



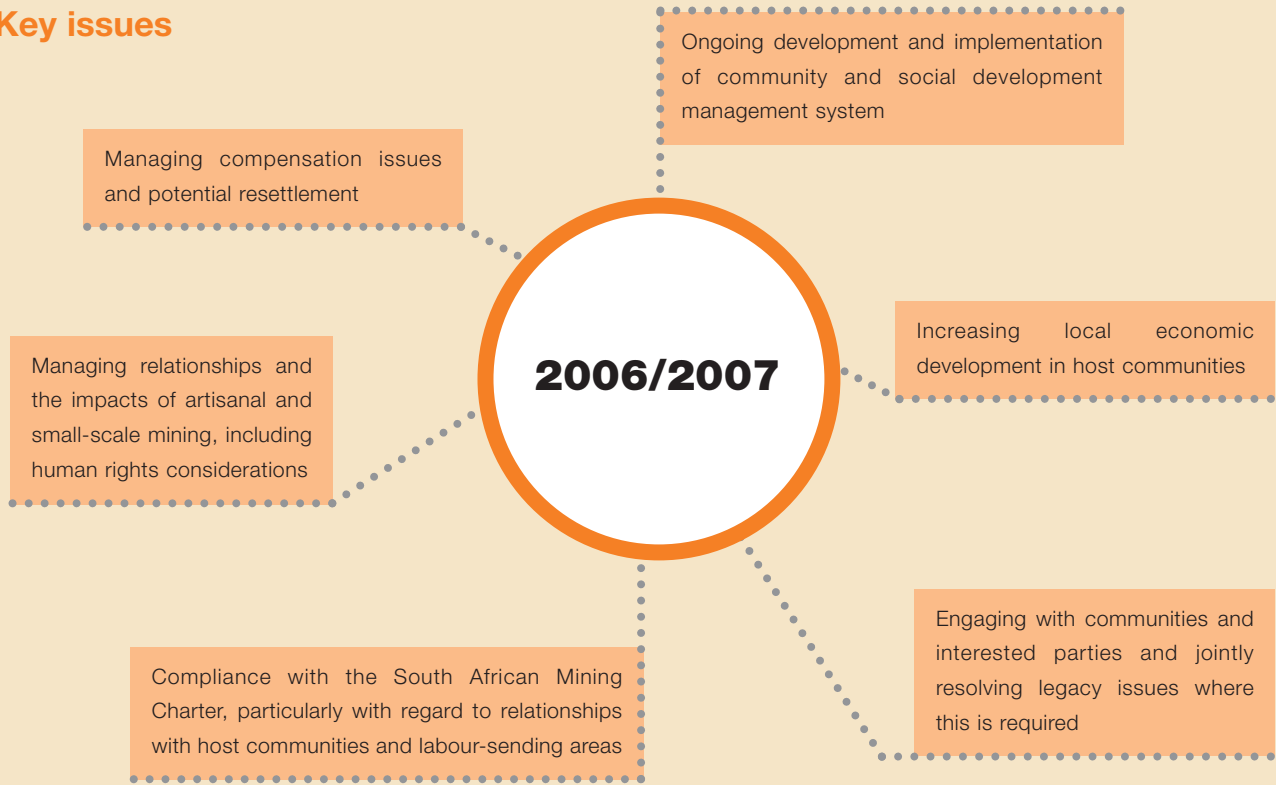
A man in a dark shirt is standing in a field of green plants, holding a wooden staff. The background is a blurred landscape with green hills and a cloudy sky. The text is overlaid on the image.

Better off because we were there – community

Contents

1	Key issues	106
2	Living our values	106
3	Our scorecard	108
4	Review 2006	109
5	Case studies	112
6	Objectives 2007	113

1. Key issues



2. Living our values

One of our values relates to the communities in which we do business, namely:

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, 'AngloGold Ashanti and the community', guide the way we do business and enable us to live our values.

COMMUNITY

AngloGold Ashanti and the community

1. AngloGold Ashanti's aim is to have a positive impact on the people, cultures and communities in which it operates. Accordingly, AngloGold Ashanti will be respectful of local and indigenous people, their values, traditions, culture and the environment.
2. We will strive to ensure that surrounding communities are informed timeously of, and where possible, are involved in developments which affect them, throughout the lifecycle of our operations.
3. We will undertake social investment initiatives in the areas of need where we can make a practical and meaningful contribution. In particular, we will contribute to those areas of education and health care which are relevant to our business activities, and those most likely to be sustainable once our operations have come to a conclusion in that community.
4. The company will encourage its employees to make themselves available for participatory and leadership roles in the community.
5. We will seek to acquire and use land in a way which promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, we will abide by appropriate guidelines for resettlement, where they exist, and in any event will work with the local communities to develop workable plans for any resettlement which may be necessary.
6. We will strive 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.





3. Our scorecard

In our Report to Society 2005, we set a number of objectives that we wanted to achieve in 2006 and we report on these in our scorecard below.

Objectives 2006	Performance 2006
<p>Further refinement of social and community development performance. A community and social development management system is being rolled out across the global operations and it is anticipated that it will take a further 18 months to two years to implement fully.</p>	<p>A web-based management system has been rolled out to all operations via a series of workshops, operational visits and meetings with key staff. The system currently comprises a Stakeholder Engagement and Integrated Development Action Plan.</p>
<p>Development of a common auditable base for reporting. It is the intention that social investment spending will be assured for 2006.</p>	<p>A key component of the management system is its common auditable base. Audit protocols have been developed for the two core modules of stakeholder engagement and integrated development planning. Social investment spending for 2006 has been assured.</p>
<p>Addressing issues arising from small-scale and artisanal mining, including human rights concerns.</p>	<p>An external baseline study of artisanal and small-scale mining, including human rights concerns, was undertaken in the Democratic Republic of Congo (DRC). A similar review is also under way in Ghana and Guinea. The company is seeking to work with governments, other companies and interested parties in promoting a regulatory environment which allows for the orderly development and control of artisanal and small-scale mining in ways which complement large scale commercial mining. See case study on page 124.</p>
<p>Increased emphasis on economic development activities, including setting of targets.</p>	<p>The Management System's Integrated Development Planning module specifically emphasises local economic development parameters. The local procurement programmes in place in South Africa are being extended to Ghana in particular.</p>

4. Review 2006

Management and governance

Community-related matters are addressed at board level, under the auspices of the Safety, Health and Sustainable Development Committee which has within its remit the evaluation of social, economic, environmental and health impacts of the company's operations on local communities. The committee comprises four non-executive directors – Bill Nairn (chairman), James Motlatsi and Simon Thompson – as well as two executive directors, Bobby Godsell (CEO) and Neville Nicolau (COO Africa).

AngloGold Ashanti is committed to engaging with non-governmental organisations (NGOs) and other stakeholders on issues of mutual concern. A number of meetings have been held with NGOs during the year and, where appropriate, joint monitoring and investigation processes are being put in place to deal with both legacy issues and ongoing stakeholder concerns at Obuasi and in the DRC.

AngloGold Ashanti has developed a Human Rights policy which it has asked several external parties to comment on prior to approval by its executive committee. It is expected that this policy will be implemented in a phased approach by the end of 2007. In addition, the company has applied to become a signatory to the Voluntary Principles on Security and Human Rights. *(See Ethics and governance section on page 26)*

The discussion that follows reports on the company's community-related performance in line with the company's business principles (in orange below).

AngloGold Ashanti and the community

Business principle 1: AngloGold Ashanti's aim is to have a positive impact on the people, cultures and communities in which it operates. Accordingly, AngloGold Ashanti will be respectful of local and indigenous people, their values, traditions, culture and the environment.

As exploration and mining activities frequently occur in areas that are remote or regions where there is very little other economic activity, their relative impact is often heightened. The potential impact of exploration and mining activities needs therefore to be considered at the exploration stage, before any activities begin, right through the operations' operating lives, to eventual closure and thereafter. A range of potential impacts and mitigating measures are identified during the environmental and social impact assessment, and mitigating measures are then incorporated into the Environmental Management Plans (EMPs) over operations' life of mine. These are discussed further in the Environmental section of this document on page 78.

In addition to the guidance provided by the company's values and business principles, the group's relationships with communities are often guided by operation or region-specific community policies where they exist. To inform and complement these, a company-wide management system, comprising guidance notes and toolkits are being developed and rolled out.

