



Tanzania Geita

Message from Peter Turner

2004 saw a number of changes to Geita Gold Mine, (GGM), the most significant being the business combination of AngloGold and Ashanti Goldfields Ltd, making Geita wholly owned by AngloGold Ashanti. GGM lives the AngloGold Ashanti mission: "Our business is gold. We consistently seek to create value for everyone with a stake in our company, by finding and mining gold and by developing the market for our product."

Safety is high on GGM's priorities, and this year we maintained a 4 (platinum) stars rating from NOSA following the annual safety and environmental audit. GGM has invested in comprehensive motivation and behavioural safety initiatives which underpin the strong commitment to our personal and company values. With a workforce of approximately 2400, including contractors, a total of 8,016,943 hours were worked in 2004, with eight lost time injuries, and a low frequency rate of 1.0. GGM is a company striving for continual improvement and we are dedicated to improve on this safety record in 2005.

During 2004, the GGM exploration and geology team continued to add significant gold resources to the Geita mineral inventory from current mine extensions at Geita Hill and Nyankanga West, and intensified regional exploration for new gold deposits in the surrounding mine leases. 33,000m of diamond core and 46,000m of RC drilling were completed.

GGM has always been committed to environmental excellence: in 2004 the mine retained ISO 14001 certification with a score of 97%. Rehabilitation has also been a major focus during the year with 120 hectares of land being rehabilitated and some 120,000 indigenous trees planted. GGM was also recognised for its environmental management efforts, with an award of merit from the president's office.

Social investment has also been a priority in 2004. GGM lives the value "the community must be better off for us having been there". The company sees itself as an integral part of the local, regional and national community and behaves as a responsible member. Our contributions to national GDP through royalties, taxes and duties continue to impact positively on Tanzania economic growth. Our support for local communities, with infrastructural development, health, education and economic growth continues to make a meaningful difference to the lives of those living around our mine. Our focus has been on minimising any possible negative impacts our operation might have on our neighbours and to maximise "value add" projects, focusing on sustainability. The annual Kilimanjaro climb to raise funds for HIV/AIDS in 2004 was the most successful to date, with US\$150,000 was raised for Aids orphans.

AngloGold Ashanti's Geita Gold Mine continues to be a major player in mining circles throughout Africa. We pride ourselves on running a world class operation. We look forward to the challenges we will face in 2005, addressing them effectively, ethically and living up to the values of the company.

Peter Turner
Managing director



Message from Peter Turner	1
Message from Hatibu Senkoro Introduction Geita	2
Mineral resources and ore reserves Community	3
Occupational safety and health	4
Labour	5
Environment	6

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.

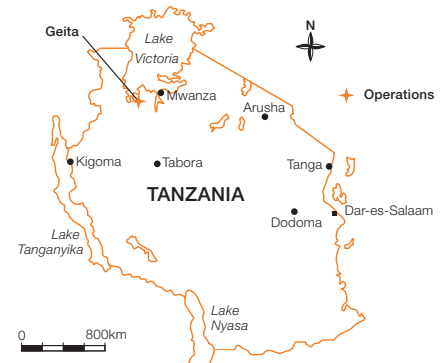
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2 | Introduction

Prior to April 2004, Geita was managed under the joint venture agreement between Ashanti and AngloGold. Since the business combination between the two companies, Geita is now a wholly-owned subsidiary.

Mining first started in August 1999 at Nyankanga Pit. To date almost 51 million cubic metres has been mined from Nyankanga, Lone Cone and Kukuluma Pits. The annual target is in excess of 23 million cubic metres.



Geita

Ownership: 100% ownership by AngloGold Ashanti

Location: The Geita mine is located 80 kilometres south-west of the town of Mwanza.

Geology: Geita is an Archaean mesothermal mainly BIF-hosted deposit. Mineralisation is located where auriferous fluids, which are interpreted to have moved along shears often on BIF-diorite contacts, reacted with the BIF. Some lower-grade mineralisation can occur in the diorite as well (usually in association with BIF-hosted mineralisation), and approximately 20% of the gold is hosted in the diorite.

Mining and processing: Mining at Geita is undertaken by standard open mining methods, using drill and blast followed by loading of 100 tonne trucks by 10 hydraulic excavators. This multi-pit operation has a 6 million tonne per annum carbon in leach plant.

Performance in 2004: During the year production increased by 72% to 570,000 ounces, largely as a result of the acquisition of the remaining 50% of Geita on 26 April 2004. A year-on-year comparison of Geita on a 100% basis shows an increase in gold production of 5% to 692,000 ounces as a result of a 4% increase in recovered grade to 3.74g/t. Total cash costs increased by 37% to \$250 per ounce due to significant increases in mining contractor and diesel costs. Adjusted operating profit fell by 32% to \$23 million. Capital expenditure of \$13 million for the year was spent mainly on brownfields exploration, sterilisation drilling, dewatering projects and plant improvements.

