

06

Country Report
Tanzania
Geita





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About this report

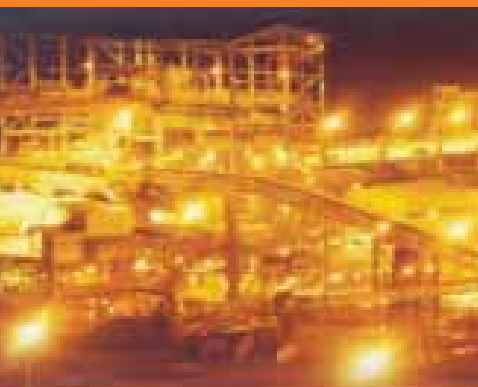
AngloGold Ashanti is committed to reporting to a broad range of stakeholders on its operational and financial performance as well as its economic, social and environmental performance.

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

Geita, which began production in 2000, is the largest of AngloGold Ashanti's eight open-pit mines in Africa.

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

Message from Brent Horochuk



Geita Gold Mine experienced a number of challenges during 2006. Notwithstanding the implementation of owner mining, initiated the previous year, the operation remained well behind targeted mined volumes, and this had a direct impact on ore feed grades to plant. Mining deficits created prior to and during the handover to owner mining resulted in major backlogs of waste stripping in the main Nyankanga pit which had a noticeable negative effect on the quantities of quality ore thus resulting in lower grades and a reduction in the ounces poured. This decrease in gold production resulted in a drop in financial performance.

Ongoing investment in mining equipment, infrastructure, production, engineering, training and personnel designed to help reverse the underperformance of 2006 were dealt a significant setback by a partial slope failure in the Nyankanga pit in February 2007. Geita will still mine the same volumes and grades as planned, but over a longer period of time. Hence, production estimates for 2007 have had to be revised.

Safety performance continued to be a strong point for Geita with a Lost Time Injury Frequency Rate (LTIFR) of 0.63 recorded during 2006 (0.79 in 2005 and 1.0 in 2004). It should be noted that for most of the year there were several contract companies working on the mine and this added further to the more than 11 million man-hours worked.

Ongoing environmental activities remained a high priority as Geita's retention of certification for its ISO14001 Environmental Management System attests. The mine won the Tanzanian President's Award for Environmental Excellence for the first time in 2006, having been the recipients of merit awards for the previous two years.

The annual Kilimanjaro Challenge was again a great success with a total of 50 climbers being waved off by the Prime Minister, Edward Lowasa. The event raised approximately \$300,000 which was distributed to several charities for relief work and to help with HIV/AIDS-related initiatives. One such beneficiary was the Moyo wa Huruma Orphanage, which was built in 2005, largely with money raised by the challenge in the previous year. The centre has been handed over to the Catholic Diocese of Geita and several children, orphaned as a result of HIV/AIDS, are now being cared for.

Several other initiatives continued with success such as the artisanal and small-scale Miners Fair, held at the neighbouring mining village of Nyarugusu, which was hosted by Geita mine and attended by the deputy minister of energy and minerals; the Nyankumbu Girls Secondary School (Phase 1) which was completed during the year and will continue to expand in coming years to help alleviate the many shortages of educational facilities within the region; and the Nyankumbu Brick-making Co-operative Society which was handed over to the society members at the end of the year.

Through Geita's ongoing support for development, health, education and economic development, all stakeholders can be proud of the positive and meaningful difference which continues to be made to the lives of those who live and work in the area surrounding the mine's operations.

So, while the challenges of 2006 and the beginning of 2007 were many, we have faced them boldly and I am confident that all at Geita mine look forward to what the future has in store.