The South African socio-political landscape is governed by a range of legislation; the most important to the mining sector being the Mineral and Petroleum Resources Development Act (MPRDA) which requires that all mining operations submit and adhere to a Social and Labour Plan as a prerequisite to the granting of new order mining rights and report their compliance with the MPRDA in accordance with the Mining Charter. In addition to specific human resources-related



COMMUNITY

Corporate social investment expenditure on an attributable production basis (\$000)		
	2006	2005
Argentina	234	267
Cerro Vanguardia (92.5%)	234	267
Brazil	1,321	754
Serra Grande	629	137
AngloGold Ashanti Brasil Mineração	692	617
Australia	249	88
Sunrise Dam	249	88
Ghana	716	721
Iduapriem (85%)	432	358
Obuasi	128	266
Bibiani	156	97
Guinea	308	552
Siguiri (85%)	308	552
Mali	249	335
Morila (40%)	39	97
Sadiola (38%) and Yatela (40%)	210	238
Namibia	787	470
Navachab	787	470
South Africa	3,132	4,150
Ashanti Fund and other corporate donations	3,025	3,963
South Africa operations	107	187
Tanzania	478	680
Geita	478	680
USA	190	172
CC&V	190	172
DRC	84	-
Exploration	84	-
Total:	7,748	8,189
*The figure for Siguiri includes the amount paid to the Prefectural Council for the development of Siguiri as part of a legally binding 0.4% revenue agreement.		

issues, the Charter requires mining companies to engage with local communities in which the company's operations are situated and from which it draws its workforce. AngloGold Ashanti was granted these conversions in respect of all of its operations in August 2005 and will report on its compliance with the Mining Charter in 2007. This report may be accessed at www.anglogoldashanti.com

Artisanal and small-scale mining remains a significant challenge for the company. Currently baseline audits and action plans are being put in place at all mines and exploration sites where this is a material issue and interventions are most advanced at Geita in Tanzania. Other sites that are materially affected are Obuasi, Siguiri and exploration areas in the DRC and Colombia. (See case study on page 124).

AngloGold Ashanti is mindful that there are specific considerations that need to be taken into account regarding out interaction with indigenous peoples. The company is also involved in this dialogue via the International Council on Mining and Metals and supports the Council's draft position statement on indigenous peoples (www.icmm/news/1054Drafthighlevelpositionstatement-FINAL.pdf)

Business principle 2: We will strive to ensure that surrounding communities are informed timeously of, and where possible, are involved in developments which affect them, throughout the life cycle of our operations.

The necessity for, and the process of, informing communities timeously of any developments, and maintaining their involvement throughout the operational life cycle, are enshrined in the law of many of the countries in which the group operates. This communication becomes especially important as operations, or portions of operations either gear up to full production or approach the end of their economic lives. These processes have now been formalised with the rollout of the Stakeholder Engagement Action Plan guidance note and accompanying resources and tools.

An example of this is the public consultation and disclosure programme developed at Sadiola and Yatela in accordance with IFC guidelines, which is being implemented to good effect. (See case study in the Report to Society 2004, page 124).

Business principle 3: We will undertake social investment initiatives in the areas of need where we can make a practical and meaningful contribution. In particular, we will contribute to those areas of education and health care which are relevant to our business activities, and those most likely to be sustainable once our operations have come to a conclusion in that community.

The group spent \$7.75 million on corporate social investment in 2006 (2005: \$8.19). Corporate social investment expenditure is defined as the voluntary investment of funds in the broader community, through programmes, which span a range of development and maintenance activities seeking to complement the work of government, non-government (NGOs) and community-based organisations (CBOs), where the target beneficiaries are external to the company. Corporate social investment specifically excludes those activities which the company is legally obliged to undertake or where the purpose is primarily commercial, for example marketing, employee benefits or marketing activities.

The vehicles for corporate social investment differ from region to region, and operation to operation, and are in line with the specific needs indicated by communities, for example, the AngloGold Ashanti Fund in South Africa (where most of the company's employees are based). See

COMMUNITY

case study on the AngloGold Ashanti Fund www.aga-reports.com/06/AGA-Fund.htm. These processes have now been formalised with the rollout of the Integrated Development Action Plan guidance note and accompanying resources and tools.

The AngloGold Ashanti Fund and Trust were managed by Tshikululu Social Investments, a specialist corporate donor support agency, for over eight years up until the end of December 2006. As a result of changes to AngloGold Ashanti's corporate social investment strategy and its focus, it has been agreed between the company and TSI that, in future, it will be optimal for AngloGold Ashanti to manage its own CSI delivery. Great care has been taken in planning the handover to limit disruption to historic and potential beneficiaries of the AngloGold Ashanti Fund and Trust.

Business principle 4: The company will encourage its employees to make themselves available for participatory and leadership roles in the community.

The following operation and country-specific programmes are in place:

- A long-standing volunteer programme exists at CC&V in the United States, where employees are encouraged to be involved in the community through volunteer service. Employees are rewarded with one hour of paid time off for every three hours volunteered for participation in community groups, and one hour off for every two hours volunteered for positions in government, such as serving on the City Council or Planning Commission.
- In South Africa, 49 employees at the corporate office participated in the 'give-as-you-earn' and matched volunteerism programme called Hearts of Gold. In total, corporate office employees volunteered 259 hours in their private capacity. During 2007 the programme will be rolled out to two South African pilot mine sites.
- In Brazil, volunteer time was donated by employees through the 'Holding Hands' programme. (See case study in Report to Society 2004)

Business principle 5: We will seek to acquire and use land in a way which promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, we will abide by appropriate guidelines for resettlement, where they exist, and in any event will work with the local communities to develop workable plans for any resettlement which may be necessary.

In 2004, the Board Committee on Safety, Health and Sustainable Development ratified the International Finance Corporation's (IFC) Safeguards on Involuntary Resettlement as its policy on resettlement. No new resettlements were undertaken during the year. Given the fact that there is potential for new resettlement during 2007, a company-wide guidance note is being developed to assist operations undertaking resettlement and compensation process, and this will be rolled out to all operations by the end of 2007.

As part of the company's artisanal and small-scale mining strategy, AngloGold Ashanti is in the process of initiating joint programmes with government agencies and other interested and affected parties to identify and allocate land to alternative livelihood programmes, including artisanal and small scale mining, in Ghana, Tanzania, Colombia and Guinea. There is still considerable work to be done on this aspect of the strategy to deal with artisanal and small scale mining issues.

As reported in the Environmental section of this report (page 90) AngloGold Ashanti is participating in an ICMM initiated 'integrated mine closure' programme to address the integration of social, economic and environmental aspects in the closure process. We will continue to plan an active role in this process and a group-wide review of mine closure planning will be undertaken during 2007.



Business principle 6: We will strive 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 believes that its operations and activities should contribute toward the long-term sustainable development of host communities.

This is particularly challenging for sometimes short-lived mining operations or exploration projects, particularly when there is only a limited period in which to make an impact.

Specific examples in 2006 include:

- In South Africa, the Small and Medium Enterprise Development Initiative (SMEDI) continues to identify people with ability and potential, and enters into a partnership with them to provide education, training and funding with the long-term aim of creating sustainable business. The raising of venture capital is managed through Masakhisane Investments Limited, which was established in 1999, with an initial capital of R10 million (then approximately \$1.6 million). To date, jobs have been created for 3,800 people. (See case study at www.aga-reports.com/06/SMEDI.htm)
- Similar initiatives, such as the alternative livelihoods programmes, are being developed or are in place at all operations in less economically developed countries, such as Ghana, Guinea, Tanzania and Mali. At Iduapriem, for example, a local development agency has been contracted to manage the 'Hand-in-hand' Alternative Livelihoods programme. This programme will affect about 280 people and incorporate aspects such as income generating activities and micro-credit (with an emphasis on women, education and organisational capabilities). Similar programmes are planned for Obuasi during 2007.

5. Case studies

One of the most significant challenges facing the company is the presence of artisanal and small-scale mining and the integration of these with formal large-scale mining activities. A case study on **AngloGold Ashanti's approach to Artisanal and Small Scale Mining** may be found on page 122.

Plants for people

This case study examines the P4P project which has been designed to empower the local Aboriginal community near Sunrise Dam, Australia by revitalising traditional knowledge. The project has been initiated in conjunction with the community, to improve sustainability in the long term. (See www.aga-reports.com/06/p4p.SDGM.htm).