Growth prospects: Exploration from 2005 will focus on the identification and generation of resources to the inferred category, from largely regional targets developed in 2004. The life-of-mine production schedule will dictate as and when these inferred resources are converted into reserves. The underground potential of the Geita Trend will be investigated once the optimisation of the open-pit/underground interface has been completed.

Government remittances: Royalties of US\$9.8 million and taxes, leases and duties totalling US\$7.8 million were paid in 2004.

Outlook: Gold production is set to decrease by 10% to 628,000 ounces in 2005, at a total cash cost of \$253 per ounce. Capital expenditure should increase by 107% to \$29 million, with the main capital expenditure items being exploration, the purchase of an ore haulage fleet and tailings dam upgrades. The feasibility of owner-mining will be examined during 2005.

Message from Hatibu Senkoro

GGM aspires to maintain a good working relationship with the government of the United Republic of Tanzania and the public in general. Government officials have visited the mine on many occasions to familiarise themselves with mining operations and to learn of the problems facing the mining industry. Geita also participates in events organized by the government either through individual invitations or through the Tanzania Chamber of Energy and Minerals.

For example, in April 2004 the government of Tanzania formed a committee of experts to review the policy, legal and regulatory framework of the country's mining industry. This was necessitated by allegations from members of the public that the mining industry has not benefited the country because policies and laws favour the investor. GGM was involved in providing information and other inputs to the committee. GGM also made arrangements for committee members to meet the AngloGold Ashanti CEO when they visited South Africa. GGM participated in various discussions and in the stakeholder workshop held in Arusha. It is understood that the review has been completed and submitted to government. It has been learnt that the report concludes that both the policy and legislation are adequate but there is need to strengthen the institutional capacity of the government.

Geita also works very closely with government institutions in training Tanzanians in various aspects of mining. Geita is the largest provider of field training of students from universities, vocational schools and other higher learning institutions. It also has very close working relationships with the geology and mine engineering departments of the University of Dar es Salaam and provides software and training facilities. GGM also facilitates the attachment of staff from the Tanzanian Minerals Department to the mine and other AngloGold Ashanti operations in southern Africa as well as Australia to improve levels of experience.

We trust these constructive relationships will continue

Hatibu Senkoro
Country Manager - Tanzania

Geita			
		2004	2003
Gold production – 100%	000oz	692	661
Gold production – 100% attributable from May 2004	000oz	570	331
Total cash costs	TSh/oz	275,000	364,100
Total cash costs	US\$/oz	250	183
Total production costs	TSh/oz	360,800	245,300
Total production costs	US\$/oz	328	223
Capital expenditure	TSh million	15,400	22,000
Capital expenditure	US\$ million	14	20
Capital expenditure – 100% attributable from May 2004	TSh million	14,300	11,000
Capital expenditure – 100% attributable from May 2004	US\$ million	13	10
Total number of employees		2,256	2,080
Employees		661	643
Contractors		1,595	1,437

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 Tanzanian operation accounted for mineral resources of 18.1 million ounces and ore reserves of 9.0 million ounces.

Mine	Category	Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
Mineral resources (as at 31 December 2004)							
Geita	Measured	39.4	2.72	107.2	43.4	0.079	3.4
	Indicated	103.3	3.66	377.7	113.8	0.107	12.1
	Inferred	27.1	2.91	79.0	29.9	0.085	2.5
	Total	169.8	3.32	563.9	187.2	0.097	18.1
Ore reserves (as at 31 December 2004)							
Geita	Proved	24.4	3.01	73.7	26.9	0.088	2.4
	Probable	46.2	4.49	207.4	50.9	0.131	6.7
	Total	70.6	3.98	281.1	77.9	0.116	9.0



Community

A regional strategic plan to guide social investment and community initiatives has been developed.

- US\$808,000 was spent on social investment initiatives including district road maintenance in Tanzania in 2004 (2003: US\$828,061).
- Local economic development projects include the Nyakabale agro forestry project and the Nyankumbu brick-making project.
- A micro-finance credit scheme has granted loans to 145 groups in the local community for small business development

GGM is involved in community and development programmes at district and national levels. (See box). Community workshops were held in six villages surrounding to improve relationships, establish a community profile and promote an understanding of the mine's business. The mine works closely with educational institutions and is the largest provider of field training of students from universities, vocational schools and other

higher learning institutions. It also works closely with the departments of geology and mining engineering at the University of Dar es Salaam by providing software and training facilities.

GGM participated in an Investors Forum held in Mwanza and hosted by the Tanzanian Vice President, to discuss issues affecting the investment climate in the lake zone and in the country in general.