Brent Horochuk
Managing Director: Geita Gold Mining Limited
20 March 2007

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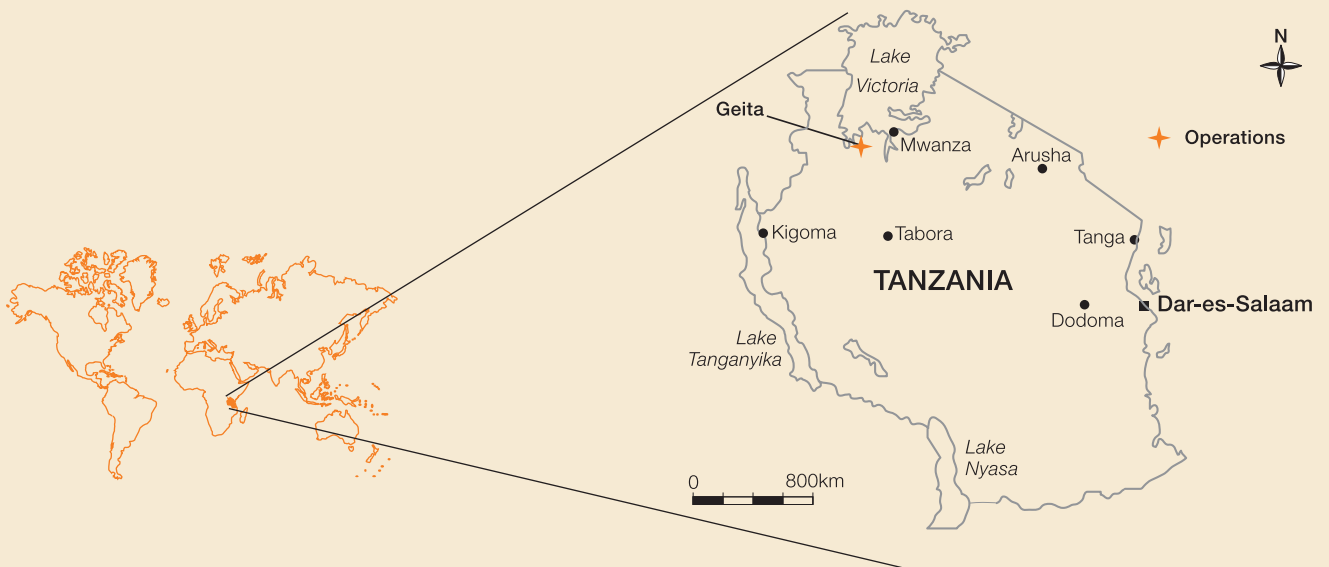
AngloGold Ashanti is one of the world's leading gold producers, with a varied portfolio of assets and orebody types in key gold-producing regions around the world. At the end of 2006, the company had 21 operations located in 10 countries (South Africa, Argentina, Australia, Brazil, Ghana, the Republic 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.

Geita Gold Mine is the company's only operation in Tanzania and, in 2006 produced 308,000oz of gold (6% of group production) Also, in 2006, the mine employed on average 3,220 people (2,043 employees and 1,177 contractors), of whom 94% were native Tanzanians.

AngloGold Ashanti is a values-driven organisation and our values and business principles underpin all that we do. This applies equally to our approach to sustainable development. Thus, our values guide our relations with all those that have an interest in the business – our stakeholders – and inform our business principles that govern those relationships. We measure our performance against our stated values and business principles and report our progress against these in this document.

ur profile





AngloGold Ashanti's mission, values and business principles were developed in consultation with employees and are reviewed as part of an ongoing process to ensure that they more accurately reflect the group's purpose and the way in which it does business.

Our mission & values

AngloGold Ashanti's mission

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

Our values

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

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

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

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

Our business principles

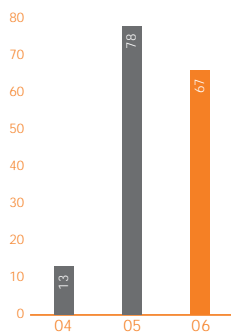
We live our values through our business principles. These principles are applicable across AngloGold Ashanti and in all the countries in which we do business.

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

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



Capital expenditure (\$m)
Geita



Background

Ownership:

100% ownership by AngloGold Ashanti

Location:

Geita mine is situated 80km south-west of the town of Mwanza in the north-west of Tanzania.

Geology: Geita is an Archaean mesothermal, mainly Banded Ironstone Formation (BIF)-hosted, deposit. Mineralisation is found 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). Approximately 20% of the gold is hosted in the diorite.

Mining and processing:

Mining at Geita is undertaken by standard open-pit mining methods, using drill and blast followed by loading of 100t trucks by 10 hydraulic excavators. This multi-pit operation has a 6Mtpa carbon-in-leach (CIL) plant.

Economic and financial performance

Operating performance:

In 2006 gold production decreased by 50% to 308,000oz owing to a combination of factors. In the first quarter, drought reduced the water supply to the processing plant and subsequent heavy rains resulted in hauling constraints. This, combined with the slower-than-anticipated cut-back of the Nyankanga pit, resulted in a 46% drop in grade for the year. These factors also contributed to a 67% increase in total cash costs at Geita year-on-year, from \$298/oz in 2005 to \$497/oz in 2006.

The lower gold production resulted in a gross loss adjusted for the effect of unrealised non-hedge derivatives and other commodity contracts of \$2 million compared with a profit of \$9 million in 2005.

Capital expenditure of \$67 million included infrastructural expenses associated with the change from contractor mining to owner mining, as well as the purchase of larger trucks and a shovel, and brownfields exploration.

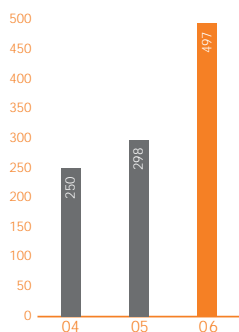
Growth prospects:

Exploration to identify and generate resources for the inferred category, as well as the conversion of resources into reserves, will continue. Current inferred resources are expected to add four years to life-of-mine reserves and significant additional surface and underground brownfields potential is anticipated.

