slopes, the application of topsoil and tree-planting of these areas, the last of which is carried out by local contractors and casual labour). Bibiani also runs a nursery which produces a wide range of indigenous species for its rehabilitation efforts. Some of these plants are donated for local community purposes. The environmental monitoring programme includes measuring the growth performance of a selected number of timber species on the revegetated areas.

A team from the Forestry Research Institute of Ghana (FORIG) is carrying out research work on:

- the soil properties of the rehabilitated sites in comparison with that of the original forest site;
- the growth rate of the planted species; and
- the rate of recruitment of other plant species and animals into the site.

The mine's rehabilitation practices have been refined over time, to the extent that the success of these rehabilitated mining areas have become the subject of both significant national scientific and political interest. The former Minister of Mines, Mrs Cecilia Bannerman, an entourage of senior government and party representatives visited Bibiani to view the rehabilitation results in May 2004. It is claimed that the success of these efforts played an important role in the decision to grant permits to mine and explore in Protected Forest areas.



6 | Community

Bibiani focused mainly on three areas of social investment in 2004, namely:

- education and training;
- health, environment and sanitation; and
- job creation.

Education and training: The aim here is to develop individuals for the benefit of the community with particular attention on providing equitable opportunity for the girl child. In this regard, schooling has been provided, attachment training for girls was encouraged and a scholarship scheme was instituted for bright and needy children in a selected village in the catchment area. This scheme - in the only secondary/technical school in Bibiani - greatly encouraged and generated a healthy competition among students, resulting in some of them achieving very good passes in the senior secondary school examinations.

Health: 10 community members were sponsored through three-week First Aid training. A second area of focus was the roll-out of an HIV/AIDS awareness campaign in schools using an HIV infected employee as an

ambassador for behavioural change. This is in line with the company's belief that reaching young people in the community is key in the prevention of the AIDS epidemic. In addition, three boreholes with pumps and a 10-seater "Pour flush" toilet were constructed at a total cost of 33,000,000 cedis, about \$4,500.

In relation to community environment, environmental sensitisation campaigns were carried out in first and second cycle educational institutions in the district. Tree planting and clean-up exercises were promoted in 20 schools to educate pupils on the need to improve the environment by planting more trees and flowers on their campuses and at their homes. In all 1,000 tree seedlings were donated by the company for the exercise.

Under the alternative livelihood scheme, 30 farmers were supported in cultivating 20 acres of vegetables and 28 acres of maize under irrigation. A total amount of \$5,670 was spent with expected revenue of over \$6,500. Payback from these farmers has, however, not been encouraging but strategies were developed to retrieve these funds to enable more farmers benefit from the scheme.