The AngloGold Ashanti Fund and Trust empowering people

The company's social investment initiatives in Southern Africa are handled through the AngloGold Ashanti Fund and Trust. This case study summarises its activities in 2006 – the level of funding, the number of projects, the chief sectors supported and the main areas in the region that benefited – and focuses on four projects to illustrate the philosophy behind the fund and the way in which it works in practice. (See www.aga-reports.com/06/AGA-Fund.htm).



COMMUNITY

Long term sustainability of mine villages

This case study investigates the reasoning and benefits for changing a mining village, in this particular example the West Wits and Vaal River/Umuzimuhle villages in North West Province, South Africa, to a proclaimed township. (See www.aga-reports.com/06/formalisation-villages.htm).



CC&V upgrades water system and settles dispute

An improved water supply system not only solves CC&V's water shortage problems but will also be an asset for the Cities of Victor and Cripple Creek, located in the State of Colorado, United States of America long after mining is complete. (See www.aga-reports.com/06/CC&V-water.htm).



Fostering partnerships in Patagonia

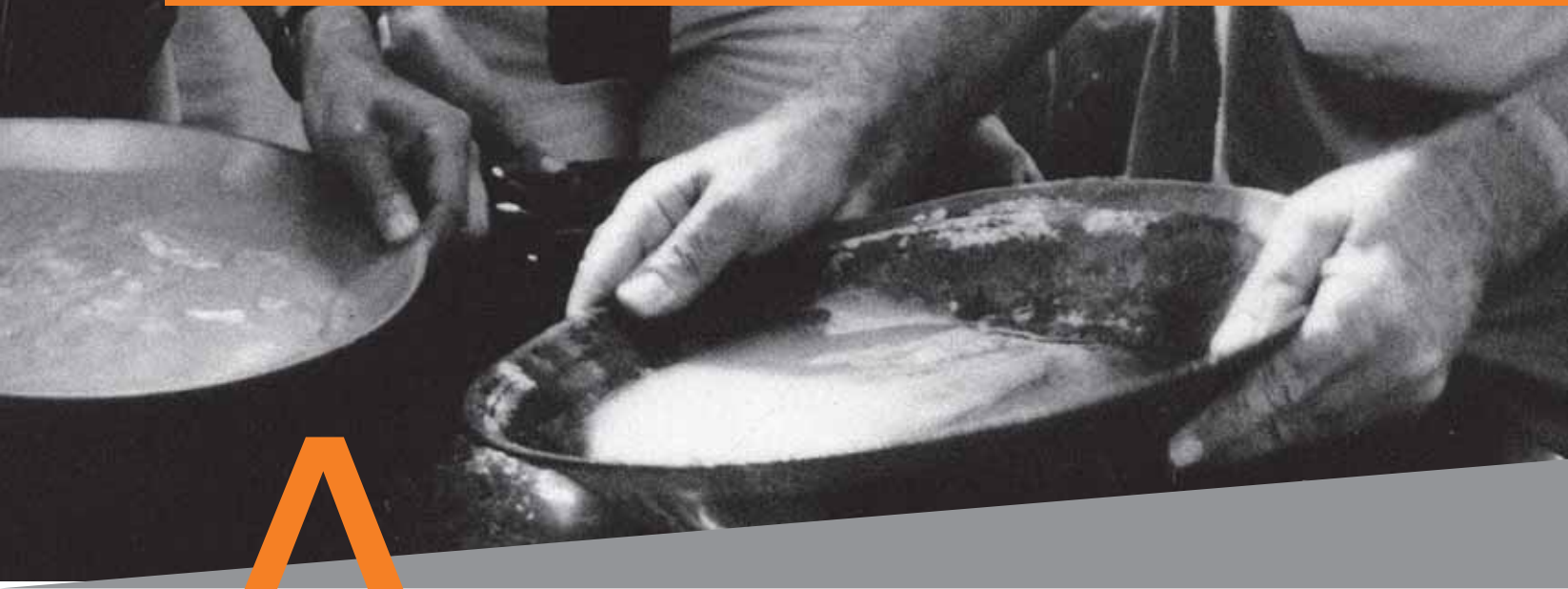
AngloGold Ashanti's Cerro Vanguardia (CVSA) mine's remote location in southern Argentina, and its expected remaining life-of-mine of nine years, has resulted in a challenging situation in which the local communities are over-dependent on CVSA for employment and economic activity. This case study examines the measures the company has taken, working together with the affected communities, and the programmes it has initiated to provide sustainable development for the future. (See www.aga-reports.com/06/partnerships-CVSA.htm).



6. Objectives

The following objectives have been set for 2007:

- Further refinement of community relations and social development management system. Additional modules will be developed as required to cover issues including:
 - resettlement and compensation;
 - human rights and security; and
 - cultural heritage and sacred sites.
- Addressing issues arising from small-scale and artisanal mining, including human rights concerns. In 2007, the focus will remain on continued implementation of the company's strategy, particularly at Geita, Obuasi, Siguiiri and in the DRC
- Alignment of security arrangements with the Voluntary Principles on Security, a process which should be completed by mid 2008.
- Increased emphasis on local economic development activities will continue in 2007 in line with the management targets set for key operations.



A

ngloGold Ashanti's approach to artisanal and small-scale mining

One of the most significant and multifaceted challenges facing AngloGold Ashanti is that of artisanal and small-scale mining (ASM). It is a material issue at the company's operations in Ghana, Guinea, Tanzania and to a lesser extent Mali as well as the exploration sites in Colombia and the Democratic Republic of Congo (DRC).

Artisanal and small-scale mining is a global phenomenon, with estimates of those directly involved in the activity ranging from 13 to 20 million people in over 30 developing countries and a further 80 to 100 million people depending on the sector for their livelihood. (Source: *Community and Small Scale Mining Initiative (CASM) www.casm.org*). It is a socio-economic phenomenon allowing miners to earn low, often subsistence, levels of income, generally in economies characterised by low levels of earnings. Small-scale and artisanal mining is frequently labour-intensive, employing a semi-skilled or unskilled workforce with low levels of mechanisation, production, productivity, recovery and efficiency. Artisanal miners are often simultaneously engaged in subsistence farming and other similar low-income livelihoods. It is most commonly practised in economies with old mining, metal-working and jewellery traditions, and where the commodity has a high value relative to its mass, such as is the case with gold and precious stones. Individuals either work alone or in teams, mining and panning for gold and selling their product into complex, often opaque, networks of middlemen and financiers.

Small-scale miners frequently work in collectives comprising two to 20 or more people, with varying forms of commercial incorporation and business models.

The key challenge facing AngloGold Ashanti in managing the issues associated with artisanal and small-scale mining is to develop a strategy which permits co-existence and promotes the development of orderly, viable small-scale mining sectors in collaboration with host communities and governments. These issues are complex and numerous.

- Conflict is common between large-scale operators, working within a formal, regulated land tenure framework and small-scale miners, illegally working on land over which they have no legal entitlement (though they may claim to have an historical entitlement).
- Small-scale miners often have difficulty in accessing land appropriate to their type of mining

practice, with large-scale operators generally being given preference in the allocation of mining licences and capital development incentives, for reasons associated with governments' concerns to optimise the exploitation of natural resources in national interests.

- They experience a lack of capital needed to allow even rudimentary production efficiencies and, often, resultant debt bondage and poverty traps, which prevent them from achieving little more than using a day's earnings to feed themselves and their families.
- Unregulated, inefficient and, often, illegal pricing and distribution mechanisms and practices contribute further to commercial inefficiencies and, often facilitate, associations by miners with illegal political and armed groups involved in human rights violations.
- The sector is generally characterised by poor health and safety practices.
- Environmental degradation is common, with artisanal miners seldom rehabilitating the areas they have mined. The uncontrolled and unsafe use of mercury in the processing phase is of particular concern given its bio-accumulation tendencies in the eco-system.
- The sector often includes a large proportion of people from vulnerable groups such as women, children and migrant groups, with labour exploitation, including a lack of respect for basic rights of workers in the sector.
- There are substantive legislative hurdles in many countries characterised by either a lack of regulation, ambiguous legislation or a legal framework which is inappropriate to small-scale operators and, consequently, is not enforced.
- Social problems such as crime, increased levels of substance abuse as well as prostitution and high exposure to HIV/AIDS are common.