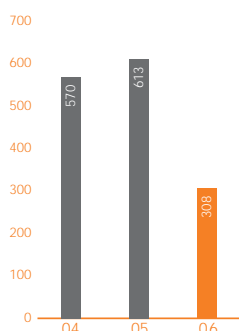
Outlook:

A partial slope failure of the Nyankanga pit in February 2007 has changed the mining sequence of the pit's high-grade area, reducing the 2007 Geita production outlook from a planned doubling to a 30% increase to 400,000oz. The planned volumes and grade will still be mined at the operation, but over a longer period of time. Total cash costs are expected to be \$479/oz and capital expenditure will be in the region of \$53 million.

Total cash costs (\$/oz)
Geita



Gold production (000oz)
Geita



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Geita		2006	2005	2004
Pay limit †	(oz/t)	0.13	0.07	0.09
	(g/t)	4.16	2.27	2.81
Recovered grade ††	(oz/t)	0.049	0.092	0.109
	(g/t)	1.68	3.14	3.74
Gold production	(000oz) – 100%	308	613	692
Gold production 100% attributable from May 2004	(000oz)	308	613	570
Total cash costs	(\$/oz)	497	298	250
	(TSh/oz)	618,571	334,040	275,000
Total production costs	(\$/oz)	595	387	328
	(TSh/oz)	739,069	409,850	360,800
Capital expenditure	(\$ million) 100%	67	78	14
	(TSh million)	83,523	88,119	15,400
Capital expenditure 100% attributable from May 2004	(\$ million)	67	78	13
	(TSh million)	83,523	88,119	14,300
Total number of employees		3,220	2,280	2,256
Employees		2,043	1,066	661
Contractors		1,177	1,214	1,595

† 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.

Government remittances

In 2006 Geita paid royalties of \$5.6 million, corporate tax of \$1 million, import duties of \$11 million and non-recoverable VAT and other indirect taxes of \$8.25 million.



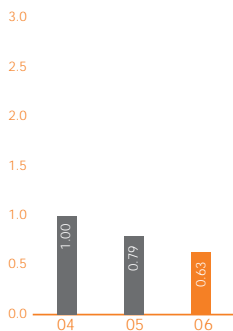
Mineral resources and ore reserves

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, Geita accounted for Ore Reserves of 8.5Moz and Mineral Resources of 14.7Moz.

Geita	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	4,044	0.97	3,924	4,457	0.03	126
	Probable	74,920	3.47	259,643	82,583	0.10	8,348
	Total	79.0	3.34	263,567	87,040	0.10	8,474
Mineral resources (as at 31 December 2006)	Measured	4,043	0.97	3,923	4,457	0.03	126
	Indicated	114,156	3.32	379,166	125,836	0.10	12,190
	Inferred	24,338	3.09	75,236	26,828	0.09	2,420
	Total	142,537	3.22	458,325	157,121	0.09	14,736

LTIFR – Geita
(per million man-hours worked)



Occupational safety and health

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

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

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

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

Following the liquidation of the South African-based 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

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with safety and health, and guidelines for implementation and achieving certification. The series has international acceptability which facilitates benchmarking.

Managing safety and health

No fatalities were reported at Geita during 2006. The Lost Time Injury Frequency rate (LTIFR) decreased to 0.63 per million man-hours from 0.79 in 2005 and the number of shifts lost through injuries dropped to 114 from 148 in 2005.

The mine, which falls under Mining Regulation 1999 and the Explosive Regulations of 1963, recorded no incidents of non-compliance during 2006. In addition to adhering to the tenets of AngloGold Ashanti's Safety and Health policy, Geita has its own set of standards and procedures.