In 2003, GGM initiated the annual Kilimanjaro Challenge Climb. Employers, suppliers and community members take on Africa's highest mountain to raise funds for people with HIV/AIDS. A total of \$150,000 was collected from this year's climb and donated to eight charity organisations. The mine also supports the local NGO AMREF and the AIDS centre in Geita town, last year contributed to 'operation smile', a mercy mission by Australian plastic surgeons who operated on 11 Geita children born with cleft lip and palate deformities.

Community development programmes

GGM works very closely with local communities and district authorities in the formulation and implementation of development projects. A District Consultative Committee has been formed, chaired by the District Commissioner to formulate and coordinate implementation of donor funded projects. GGM is a member of this committee, and in accordance with the objectives of this committee its development focus is in the key areas of Health, Education, Water and Economic

Development. All development projects rely on the adoption of a participatory approach, ensuring sustainability. At national level, GGM contributes not only through revenue generation to the country as a whole, but actively participates in issues facing all Tanzanians. Examples of this include, amongst others, a US\$25,000 donation to Mwanza Regional Hospital, and a US\$5000 donation to the equal Opportunity Trust Fund that is chaired by the First Lady.

Geita assists artisanal miners

The Lake Victoria Goldfields in the Geita District, which is rich in minerals, particularly gold, attract many artisanal and small-scale miners (ASM). The informal mining sector, which has provided a livelihood for many people, persists despite the presence of a large-scale mining operation. The Tanzanian Chamber of Minerals and Energy estimates that there are between 500,000 and 1 million artisanal miners in Tanzania today.

The informal nature of ASM activities promotes unsafe mining practices and has adverse effect on the environment, creating a legacy of liability that is often assumed by the nearest large-scale operator. In addition to safety and environmental issues, the settlements that arise with ASM activities bring a host of social consequences such as HIV/AIDS, child labour, prostitution and substance abuse.

Research, including stakeholder workshops and site visits, undertaken by AngloGold Ashanti has provided an in-depth understanding of the

nature of the ASM sector in the Geita District and has helped in the development of a strategy for GGM's interaction with artisanal miners surrounding the mine.

GGM is playing an active role by raising awareness of the destructive and dangerous nature of artisanal mining and by forming alliances with stakeholders so as to try to improve the working conditions of these miners. The mine's approach is an holistic one and is to be incorporated into wider community development initiatives and engagement processes already in existence. The aim is to offer socially, environmentally and economically sustainable alternatives to the miners, educating them on the risk of mercury contamination, the importance of shaft ventilation and protective equipment, and child labour.



Occupational safety and health

In 2004 GGM achieved a lost time injury frequency rate (LTIFR) of 1.00 per million man hours, up from 0.79 in the previous year. Highlights of the year include:

- An annual Nosa audit was conducted at Geita in June 2004, covering all areas of health, safety, and environment.
- With regard to risk assessments, a number of supervisors, safety officers and representatives have been trained in hazard identification.

GGM and contractors' employees are represented by a health, safety and environment (HSE) representative committee. They attend regular training sessions on their roles and responsibilities and are part of a group that is accountable for accident and incident investigations. They also play a role

in developing and implementing new safety and health systems. All employees attend a health, safety and environment induction on their first day on site, followed by area-specific induction. Other training is conducted on a needs basis and includes specific operator training – for example, fire-fighting, hazard identification and first-aid.

Monthly meetings are held between the managing director, Peter Turner, and both Geita and contractor senior staff. This provides a platform to discuss issues relating to health and safety as well as to exchange ideas, ask questions and propose changes. Geita's current safety priorities including the development and training of safety representatives; risk assessment training; and the implementation of a behaviour based safety system.





Labour

AngloGold Ashanti employs 2,256 people at Geita, including employees and contractors. So as to minimise expatriate labour and to increase the local pool of talent, a programme to employ indigenous people is in place. Senior employees are developed through the Management Development Programme (MDP) and Intermediate Management Programme (IMDP). Through the mine's bursary scheme, two employees studied at the University of the Witwatersrand and Rhodes University in 2004.

Milestones for the year include:

- a 10% increase in labour at GGM as a result of the implementation of new labour legislation, limiting working hours.
- an access agreement and code of conduct has been entered into with the Tanzanian Mining and Construction Workers Union

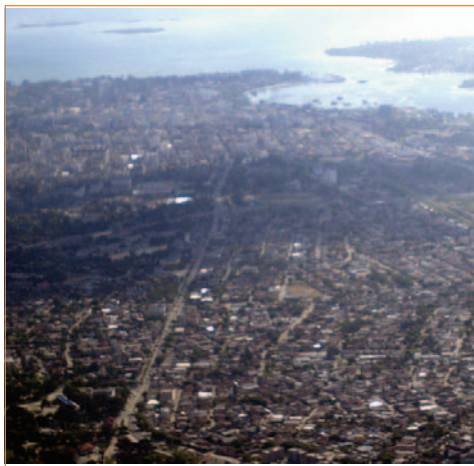
(TAMICO). To date, 22% of employees have joined the union which will only be formally recognised once there is sufficient representation

- literacy levels have improved to around 65%

Cultural diversity programmes are run aimed at creating cultural awareness, promoting diversity and developing cross-cultural understanding.