It is AngloGold Ashanti's view that these challenges can best be addressed by adopting a multi-stakeholder approach, with governments taking a lead role in addressing the issue along with artisanal miners, large-scale miners, NGOs and development agencies. A number of projects are under way, and structures have been created to address these issues at both an international and local level.

Key elements of the AngloGold Ashanti ASM strategy

In the first instance, it is necessary to understand properly the history, extent and circumstances of ASM in particular areas. During 2006 AngloGold Ashanti initiated external baseline studies of ASM in the DRC and Ghana, and a review is also under way in Guinea.

Secondly, the company will assess and work with governments and other interested and affected parties in promoting a regulatory environment which acknowledges the existence and inevitability of ASM and which seeks to promote its orderly development and control in ways which complement large-scale commercial mining. Key here is proper consideration of property rights, environmental, health and safety considerations, and the marketing and distribution of the product.

Consistent with the view that small-scale mining has a legitimate place in the economy and mining sector, AngloGold Ashanti will work with government agencies and communities to ensure that any small-scale mining will take place on land set aside for that purpose, which has the potential to support small-scale mining and, through appropriate regulatory and administrative procedures, to allocate this land to miners in this sector.

Such an example can be found in Columbia where contracts and collaborative agreements have been established with the communities and mining organisations present in all the areas where artisanal mining activity had been encountered. The company's 'Good Friends and Neighbours' policy allows for the establishment of contracts and collaborative agreements promoting legalised commercial mining activity. At the heart of the programme is the allocation of ground to artisanal miners, giving them legal mining title over the property. In return for this, the miners have to register in terms of the local mining regulatory framework and comply with some basic health and safety and

AngloGold Ashanti's approach to artisanal and small-scale mining cont.

environmental requirements. For the most part, the property identified for disposal to small-scale operators is restricted to narrow high-grade veins or alluvial- colluvial deposits, which are generally not of interest to the company in the short term. However, one of the key advantages of the approach is that it gives the operators a real, value-based, commercial interest in the property. In the event that the company, at some future date, were to wish to incorporate it into a larger-scale mining operation, it can re-acquire it, at a market-related price.

Similarly, in Ghana, the company is working with other mining companies, the Chamber of Mines and the National Minerals Commission to identify properties which are suitable for small-scale mining and to promote registration by miners in respect of operations on these properties.

In Tanzania too, management at the Geita operation is working with local government officials and community representatives in an attempt to identify property which is appropriate to small-scale mining and to promote registration by ASM operators in terms of relevant legislation. Simultaneously, the company is taking steps to secure its mining property to prevent illegal access to old workings on its mining lease, in the interests of the safety of its employees and the local population and for good order. In some cases, this action has been resisted by artisanal miners, but the company continues to address mutual concerns with mining officials and community representatives.

Associated with the land allocation challenge is the requirement for access to appropriate technology to promote operating efficiency, and health and safety. Building on the successes of the work undertaken in Tanzania, this year's ASM fair saw some 5,000 artisanal miners participate in the event (see 2005 case study). Again, the focus of the fair was to expose ASM operators in the region to both funding opportunities and technology.

AngloGold Ashanti recognises that many regions no longer have the mineral resources in appropriate forms or quantities to support the number of small-scale miners operating in a region. This is clearly apparent in the Obuasi area in Ghana, for instance. Consequently, an integral part of the ASM strategy is to work with interested and affected parties in identifying a broad range of livelihood options, including small-scale mining. For example, the guiding vision for the DRC ASM project is: 'a sustainable community, benefiting from the economic activity generated by responsible gold mining, where orpaillage (the French term for ASM) is one activity within a broad range of livelihoods'. In Ghana the company is working directly with communities and development agencies to promote agricultural projects such as animal husbandry and palm nut and jatropa (used for bio-fuel) cultivation to offer communities economic opportunities to complement mining.

Regarding security and human rights considerations, the company acknowledges and supports the rights and obligations of governments to uphold the law and to prosecute people who act outside it. The company is also supportive of government efforts to protect its assets and its employees. Where individuals or groups of people trespass on company property or undertake unlawful mining activity, AngloGold Ashanti will take appropriate action to remove them and hand them over to the police for action to be taken against them in terms of the law.

However, AngloGold Ashanti is equally concerned to ensure that any security activities associated with ASM are carried out in accordance with established international norms of human rights. This commitment is also manifested in the company's subscription to international voluntary conventions such as the Universal Declaration of Human Rights, the Global Compact and the Voluntary Principles on Security and Human Rights, to promote and ensure the protection of citizens' human rights in the upholding of the law. And where government public order, military and policing authorities are involved in the enforcement of laws in this regard the company welcomes and encourages a dialogue between government officials, mining companies and other interested stakeholders to consider appropriate strategies.

In this respect, AngloGold Ashanti in Ghana is aware of a number of cases where accusations of human rights abuses have arisen over the past 10 years, where police or mine security have sought

AngloGold Ashanti's approach to artisanal and small-scale mining cont.

to apprehend galamsey (as artisanal miners are known in Ghana), and which have led to allegations having been levelled against the then Ashanti Goldfields and, subsequently, against AngloGold Ashanti (See Report to Society 2005: Understanding and working with artisanal miners in Africa). In response to these historical issues and any which might occur in the future, the company is in the process of establishing a joint investigation forum with human rights and community-based organisations to promote appropriate standards and ensure that any allegations of inappropriate conduct are properly investigated and conflicts resolved.

By way of example of the company's approach to security and ASM, at the end of 2006, the government of Ghana announced that, in the interests of upholding the law relating to mining title and property rights, it intended acting against illegal mining activities in several regions in the country. AngloGold Ashanti, acting through the Chamber of Mines at the level of national government and directly with local law enforcement agencies, held a series of meetings with officials and community representatives to discuss both law enforcement and human rights issues associated with the action. These meetings were intended to ensure common cause between company and government security officials regarding both the effectiveness of the operation and compliance with human rights obligations and undertakings. The operation proceeded as planned, without incident.

Consistent with its principles and undertakings, the company will continue and strengthen, internal programmes to ensure that company security officials, in the performance of their duties, comply with relevant national laws and international conventions. Working with other interested stakeholders, the company will also continue to develop programmes to promote health and safety, environmental protection and efficient mining practices in the small-scale industry. And in this way working in association with government, AngloGold Ashanti will reinforce its efforts to develop lawful and properly regulated small-scale mining industries in the countries where it does business.

AngloGold Ashanti has become increasingly active in CASM, which is housed in the World Bank Group, and two years ago took a seat on its Strategic Management Advisory Board.

All of these activities are in turn undertaken within the context of the company's stakeholder engagement and integrated development action plans that mines and exploration sites are putting in place which seek to engage communities and other stakeholders in finding a range of development and livelihood alternatives to address the underlying causes for the ASM phenomena. There is much collaborative work to be done.

Artisanal mining in Africa – the safety aspects

Small-scale, informal artisanal mining is a major source of employment in many parts of the world, especially Africa. Established centuries ago, such mining activities often represent the only source of employment. In many countries, such as Burkina Faso for example, recent droughts have reduced the viability of agriculture as a source of livelihood. In the vicinity of Siguiri mine, AngloGold Ashanti's operation in Guinea, some 10,000 artisanal miners were estimated to be operating illegally within the mine lease area in 2006.

As this mining is heavily labour-intensive and carried out largely through manual labour, without regulation, training, or appropriate equipment and technology, it clearly presents risk factors in a number of areas. From a safety and occupational health perspective, people working in these conditions are at risk of accident or injury. Overcrowding and poor housing, and the lack of water and electricity, are conducive to health issues arising.

The integrity of formal mining operations is also severely compromised. In open-pit mining operations, slope stability may be affected by illegal excavations. Theft of gold-bearing material, equipment and other assets has also been frequently experienced and on a number of occasions, mine staff has been severely injured in encounters with informal miners.



Social and environmental legacies at Obuasi

The business combination between AngloGold and Ashanti in April 2004 was the start of a long and complex process of not only combining the physical assets of the company into a single operating and accounting entity, but it also involved a multi-faceted process with the stakeholders of the company, both internally and externally, particularly in Ghana.