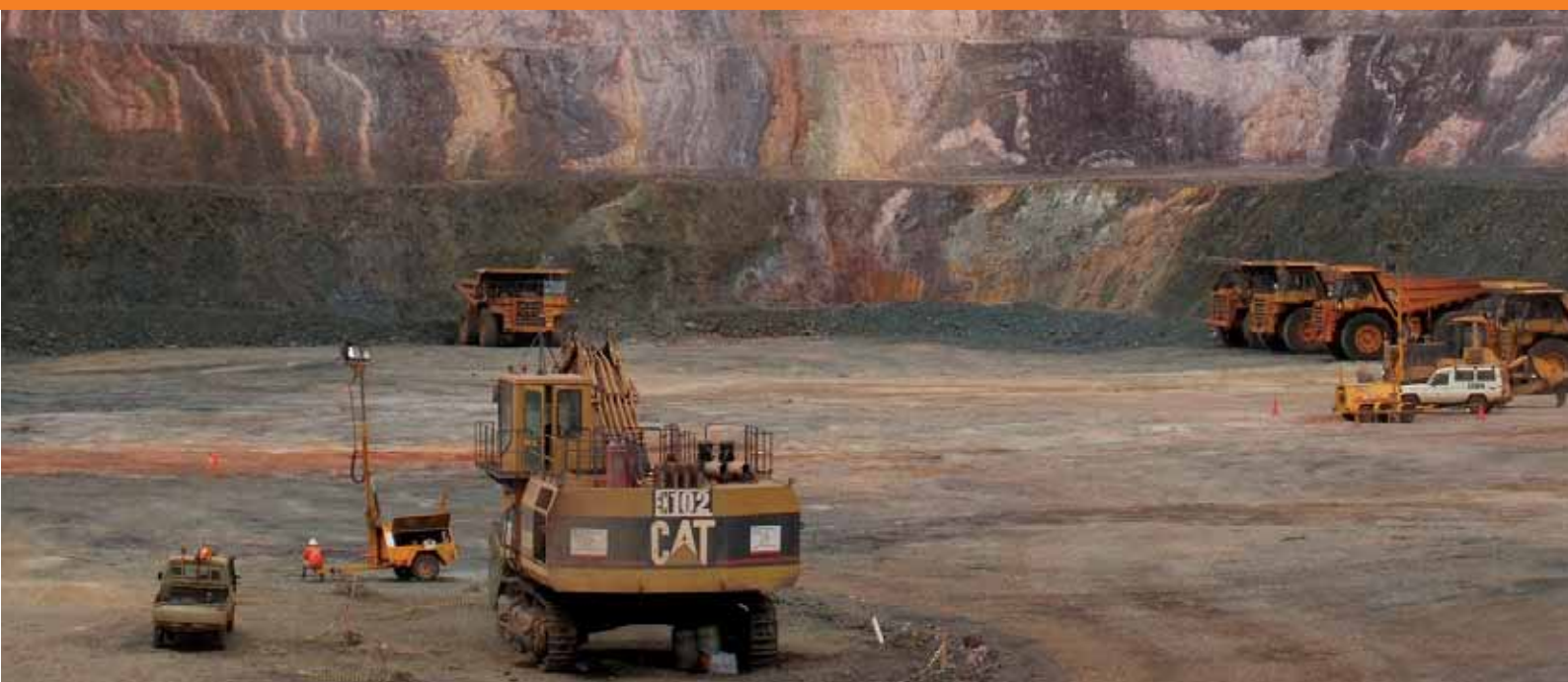
There is a Department of Health, Safety and the Environment at Geita, which acts in an advisory capacity across the operation, but safety and health matters are regarded as everyone's responsibility. Each department has its own health and safety representatives (one for every 50 employees) and meetings are held every second week. Mine management, however, would like to see employees getting more involved and participating in identifying risks and hazards before they happen.

Geita communicates about safety and health through tool box talks, committee meetings, noticeboards and the managing director's monthly presentation. In 2007, this will be stepped up by special training for managers and getting them more involved in inspections; by introducing a newsletter and re-introducing suggestion boxes; and by giving employee representatives more responsibility in their work areas.

All employees receive safety training – in risk identification, defensive driving, safe behaviour, managing fatigue and the use of personal protective equipment among other things.

Risk assessments

Risk assessments were undertaken during the year internally, by the Department of Health, Safety and the Environment, and externally by International Mining Industry Underwriters (IMIU). There were two main risks identified: the non-availability of spare girth gear and a structural breach in



the highwall. Regarding the latter, the mine has bought a ground-probing radar machine and installed prisms to monitor ground movements. Daily inspections are also conducted by safety officers and personnel from the Geotechnical Department.

Medical surveillance

Every employee undergoes yearly and periodical medical examinations which check for signs of such occupational health problems as exposure to dust and hearing difficulties.

In 2006, 1,035 initial, 757 periodical, one transfer and 215 exit medical examinations were carried out.

Geita has its own on-mine medical facilities for employees and, in some cases, for their dependants. Overseen by the mine's health services manager, the facility employs four doctors and associated medical care staff. The nurses are trained to conduct visual acuity, spirometry and audiometry tests, and to operate the X-ray machine; a qualified radiographer visits the facility for three hours per day. The doctors conduct the physical medical examinations and issue certificates of fitness to the employees. The facility is equipped with a five-bed ward, digital X-ray unit, audiometer with a booth, sperometer and lung function test equipment, and Snellens chart for visual acuity testing. The high standard of care at Geita clinic assists with the prevention of potential occupational health-related diseases and illnesses. It also provides early diagnosis and treatment of work-related injuries and illnesses for employees of Geita.

Preparing for emergencies

Two teams have been trained to assist in the event of an emergency and there is a qualified paramedic on site.

Challenges

A major safety problem in 2006 was the number of incidents involving equipment and light vehicles, caused by fatigue and simple driving errors. A simulator was purchased and a fatigue monitoring programme instituted to address these issues. In the year ahead, Geita intends to focus on fatigue management and continue with driver re-training.



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 has been identified as a major health risk and a significant contributor to loss of production at Geita. Despite the active intervention of international non-government organisations (NGOs), the disease has assumed epidemic proportions in Tanzania and several other countries where the company has operations – Ghana, Guinea and Mali – 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.