Health care is provided for employees and their dependents at an on-site mine clinic (recently upgraded) and local health care structures. In 2004, GGM purchased a state-of-the-art digital x-ray machine for the clinic. The machine will benefit employees, contractors and the broader community.

A housing loan scheme (for home ownership) is available for senior employees at GGM; other employees receive a housing allowance.





Mine closure costs and associated provisions are reviewed on an annual basis. Work is being done standardising the approach and assumptions used for closure provision estimation at the various operations. Estimates are revised as the understanding of site-based issues that influence closure provision evolves. The dynamic nature of the operations and ongoing rehabilitation means that closure costs can be revised either up or down. GGM has increased its estimated closure liability from US\$22.2 million to US\$27.85 million. Following the merger with Ashanti, the company now takes on the full liability for Geita. The revised closure estimate is attributable to the increase in the size of the tailings storage facility the rehabilitation costs for the Geita Hill waste dumps and an increase in closure team staff costs. Geita mine is ISO 14001 certified and has entered the Tanzania President's Award for

Environmental Management. The mine also achieved a four-star rating in its annual integrated Nosa audit.

As at operations in Mali, Guinea and Ghana, GGM has dedicated personnel to ensure open communication between the operations and local communities. Mine personnel currently chair the Tanzanian Chamber of Mines and Energy's Health, Safety and Environment Subcommittee and the mine also has a presence on the Tanzanian national task force to take further the Global Mining Initiative/International Council on Mining and Metals (GMI/ICMM), Minerals and Sustainable Development (MMSD) programme. The mine's land rehabilitation programme has seen the planting of 120,000 tree seedlings and the rehabilitation of 90 hectares of land. (See box)

Rehabilitation at Geita



GGM is situated within the Geita Forest Reserve which falls under the control of the central government of Tanzania and comprises an area of 477km². Geita owns approximately 144 km² of land within the reserve. This reserve is rich in floral diversity (about 400 species) and includes the important Miombo woodland (47%), the Combretum/Terminalia/Laterait grasslands (51%) and riverine vegetation (2%). Unfortunately, illegal logging and charcoal-making activities by local communities who are driven by the growing demand in Geita town, Mwanza and further afield, are threatening the survival or existence of some of these species. These activities have had a significant impact on these resources.

Geita is not only intent on rehabilitating the area within its lease area once mining activities have ceased, but believes that its rehabilitation programmes offer an ideal opportunity to promote the value of conservation in neighbouring communities, while offering them a viable, economic alternative to the environmentally destructive practices which are often the only form of income for these communities.

Geita's environmental policy and management plan prohibit any activities on site that could damage the environment, and clearing of any vegetation on site is not allowed without the written permission of the environmental manager. A comprehensive rehabilitation programme is in place: all cleared areas are rehabilitated and revegetated once mining activities have been concluded using species similar to those that existed before clearing. Three zones of rehabilitation have been established – Miombo woodland, Mbuga and

grassland use in rehabilitation of different areas.

Since the start of operations \$3 million (Tsh3,315 million) has been spent on land rehabilitation, tree plantings, the nursery and the herbarium. To date, 180,000 trees have been planted, and 713 kilograms of seed broadcasted on 230 hectares. Of the 60,000 trees planted in 2003, 88% have survived. Another 120,000 trees from Geita's own five-acre tree nursery were planted on the 90 hectares of land disturbed during 2004. In all, 2,326 hectares have been disturbed to date, most of this in the pits and waste dump areas. In the initial rehabilitation area, the land has combined with adjacent areas of land and the vegetation has stabilised.

Local communities are involved in all levels of rehabilitation – from seed collection, seed cleaning and preparation, growing seedlings through to transplantation and landscape and erosion control. The aim is to promote indigenous trees as an economic resource beyond that of charcoal or timber and to create a sustainable timber industry.

Geita supports three local nurseries that produce saplings for transplantation. Two of these nurseries, Bukoli and Geita Town nurseries, were existing commercial nurseries. The third nursery developed out of the existing Nyakabale Agro forestry project, which came about as a result of the financial assistance and training provided by the mine. Seeds were originally supplied to all three nurseries; now, however, the owners of the nursery organise the collection themselves. Each of the three nurseries made ready more than 60,000 saplings for the 2004 rainy season, well in excess of their targets.