The change of effective control of the company from an Accra-based entity to a Johannesburg-based company (albeit that both Ashanti and AngloGold are largely owned by international shareholders and that the government of Ghana is now a significant shareholder in the combined company and is represented on its board) was an emotive and understandably unwelcome change to some employees and communities. It also provided an opportunity for national and international NGOs to increase pressure on the new company and to deal with issues that might not have received adequate attention in the past, or which could not comfortably be raised with a local company.

The former Ashanti's relationship with local NGOs tended to be burdened with mistrust and mutual suspicion. AngloGold Ashanti's relationships with these NGOs have progressed over the past two years, as have direct relationships with community members. Admittedly, however, these paths have not always been smooth or without acrimony and much remains to be done to establish common ground and a way of working.

AngloGold Ashanti has, however, indicated its intention to engage in dialogue with local Ghanaian civil society groups, such as Third World Network Africa (TWNA) and Wassa Association of Communities Affected by Mining (Wacam), and foreign groups they work with such as the UK-based ActionAid (*which released its report: Goldrush – the impact of gold mining on the poor*



people in Obuasi in Ghana – download pdf of ActionAid Report and AngloGold Ashanti response at www.aga-reports.com/06/Obuasi-legacy.com). Since the merger, AngloGold Ashanti has been working towards the development of constructive relationships with these and other parties.

Legacy issues

A significant challenge for AngloGold Ashanti is that mining has been taking place in one form or another at Obuasi for more than 100 years and that the company has to deal with significant environmental legacy issues from the past while at the same time addressing the challenges of present mining activities. In fact, many of the issues and much of the research referred to in recent reports by these groups predates the business combination between AngloGold and Ashanti.

Engaging with NGOs

AngloGold Ashanti is in discussions with Wacam regarding the setting up of a joint investigation group which would investigate legacy issues and current and future areas of concern. Issues that have been raised and would be considered by such a committee are land issues and damage to property, environmental concerns and concerns relating to human rights. In particular, AngloGold Ashanti has indicated that it is committed to:

- Reviewing jointly allegations of abuse of Mr Awudu Mohammed (*Report to Society 2005 – page C17*). In his case there are contradictory medical reports and opinions on the cause of injuries sustained when being pursued on company property by police and AngloGold Ashanti asset protection.
- Reviewing other allegations of human right abuses on company property, some of which go back as far as 10 years but which have been repeatedly highlighted by Wacam and other groups.
- Reviewing settlements and compensation which have been agreed on should that group deem it appropriate.
- Continuing to review and develop its environmental policies and procedures at Obuasi to address ongoing environmental pollution issues and to address legacy issues. (See *box overleaf*).

Social and environmental legacies at Obuasi cont.

In more general terms, the company has been considering and addressing the issue of artisanal and small scale miners (*See case study: Artisanal and Small-Scale Mining and AngloGold Ashanti on page 124*) which is of concern to both the company and the community as it has led to safety and health issues for employees and community members alike, sabotage of company property (including broken tailings pipes which have contributed to environmental problems), disruptions to production and human rights issues. The company is aware of the challenge it faces in finding a balance between the obligation to protect its assets in ways which do not infringe human rights and at the same time recognising that small scale mining can be a legitimate means of earning a livelihood in a gold-rich area.

Related to this and other community issues, the company is dealing with its relationship with both the police and army services in areas in which it does business. AngloGold Ashanti has applied to become a signatory of the Voluntary Principles on Security and Human Rights, and while this has not yet been formalised, the company has sought to adhere to the Voluntary Principles. As part of this commitment the company is currently reviewing its policies and practices in respect of human rights and is standardising human rights training across the group.

Addressing environmental issues at Obuasi

AngloGold Ashanti has, over the past two years, taken a number of steps to address environmental pollution issues at Obuasi. Following a strategic environmental review conducted in 2005, five major environmental risks were identified and plans have been put in place to start dealing with them.

The five areas that have been identified as requiring attention are:

- Water management issues
- Rehabilitation plans
- Arsenic management (which has largely been addressed – see below)
- Final closure estimates
- A legacy programme to address historical issues.

Community concerns

In addition, the company is aware of concerns raised by local residents and NGOs in respect of elevated levels of heavy metals and arsenic in and around Obuasi.

One of the most significant areas of concern was the safe disposal and rehabilitation of an area in which some 10,000 tonnes of arsenic trioxide which had been stockpiled at the Pompora Treatment Plant at Obuasi following the collapse of the arsenic market in the early 1990s. (*See Report to Society 2004: Arsenic remediation at Obuasi on page E31*). This stockpile came about as a by-product of gold mining at Obuasi and has been safely placed in a lined storage facility to prevent any further environmental contamination.

As in a number of other places in the world, gold and base metals at Obuasi are strongly associated with naturally occurring deposits of arsenic (arenopyritic orebodies). When the host rock is crushed to release the gold, arsenic, together with base metals, may be released into the tailings or waste residues.



Social and environmental legacies at Obuasi cont.

Engaging with communities

In an effort to initiate a formal process of engagement directly with communities in Ghana, AngloGold Ashanti held Sustainable Development Workshops in Obuasi in August and October 2006 – the first for internal role players and the second for external stakeholders and interested parties. More than 50 people attended the second session. Key issues addressed included:

- the need for more proactive and better stakeholder engagement, and the development of a formal stakeholder engagement process;
- agriculture as an opportunity for development;
- manufacturing opportunities. A specific summit on “The future of gold jewellery manufacturing” is planned;
- services (provision and development of providers);
- tourism as an opportunity for development; and
- other opportunities for development, including social investment opportunities and needs, land use in the longer term.

Although water sampling programmes have been conducted over many years, a new programme to identify areas of land and water courses containing high concentrations of arsenic was initiated in December 2006. The following has been put in place.

- An intensive plan to establish and monitor the quality of the ground water in the vicinity of Obuasi and to develop a conceptual ground model which will assist in understanding water flows and developing a comprehensive water management programme. Natural water courses have been plotted on the AngloGold Ashanti Geographic Information System (GIS) allowing the company to track their proximity to mining areas and communities. Information is being gathered from 86 sampling points and is being recorded on the GIS and, from this data, any polluted streams will be identified. A systematic campaign of sampling a selection of the 120 community boreholes is also planned. Based on the information generated, an arsenic pollution profile will be determined for each stream and recorded as a benchmark. The most significant arsenic discharges into the streams and natural environment will be traced to their origins, which may or may not relate to mining, and action plans will be developed in response to these. This initial programme is expected to be completed in 2007.
- A comprehensive water balance has been established for the Obuasi operations, showing both the piping reticulation and the volumes of water handled. Investigations have revealed that excess water from operations has been discharged into

the natural water courses and that these discharges contain levels of toxins higher than the Environmental Protection Agency (EPA) standard. An immediate part of the remedy is the commitment by Obuasi to purchase two water treatment plants for the removal of cyanide so that water may be reused in the plant. This will significantly reduce the volumes of water discharged as the discharge points will decrease from three to one.

- An initial investigation into the presence of toxic metals in oranges and other fruits at Obuasi has been conducted, following publication of a report by TWN alleging the presence of traces of arsenic in these fruits. The company has approached TWN proposing a joint further investigation into this matter. TWN's response was still awaited at the time of writing. (*See box overleaf*)

ISO14001

In line with the group's policy to implement ISO14001 (see case study on page 142), Obuasi mine was recommended for certification as having been in conformance with this standard by independent auditors DLIQ. The key risk areas and issues identified above are being addressed as part of the ISO14001 system implementation.

Analysis of oranges at Obuasi

Following concerns raised first by Third World Network (TWN), and later by ActionAid, relating to the alleged presence of arsenic, mercury and zinc in oranges grown near AngloGold Ashanti's mining operations in Obuasi, the company has put in place a number of measures to review and address the situation.

It should be noted that there is a level of naturally occurring arsenic in the soils in the Obuasi area, as is quite common where certain types of gold-bearing ore is found. It is unclear at this stage whether existing arsenic levels are naturally occurring or due to mining activities.

In the first instance, the company has had an initial meeting with TWN and has indicated its willingness jointly to investigate the matter and to submit specimens for independent testing. The company has also requested that any scientific data in the possession of TWN be shared with the company so as to take the matter forward in an objective and methodical manner. The company would share its own initial research with TWN at the same time.

The current plotting of natural water courses and arsenic and heavy metal pollution through the Geographic Information System (GIS) will be used to tie in the location of orange groves with the water courses in attempt to understand the source of possible contamination.