During 2006 at Geita 3,399 cases of malaria were diagnosed among employees and contractors (2005: 1,735). The Malaria Lost Time Injury Frequency Rate (MLTIFR) averaged 308 per month in comparison with 194 in 2005. The MLTIFR allows for a comparison with the conventional LTIFR. Production days lost through malaria amounted to 1,245 days in 2006 at an average of 104 days per month. These indicators clearly indicate the negative impact malaria has on productivity and health in the Geita workforce.

The AngloGold Ashanti malaria co-ordinator visited Geita during 2006. A comprehensive strategy has been proposed for an integrated malaria control programme and, in consultation with the Tanzanian National Malaria Control Programme (NHCP), the 2007 programme will comprise the following:

- vector control – indoor residual spraying (IRS) of all offices and equipment used at night;
- distribution of insecticide-treated bed nets (ITNs);
- larvaciding of both temporary and permanent water bodies in which mosquito breeding is likely to occur;
- environmental management (screening, lifestyle changes);
- surveillance and monitoring of both the vectors and parasites (for drug resistance) and the compilation of accurate records;
- advocating use of repellants;
- information, education and communication in the community;
- early and effective diagnosis and treatment; and
- procurement of reliable anti-malarial medication in alignment with Tanzanian national policy.

The aim of the programme is to reduce the incidence of malaria in that community by 50% within two years.

HIV/AIDS

According to the Tanzanian Commission for AIDS (TACAIDS), the national HIV prevalence in Tanzania is estimated to be 6.5%; in the Mwanza region where Geita is situated, prevalence rates are estimated to be higher, at 15% to 20%.

Geita and the African Medical Research Foundation (AMREF) have joined forces to provide HIV and sexually transmitted infection (STI) prevention and management programmes both to mine employees and to the community. Data gathered at the AMREF Voluntary Counselling and Testing (VCT) Centre in the town of Geita indicates that the overall HIV prevalence among attendees is 12.4%. A breakdown shows that the prevalence level is 19.6% for women, 12.8% for the





community at large and 6.5% for mineworkers. A total of 2,283 HIV tests were conducted (2005: 2,186) and 123 of those who attended VCT were mineworkers.

AMREF's budget for 2006 was \$100,000, which covered education campaigns, the provision of sexual health services, HIV test kits, and care and support for those infected with HIV. The budget for 2007 is \$144,207.

Peer health educators at the mine conducted 120 formal sessions during the year and reached 2,777 people; an additional 1,211 were reached informally. Plans are under way to increase the number of educators so that the ratio to employees increases to 1:100, in line with AngloGold Ashanti's group recommendation. The educators are supported in their activities through training and monthly meetings.

During 2006 a number of awareness workshops were conducted for employees and contractors on HIV/AIDS and other health issues. More than 5,000 leaflets were distributed around Geita and from the AMREF VCT Centre. Posters advertising the benefits of people knowing their status were also placed around the mine.

Currently at Geita, five people are receiving anti-retroviral therapy (ART) and Geita District Hospital was awarded a grant of \$201,776 (TSh250 million) from USAID in December 2005 for the expansion of HIV/AIDS care and treatment provided, for infrastructure improvement and for the provision of care given to those living with AIDS.

The Post-test Club is a group of HIV positive and negative members (currently 20) who have been trained by Amref to operate a home-based care programme. The members of the group regularly visit patients in the community to provide simple medicines and education on care, and to discuss referrals.

The annual Geita Kilimanjaro Climb attracted 50 people and \$300,000 (TSh371 million) was raised for HIV/AIDS projects in Tanzania.

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

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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, 3,220 people were employed at Geita: 2,043 employees and 1,177 contractors.

A Code of Conduct and Access Agreement (effectively a recognition agreement) between the Tanzania Mines and TAMICO Workers' Union and the mine has been in force since June 2003. Only 3.1% of the workforce belongs to this union and there is no collective bargaining agreement in place.

Employees are represented through the Junior Staff Council and the Senior Staff Forum. Meetings of these bodies provide the opportunity for consultations and discussions. In addition, there is a monthly safety meeting. As required, ad hoc meetings are also convened to discuss important issues as they arise.

Policies to deal with harassment and a well-established grievance procedure are in place at the operation. Employees are made aware of this during the induction process and through departmental meetings. The principle of equal opportunity is fundamental to all Geita's Human Resources practices.

Legislation in many African countries, including Tanzania, governs the recruitment of expatriate employees and promotes the localisation of the workforce. Wherever possible, it is standard practice for AngloGold Ashanti to employ local people rather than expatriate employees (*see case study on page 14*).

Training and development

Training at Geita falls into the following categories (examples of each are given in brackets): skills (for the operators of plant and heavy equipment); competency development (training of apprentices, coaching and mentoring, supervisory development); generic training (first-aid, safety training); and managerial development (people studying for the Management Development Programme at a tertiary institution). In 2006 the mine spent \$400,000 (TSh495.6 million) on training.