AngloGold Ashanti has also commissioned preliminary chemical analysis of fruit (oranges, yams, plantains) grown in the Obuasi region to determine if arsenic was present in unusually high amounts and if arsenic was associated with particular tissues (peel, seeds, flesh) in order to optimise the sampling and analytical procedures for more representative and statistically sound sampling in the future.

The results of the project (which are of a very preliminary nature and should be subject to further analysis) are presented below. Arsenic was detected in all samples. The lowest concentrations were found in the flesh, which is also the portion consumed in the highest quantities. The levels of arsenic in the fresh (undried) flesh of the oranges and yams were generally low, and within the acceptable limits for consumption as part of a normal mixed diet, depending on how many are consumed daily. The levels in the fresh flesh of plantains was moderate. The levels in the dried fruits were higher, and the levels in the seeds and peels of all the samples were high.

Further research needs to be undertaken:

- the arsenic values found need to be evaluated in terms of what proportions of these foodstuffs are consumed daily, how they are prepared (washed, peeled, cooked) and what chemical species of arsenic is present in the samples as this influences toxicity;



Social and environmental legacies at Obuasi cont.

- these arsenic values also need to be interpreted relative to the natural background levels of arsenic, which are expected to be elevated on all plants and crops grown on naturally arsenical soils of Obuasi. It can then be further established whether these particular samples contain elevated arsenic due to mining activities, or if they are representative of the natural situation in the locality.

AngloGold Ashanti is confident that working with stakeholders appropriate measures can be put in place to protect the community.

Measures to address the problems could include:

- educating the public to wash, peel and core fruit before consumption which will significantly reduce the risk of arsenic exposure, as will washing and peeling of yams prior to cooking;
- reducing human exposure to arsenic can be achieved through avoidance, that is, not planting on naturally high arsenic soils or on contaminated soils;
- avoiding crops that accumulate arsenic; and
- conversely, clean-up of arsenic contaminated soils and shallow water can be achieved to some extent by cropping with arsenic-accumulating plants.

AngloGold Ashanti is committed to establishing a scientific research protocol to further investigate the issue and to do so in conjunction with other stakeholders.

Preliminary research results undertaken for AngloGold Ashanti:

Note: The UK statutory limit for arsenic in fresh produce is 1 mg/kg (1 ppm), and one sample of plantain fruit plus seeds, all the orange pips, and all the unwashed yam peel exceeded this. The fresh and dried flesh of the oranges, yams and most of the plantain was below these limits. The results are quoted in parts per billion (ppb) and parts per million (ppm).

Oranges: Arsenic was present at very low concentrations in the undried (fresh) fruit flesh of the two oranges (22 ± 5 ppb, or 0.02 ± 0.005 ppm fresh mass), and at moderate concentrations in the undried peel (237 ± 11 ppb or 0.237 ppm) and undried pips (995 ± 364 ppb or 0.995 ppm). Arsenic concentrations were of course higher in dried orange fruit flesh (206 ± 48 ppb or 0.206 ppm), dried peel (831 ± 39 ppb or 0.831 ppm) and dried pips (3403 ± 1573 ppb or 3.40 ppm).

Plantains: Arsenic was present at low concentrations in the undried (fresh) fruit flesh of the two plantains minus-seeds (81 ± 94 ppb or 0.082 ± 0.094 ppm fresh mass), and moderate concentrations in the undried fruit-plus-seed (264 ± 152 ppb or 0.264 ppm) and undried peel (236 ± 34 ppb or 0.236 ppm). Arsenic concentrations were moderate in the dried fruit flesh-minus seeds (208 ± 246 ppb or 0.208 ppm), and high in the undried plantain fruit-plus-seed (691 ± 445 ppb or 0.691 ppm), and in dried peel ($1\ 482\pm 151$ ppb or 1.48 ppm).

Yams: Arsenic was present at moderate concentrations in the undried (fresh) fruit flesh of the two yams (155 ± 44 ppb or 0.155 ± 0.04 ppm fresh mass), and at high concentrations in the undried peel ($22\ 060\pm 2\ 143$ ppb or 22 ± 2 ppm). Arsenic concentrations were higher in dried yam flesh (387 ± 90 ppb or 0.387 ppm), and extremely high in the dried peel ($97\ 966\pm 15\ 670$ ppb or 98 ppm). It must be noted that the peel was contaminated by adherent microscopic soil particles, which are virtually impossible to remove, and this would have added significantly to the contaminant load (the true levels of Arsenic in yam peel are probably one to two orders of magnitude lower as plant to soil Arsenic transfer co-efficients are between 0.01 and 0.1). However, if yams are not rigorously cleaned and peeled before baking and consumption, the levels of arsenic found in the peel could be experienced by the consumer, and surface dirt on the surface of the fruits and vegetables is the highest risk factor identified.

COMMUNITY

Case study



Plants for People – community project at Sunrise Dam

Initiated in 2005, the Plants for People (P4P) Wongatha Wonganara Partnership Project, sponsored by AngloGold Ashanti Australia, is a collaborative effort between Curtin University and Wongatha Wonganara Aboriginal Corporation (WWAC). This latest project aimed at empowering the local community, is another initiative flowing from AngloGold Ashanti's contribution to the Wongatha Wonganara Aboriginal Corporation (WWAC). (See case study in *Report to Society 2005: Making a difference – Wongatha Wonganara Aboriginal Corporation.*)

This new community project signals for AngloGold Ashanti Australia a significant shift in approach – notably by creating the right environment at community level where new initiatives are generated by the community, whereas previously the impetus would emerge first at company level. The P4P project is designed to empower the local Aboriginal community of Laverton (situated some 50km from the Sunrise Dam gold mine) to revitalise traditional knowledge, in particular with regard to plants and their uses, and to apply this knowledge in health, education and enterprise development initiatives.

With a strong focus on engagement with the local Aboriginal community, the project aims to document the historical uses of land, plants and animals in the local area of Sunrise Dam's operations and to investigate the application of this information into current mine closure planning activities. Opportunities for supporting local community initiatives are also being explored, particularly in the area of general health, education and in generating economic enterprise and employment opportunities. The community has already indicated interest to explore opportunities to produce cosmetic lotions and creams using traditional ingredients commonly referred to in Australia as "bush medicine". The cottage industry for indigenous sourced cosmetic products in Australia, and indeed globally, is growing rapidly.

The project started with a series of meetings and discussions between project team members from Curtin University and members of the Wongatha Wonganara community. These discussions focused on project activities that might be incorporated into a three year programme. The initial thrust of the project was to conduct a plant audit aimed at identifying plant species of value to the local Aboriginal community with the view of including these plant species in Sunrise Dam's site rehabilitation program. The view was taken that strategic planting of selected local species in rehabilitation areas could provide a useful post-mining resource for local people that could feed into "bush medicine" enterprises.

Another spin-off has led to project staff engaging with the local school to involve children in related project fieldwork to highlight the value and significance of Aboriginal traditional knowledge. Plant distillation demonstrations and field trips led by Aboriginal elders are taking place, with additional activities planned for 2007. These activities help to bring together children from all backgrounds within the local community, with the aim of reinforcing the notion that both Aboriginal and Western knowledge systems hold equal weight and validity in modern society.

The project also provides an alternative focus for students by combining their normal curriculum with real life activities, which may then translate into future growth enterprises, thereby providing visible evidence of matching learning skills with real-life practical outcomes. An added benefit is that elders in the community are redeployed in the teaching environment, providing for them a platform to pass on traditional Aboriginal knowledge, an opportunity not otherwise available in mainstream education. The local school welcomes this addition to their school programme as it enhances the "stay at school" initiatives, which is a key objective for remote area education where high school student drop out rates are very high.



COMMUNITY

Case study

The AngloGold Ashanti Fund and Trust empowering people

Social investment initiatives in southern Africa are handled through the AngloGold Ashanti Fund which distributed R16 million in 2006 to more than 75 projects or initiatives.

As in previous years education was the sector that received the greatest support followed by HIV/AIDS, welfare and development, skills training and job creation, and health. In two other respects, however, there have been significant changes.

The first is that there has been a reduction in the number of small grants in favour of channelling larger amounts into projects with the potential to make a bigger impact on their communities.

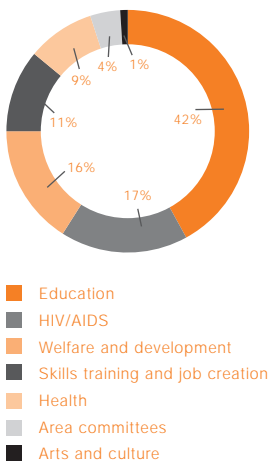
The second is a continuation of the trend where initiatives are generally only considered if they are based in the regions where AngloGold Ashanti has operations or in the areas from which the company draws large numbers of employees (and where the families of many of those employees live). In this respect AngloGold Ashanti is following the requirement of the Broad-Based Socio-Economic Empowerment Charter that mining companies should concentrate on development in their host communities and in the major-labour sending areas.

Fundamental to the philosophy of the AngloGold Ashanti Fund is the belief that development works best where people are empowered to work towards their own advancement and where ownership of the initiative rests either with the individuals or with the communities responsible for those initiatives. The aim is to provide constructive support for sustainable projects which will benefit the region concerned in the longer term.

The AngloGold Ashanti Fund and Trust were managed by Tshikululu Social Investments (TSI), a specialist corporate donor support agency, for over eight years up until the end of December 2006. As a result of changes to AngloGold Ashanti's corporate social investment strategy and its focus, it has been agreed between the company and TSI that, in future, it will be optimal for AngloGold Ashanti to manage its own CSI delivery. Great care has been taken in planning the handover to limit disruption to historic and potential beneficiaries of the AngloGold Ashanti Fund and Trust.

To give greater insight into the activities of the fund, a few of the many projects supported in 2006 are outlined overleaf.

Statistics SA



COMMUNITY

Case study

Ergo model taken to other areas

AngloGold Ashanti was aware that the closing in 2005 of its Ergo operation (to the east of Johannesburg) would have a marked impact on the nearby townships of Tsakane and Kwa-Thema. In view of this and in line with the company's commitment to its mining communities both during the life of operations and afterwards, the fund started a three-year project to improve teaching skills in mathematics and science in 14 secondary schools and literacy in 20 primary schools. (See case study in the Report to Society 2004: Ergo programme focuses on maths and science education).

The manager of the fund, Sipho Mahlangu, says that from the outset the intention was that, if the model proved to be successful, it would be replicated in other areas. Having seen the difference that the interventions have made to pupils in the selected schools in Tsakane and Kwa-Thema, the fund decided to go ahead and introduce similar programmes in the regions of the company's Vaal River and West Wits operations. Preparations started in 2005 and the projects got under way in 2006.

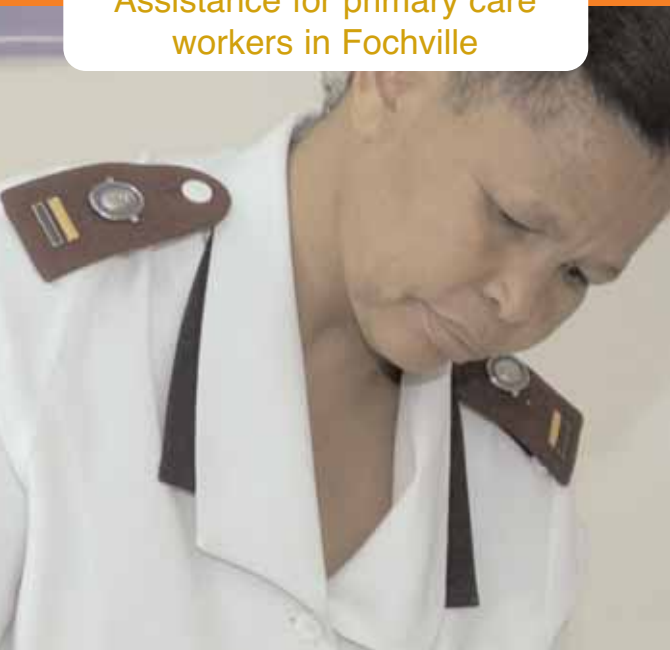
At Vaal River 10 primary schools, in Klerksdorp, Orkney and Stilfontein, were selected for a three-year language and literacy intervention. Mahlangu explains: "Literacy is the key. Studies have shown that many learners entering high school lack the basic literacy skills to cope with their studies at the secondary level. Children who battle to read will struggle to understand the concepts underlying subjects such as maths and science."

The fund has invested close to R2 million in the Vaal River programme which concentrates on the training of subject advisers and teachers and the provision of appropriate resource materials to the schools. It is being run by the Read Educational Trust, a non-profit organisation committed to improving the educational achievements of South African pupils.

The thrust of the R1.6 million programme in the West Wits area is to provide extra classes in mathematics, science and English to learners in grades 10, 11 and 12. Some 150 children of varying abilities and drawn from a number of schools in Carletonville have been chosen for the two-year project which is being conducted by Star Schools, an organisation which specialises in the provision of supplementary education.



Assistance for primary care workers in Fochville



The TB Alliance DOTS Support Association (TADSA) is a non-profit organisation with 14 years' experience in developing community-based treatment programmes for tuberculosis (TB). The organisation's approach is to motivate willing primary health care workers and their managers to take ownership of their local TB programmes.

Among other places TADSA is active in Fochville (in the Carletonville area) and in 2005 the fund gave the organisation a grant towards the production of a training manual.

The fund has given TADSA further support this year to enable primary health care workers to visit patients in their homes when necessary. Mahlangu explains: "Taking the medication prescribed is crucial in the treatment of TB – this is well known. TADSA encourages primary health care workers to take a leading role in ensuring compliance by following up with patients." In some cases this requires that they visit people in their homes to check up on them should they not return to the clinic within a specified period.

COMMUNITY

Case study

Supporting a farming community in the Eastern Cape



AngloGold Ashanti is involved in an agricultural support programme in the Eastern Cape known as Abalimi Phambili which is run by Teba Development in partnership with Lima Rural Development Foundation and Mngcunube Consultants. Aimed primarily at the families of current and retrenched mineworkers in the Eastern Cape, the programme assists community farmers by linking them with commercial farmers, development agencies, the Department of Agriculture and other entities. The idea is to develop their skills and increase their economic opportunities. For example, it is difficult for small-scale farmers to access larger markets because they do not produce in sufficient quantities to meet the requirements of a supermarket chain. This is not an issue for commercial farmers but at times they may be in need of additional produce to meet their supply contracts. By putting the two together certain synergies can be achieved. The commercial farmer provides storage space for the community farmer whose crop can be sold as part of a bigger consignment. Such relationships also offer opportunities for small farmers to be mentored.

The Abalimi Phambili programme is being run in several districts in the Eastern Cape including Tabankulu, an area where several hundred AngloGold Ashanti employees have their family homes and it is the area where the fund has made a two-year, R1.8 million commitment in support of the project.

COMMUNITY

Case study



Long term sustainability of mine villages

AngloGold Ashanti's South Africa region has initiated a process of formalising the mine villages near its Vaal River and West Wits operations. What this means is that the company is going through the necessary technical and public participation procedures and getting the approval of the relevant authorities to have the villages proclaimed public townships. Currently the property within these areas falls under the jurisdiction of the Department of Minerals and Energy. The table below spells out the changes that occur when these mining villages become proclaimed townships.



Mining villages	Proclaimed townships
Mining villages, property and land use rights vest with AngloGold Ashanti and are aimed at supporting the core mining function.	The villages have the characteristics of a normal town where residents have access to land with a variety of defined uses in line with the standards approved by the provincial planning authorities.
Residents and businesses merely lease the land. Third-party ownership is not possible.	Various tenure and upgrading options become available.
The development and sustainability of the community is not considered as part of the strategic planning and budgeting priorities of the local authority.	The village areas are included in the social, infrastructural, health, economic and developmental (including housing) planning of the local municipalities.
The use of the land is managed through a system of permits and consents from the Department of Minerals and Energy.	Land use is managed by the local authority in terms of its zoning policies, municipal by-laws and Integrated Development Plans (IDPs).
AngloGold Ashanti attends to the needs (in terms of the provision of municipal services) of its workforce.	The local council is responsible for attending to these needs for its citizens and those living in surrounding communities.

One aspect that does not change is the responsibility for environmental rehabilitation and the safety of mining operations which remains with AngloGold Ashanti.

The goal of the formalisation process is to hand over control and management of these residential areas to the local municipalities in order to ensure self-sustainable communities when mining operations cease.