Study assistance programmes for employees and non-employees are provided across the AngloGold Ashanti group. In 2006 two employees at Geita were in receipt of in-service bursaries, to the value of \$25,000, and one candidate was the recipient of a scholarship, to the value of \$10,000. (*See case study for further details.*)

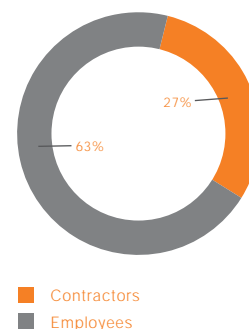
Employee benefits

A full medical service is provided for employees and their dependants (a spouse and up to four children below the age of 18 years) at an on-site mine clinic, which has been recently upgraded, and through local health care structures. In 2006 the costs associated with this service amounted to \$687,012 (TSh851 million). The mine also supports the upgrading of the facilities at Geita District Hospital and offers technical support to its staff.

A housing loan scheme (for home ownership) is available for senior employees at Geita, and 62 employees have taken advantage of this benefit. Other employees receive a housing allowance.



Number of employees and contractors





Case study

Localisation programme in Tanzania

While expatriate expertise is often essential in establishing mining operations at its global sites, AngloGold Ashanti is committed to the recruitment, training and development of local citizens. Through assistance in reaching their full potential in a particular discipline, it is anticipated that these employees will, in a phased approach, reduce the numbers of expatriate subject matter experts at a given operation.

In this respect, Geita is guided by Clause 7 of the country's Special Mining Licence (SML) No. SML 45/99 (granted pursuant to Section 39 of the Mining Act, 1998): *'The Licensees and their contractors shall employ and train Tanzanian citizens with appropriate qualifications to the maximum extent practicable and consistent with efficient mining operations. In this connection the Licensees shall carry out an effective scheme of employment and training for Tanzanian employees at all levels of operations and management.'*

Although formal localisation plans have been slow to emerge at Geita, the focus in 2006 was on upgrading and aligning the skills of the mine's national workforce with those required by the business. An engineering skills crisis was precipitated by the move from contractor to owner mining in August 2005 when the mine's engineering complement of around 80 increased by almost 200% overnight.

The skills and abilities of a large number of the Tanzanians, previously employed by the contractor and then taken on as Geita employees, had not been meeting the requirements of a modern large fleet operation. This situation was further exacerbated by the fact that the contractor's expatriate skills were not appropriate for Geita. This critical shortage of the skills needed to maintain and upgrade the large mining equipment fleet, resulted in the recruitment of an increased number of expatriate employees.

To redress the engineering skills imbalance, Geita's annual local apprentice intake has increased from 8 recruits in 2005 to 23 in 2007, a trend that is expected to continue for the next five years. Training is conducted in-house to ensure that a high standard of skills is maintained, and in August 2006 a total of 15 of these engineering apprentices sat for examinations in five subjects to obtain the first part of the South African National Technical Certificate. Twelve of the candidates passed all five subjects, one candidate failed one subject and another two candidates failed two subjects. Their studies were made possible with distance learning study material supplied by the WestCol technical college in Carletonville (to the west of Johannesburg), supplemented by coaching from expatriate artisans and training staff at Geita.

Geita, in conjunction with the Tanzanian Engineers' Registration Board, has also embarked on the training of postgraduates across the engineering spectrum. Learners are afforded the opportunity of studying in a particular discipline through the mine's management trainee postgraduate programmes. Potential candidates are then identified at an early stage for possible employment and placement on Geita's supervisory and management trainee programmes, with a view to grooming potential supervisors and middle managers.

Geita also admits a number of trainees annually from the national technical training institutions for practical experience in the workplace. These trainees, once qualified through the training institutions, become the feedstock to the Tanzanian industry. The mine frequently makes use of subject matter experts to address any skills shortcomings, mainly associated with the lack of exposure to the specialised equipment/processes.

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Better liaison with Tanzanian learning institutions is making a difference to these institutions' understanding of the mining company's requirements, particularly with regard to their training programmes, which need to keep pace with changes in the industry. In this respect, a notable achievement is the forthcoming return of Geita's first scholarship holder, currently studying towards an MSc in Mining Engineering at the University of the Witwatersrand (Wits University) in South Africa, to Dar es Salaam University, where his new-found knowledge will be an invaluable asset.

Apart from the current engineering skills shortage, other challenges to the localisation programme include disagreement among stakeholders involved in the process on the potential and readiness of national candidates, be it at artisan, supervisory or management levels, often resulting in the loss of candidates. Another difficulty is that employees who have undergone training and development at Geita are often poached by other mining operations. Reluctance by expatriates to train subordinates for fear of losing their jobs is a further complication slowing down the localisation programme.

Despite the challenges, Geita is nonetheless moving closer to the national norm of a 20:1 national/expatriate ratio (see table). This is being achieved through gradual formalisation of localisation plans in each department. The mine's Training and Development Department has, for example, earmarked 10 positions to be localised over a three-year period.

Tanzanian nationals who have exhibited potential for further development may enhance their tertiary education qualification(s) through the mine's in-service bursary programme. One employee is currently seconded to Wits University and one to Curtin University in Western Australia. Another employee on the localisation development plan has been granted a three-year Rhodes University scholarship in South Africa, one of two awarded by the mine.

It is anticipated that the localisation programme will take full effect by around 2009 when the 5% expatriate complement of total employees, as prescribed nationally, should be met. Currently standing at just over 6.5%, Geita is not far short of that target.

In the meantime, however, the Tanzanian Chamber of Mines has expressed its satisfaction that mining companies are moving towards full compliance with legislation. In his address at the Chamber of Mines annual general meeting on 8 December 2006, Chairman Ami Mpungwe said: "... the mining companies are profoundly committed to training of Tanzanian citizens in all disciplines, teaching them various skills and expertise in various mining activities, including state-of-the-art mining technology, as the industry strives to build a sustainable Tanzanian workforce."

Department	Expats	Nationals
Geology	3	83
Training	12	25
Health, safety, environment	5	33
Finance (warehouse included)	11	62
Human resources	1	330
Asset Protection	6	262
Engineering	51	428
Mining	20	682
Process	13	166
Total	122	2,071



Janet Luponelo, an evaluation geologist at Geita, with aspirations to reach a senior management position at AngloGold Ashanti, has been identified as having the potential to take part in an individual development plan. Luponelo, who has a BSc in Geology and five years' experience as an evaluation geologist, has recently completed her MSc through the Geita in-service bursary programme. Her performance rating is reported to be 'slightly beyond the requirements for good performance for the job' and she has demonstrated the potential to move up two levels within the next two to three years. Her key strengths are her commitment to the job, her work ethic and her ability to learn. Luponelo's development plan includes furthering her skills in exploration and mine geology, as well as people management. Over the next four years she will study a number of in-house and external courses, and will gain relevant hands-on experience to reach her goal. Ongoing review will be conducted by a panel of experts.

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. It 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

Geita falls under the Mining Act 1998 (No 5 of 1998) and the Mining Regulations of 1999. It will also fall within the ambit of the National Environmental Management Act of 2004 but this has not been published yet. There were no significant areas of non-compliance recorded by the mine during 2006.

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Managing environmental issues

Geita obtained ISO14001 certification in July 2001, which is valid until July 2007. During the year, the mine had its certificate transferred from ISO14001:1996 to ISO14001:2004 through a surveillance assessment conducted by DLIQ Certification Services in May. There were no incidents of non-conformance but some recommendations were made for improvements which are being acted upon.

The mine has a site-specific Environmental Management System, an internal audit of which was carried out in March 2006. Geita has an environmental incident reporting process in place and risk management forms an important part of the management system.

Awareness and education

Environmental management awareness training for employees in 2006 covered such topics as waste management, environmental incident identification and reporting, flora and fauna management on site (only indigenous trees are allowed to be planted on the mining lease), and environmental spill management.

Engaging with stakeholders and the community

Geita's chief stakeholders with regard to the environment are the Lake Victoria Water Basin Authority, the Geita District Council, artisanal and small-scale miners, and the inhabitants of Nyakabale village. There are frequent interactions, both formal and informal, with these groups.

The manager for health, safety and the environment takes overall responsibility for engaging with the community on environmental issues.

Rehabilitation and closure

Geita's current life of mine is to 2027. The mine manages 17,509ha of land of which 440ha has been rehabilitated to date.

Progressive rehabilitation programmes are being run on all the disturbed land not currently being used for any mining or construction purposes. The areas that have been successfully rehabilitated include the borrow pits, waste rock dump slopes and contractor lay-down areas that are no longer in use.

An amount of \$56.8 million (TSh70.4 billion) has been set aside to cover liabilities for rehabilitation (\$22.5 million) and decommissioning of Geita (\$34.3 million).





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

Lake Victoria is the main source of fresh water for Geita. No ecosystems or habitats are affected by the use of this water as it is stored at a reservoir dam, Nyankanga Dam. Water from the dam has a minimal effect on the ecosystem.

Geita is working to minimise the amount of land cleared for mining-related purposes. The Geita Forest Reserve area, which falls within the mining lease, is regularly patrolled by the mine's security guards in conjunction with the forest officers to stop illegal timber logging and charcoal-making activities. During 2006 activities in the portion of the reserve managed by the mine were reduced to a minimum, making this the only part where the forest is thriving.

It is the intention of mine management to optimise the use of all the power generated and to minimise the burning of fossil fuels. Electrical generating machines will be serviced regularly to minimise power loss.

Biodiversity

Only species of flora indigenous to the area are used in Geita's rehabilitation programmes and the mine has an on-site herbarium where all specimens collected are stored. Identification of species is carried out on site and verified in collaboration with institutions such as the University of Dar es Salaam, Kew Gardens in the United Kingdom and the Royal Botanical Gardens at Adelaide in Australia. The range of plants available is being increased through research into viability and the use of different propagation methods.

Tilapia, a type of fish found in Lake Victoria, has been threatened by the feeding behaviour of the Nile Perch and the volume of fishing activities. The mine has responded by establishing a Tilapia conservation programme in the Nyankanga Dam.

Geita won the annual President's Award for Environmental Excellence during the year.

GEITA – environmental statistics

	Usage		Efficiency (Usage/oz)	
	2006	2005	2006	2005
Cyanide (kg)	2,965,870	2,497,400	9.63	4.07
Water usage – m ³	2,348,666	4,268,816	7.63	6.96
Energy use – GJ	2,538,335	1,899,936	8.24	3.10

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;

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.



- 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.

Community policy and practices in Tanzania

Geita's values on social investment and community development are based on those of AngloGold Ashanti and these are communicated to employees during induction as well as during training courses.

In terms of resettlement and compensation issues the mine works in close collaboration with the government's Chief Valuer's Office and has developed a set of guidelines which adhere to the Tanzania Land Act.

Community engagement

A 'We are Together' programme (Tuko Pamoja in Swahili) is in place at Geita for all employees. One of its areas of focus is to encourage expatriates to learn about the culture and traditions of local people, and vice versa and, in this way, to celebrate the cultural diversity of the workplace. The mine has found that this programme has brought about a spirit of harmony and co-operation with everyone working together to achieve set targets.

The mine has three community liaison officers who report to the sustainable development co-ordinator, the main link for all interaction on community social issues.

Geita mine holds community workshops in surrounding villages to improve relationships, establish a community profile and promote an understanding of the mine's business. The mine has close relationships with educational institutions: more students from vocational schools, universities and other higher learning institutions receive field training at Geita than at any other mining operation in the country. The mine also works closely with the departments of geology and mining engineering at the University of Dar es Salaam by providing software and training facilities.

There is a procedure in place for handling grievances, whether verbal or written, raised by community members. The relevant mine department is notified and the appropriate action taken – this might take the form of a field visit or a meeting involving the complainant, the relevant community leader/s and members of Geita's technical staff.

There were three complaints received during the course of 2006.

- Following the relocation of the Nyamalembu village, seven families have complained about vibrations, dust and noise from the Geita Hill pits. Discussions are under way to resolve the problem.
- There have been objections raised about speeding (and consequently the dust raised) by contractor's trucks delivering materials to the mine site. Speed control bumps have been installed, warning signs erected and water bowsers are used to suppress the dust.

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- Inhabitants of four Nyakabale villages have been complaining for some time that the operation has blocked their short cut to Geita town. The mine makes its ambulance available for pregnant women and hospital patients but the request is that other access roads are provided.

Artisanal and small-scale miners

Artisanal and small-scale mining poses a significant challenge for a number of AngloGold Ashanti operations and exploration sites.

At Geita these small-scale miners are active in significant numbers in three areas – Nyarugusu, Mugusu and Rwamagaza – in close proximity to mining operations. Early in 2006, 2,500 artisanal miners invaded the Nyamatagata lease area. They would not move until police from Geita town and staff from the Mine Inspector's Department intervened. Fortunately, no injuries were sustained in the incident.

This episode notwithstanding, AngloGold Ashanti's baseline audits and action plans for dealing with artisanal and small-scale miners are the most advanced at its Geita operation. The company holds an annual fair for artisanal and small-scale miners in Tanzania which in 2006 drew some 5,000 participants. The fair exposes small-scale operators to funding opportunities and technology. (See *Report to Society 2006*, page 124: *AngloGold Ashanti's approach to artisanal and small-scale mining*.)

Communicating about closure plans

Closure committees have been established at national and a district levels. While the former deals with formal issues and legal obligations, and involves representatives from the Department of Minerals and Energy and the Chamber of Mines, the main function of the latter is to establish a sustainable closure plan in accordance with Tanzanian laws and regulations, and to ensure that the local community is drawn into the process and understands the implications of closure. This committee meets quarterly and comprises officials from the mine and district, the mine inspector and village representatives.

Community development

The Geita Community Development Consultative Committee was formed in 2002 and normally meets once a quarter. It is chaired by the Geita district commissioner and the membership is made up of the heads of department in the District Council and representatives of Geita mine. Projects agreed to in this forum are forwarded to the District Council for approval.

Social investment expenditure in Tanzania was \$478,000 (TSh592.2 million) in 2006. The focus is in the areas of general community development, health care and education. The construction of the Nyankumbu Girls' Secondary School and the upgrading of the theatre of the Geita District Hospital were two of the bigger projects supported during the year.



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Feedback

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