Formalisation brings a number of benefits to the residents including:

- the provision of services (including bulk water supply, sewage, storm water and solid waste management) and roads to bring these in line with the requirements of the local authority;
- the registration of individual erven with approved rezoning rights with the office of the

COMMUNITY

Case study

Surveyor General and the National Deeds Office. This will give people the chance to own their homes and will open the way for expanded business development; and

- access to social services that the municipality may provide, for example, clinics, libraries and pension payout points.

AngloGold Ashanti properties manager Jacques Wessels says that before embarking on the formalisation process the company appointed a team of specialists to investigate if, from a technical perspective, there were any 'fatal flaws' in the plan for the West Wits and Vaal River/Umuzimuhle villages. No impediments were found but anticipated development parameters were formulated. The local authorities were approached to enlist their support in principle for the intended process and their sanction was received for the inclusion of the villages into their area of jurisdiction.

West Wits and Vaal River/Umuzimuhle villages

Established in 1957 at the time of the development of the Western Deep Levels mine (now known as the West Wits operations), West Wits Village is situated 7 kilometres south of the centre of Carletonville and 10 kilometres north-west of Fochville in North West Province. The proposal for the 300-hectare area includes 572 erven: 518 residential erven, 48 hectares of erven with high-density accommodation (including offices and other facilities in some cases) and 53 erven to be used for commercial and industrial purposes related to support services. An area may also be set aside for education facilities.

Once the formalisation has been completed, control and management of this area will fall under the Merafong Local Municipality.

Vaal River/Umuzimuhle Village is situated 12 kilometres south-south-east of Klerksdorp, 7 kilometres to the east of Orkney and 9 kilometres south of Stilfontein in North West Province. Some 407 hectares in size, the proposed township will comprise 1,403 erven: 1,292 residential erven, 10 erven with high-density accommodation and an additional 101 erven relating to economic and other land uses related to support services. The plan makes provision for a centrally situated mixed land use zone for municipal facilities and commercial activities.

Control and management of this village will fall under the Matlosana Local Municipality when it becomes a proclaimed township.

Public participation

AngloGold Ashanti is involved in an extensive public participation process to give people who may be affected by the proposed formalisation ample opportunity to comment, to raise concerns or to make suggestions that may result in the enhancement of the project.

The first invitations to participate were issued in mid-November 2006 and, in addition to briefing documents, newspaper advertisements, notices and fliers, a series of public interaction meetings are being held. Draft town planning layouts are available for public viewing at central venues in both villages.

Comments and issues raised during the public participation process will be fed into the Environmental Assessment Report which forms the basis on which the environmental and planning authorities will base their decision to approve or decline the formalisation. Responses to the town planning aspects (layout, conditions and so forth) will be submitted to the local authority for evaluation.



COMMUNITY

Case study

Progress to date

Independent environmental urban planning and engineering consultants were appointed by AngloGold Ashanti to assess the impact of the proposed townships on the surrounding environment. The study was submitted to the North West Department of Agriculture, Conservation, Environment and Tourism (NWDACET) in May 2006. Site layout plans, prepared with inputs from geotechnical, engineering and environmental consultants, are being reviewed by the Merafong and Matlosana municipalities.

Towards completion

Once the public participation process has been completed, a Scoping Report will be submitted to NWDACET which will then decide, on the basis of environmental considerations, whether the project can proceed and, if so, on what conditions.

When approval is given by the Planning Tribunal at the local authority concerned, conditions will be set regarding the establishment of the township and its layout. The role and responsibilities of the service providers as well as the services handover programme would also be finalised.

The next step would be the final survey and approval of the overall plan by the Surveyor General. This would be followed by the opening of a register at the Deeds Office, the obtaining of clearance certificates for the upgrading of all services and, finally, the proclamation of the township. It is expected that the township will be proclaimed by the end of 2007.

Conclusion

Jacques Wessels points out that the basic motivation for the establishment of the townships is to "normalise" the existing situation to ensure sustainable utilisation and future development of the areas, aligned with the local authorities' integrated development plans.

"Formalisation acknowledges the urban nature of the area and makes land uses, engineering services and the legal basis of the erven compliant with the standards of the authorities who control land development."

He adds: "By providing the legal and technical basis for the allocation of land for non-mining activities and for the transfer of property, growth and integration will be facilitated and, ultimately, sustainability achieved."



COMMUNITY

Case study

CC&V upgrades water system and settles dispute

In the western United States it is often said that water is as valuable as gold. In the Cripple Creek Mining District, a reliable water supply is vital for Cripple Creek & Victor Gold Mining Company's (CC&V) Cresson Mine.

The right to use the precious resource in Colorado is established by the doctrine of "first in time, first in use." Those who have been continuously using the water the longest, have the right to continue using it. The City of Victor gained water rights from the slopes of Pikes Peak in the late 1890s, during the heyday of mining in the Cripple Creek District. CC&V has purchased this water from Victor since the inception of modern mining in the 1970s.

Until 2005, Victor was able to supply enough water to CC&V, even after the development of the large scale Cresson Mine in 1995. Problems with Victor's water supply were apparent in 2005 following several years of severe drought in the region. Both Victor and the nearby City of Cripple Creek thought they might be able to supply some additional water, but a decades old lawsuit over the rights to the water posed a problem.

Victor acquired water rights from the 1890 town of Altman in the 1970s. The town's water rights had been transferred to the Southern Colorado Power Company in a foreclosure of United Gold Mines, which was a group of mines who had combined to try to keep the mines open in the district. When they failed, the large debt to the power company was paid with water rights. Victor purchased the water rights and then filed a claim for the rights, along with a request to change the point of diversion. Cripple Creek objected to the change, and Victor ultimately objected to some of Cripple Creek's water projects as well.

But CC&V needed more water so CC&V General Manager, Ron Largent, initiated negotiations to settle the water disputes between the Cities of Victor and Cripple Creek. Ultimately both cities dropped their objections to the other's water cases, and agreed to cooperate on upgrades to each city's water supply system, including for the first time in memory linking Victor and Cripple Creek together.

The agreement allowed Cripple Creek to drill two additional wells. CC&V installed a pipeline from the wells to Victor's water supply system; Cripple Creek installed a pipeline to tie the wells to its water supply system. The Cripple Creek water is sold to Victor, which in turn sells water to CC&V. In addition, should Cripple Creek have issues with its water supply, Victor can supply water through the now connected water supply systems.

The improved water supply system supports the CC&V operation now, but will also be an asset for the Cities of Victor and Cripple Creek in the future, long after mining is complete.



COMMUNITY

Case study

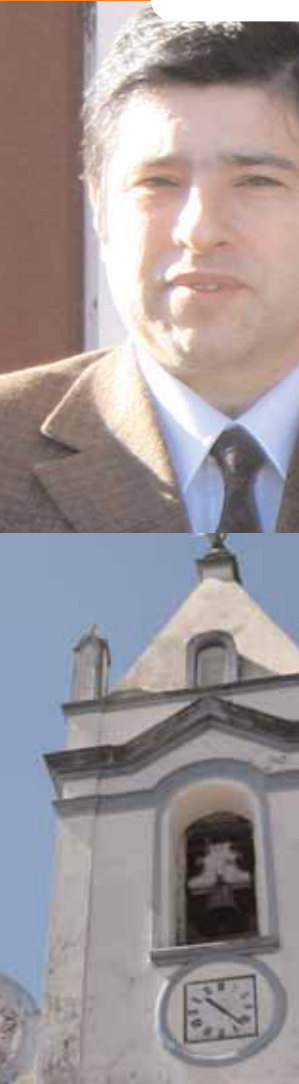


Fostering partnerships in Patagonia

AngloGold Ashanti's Cerro Vanguardia (CVSA) mine is located in one of the most remote and unpopulated gold mining regions of the world. The mine is a partnership between AngloGold Ashanti and Formicruz (which is owned by the Santa Cruz province in which the operation is located). The nearest town to CVSA is San Julian, with some 7,500 inhabitants.

San Julian is one of the oldest port towns in Argentina and, although the region is steeped in history, its remote location means that it remains off the main tourist routes. Up until 1990 the area was a significant sheep farming region. But the region was sorely affected when, in 1991, Mount Hudson in southern Chile – the site of one of the largest 20th century volcanic eruptions, sent millions of tonnes of volcanic ash into the atmosphere which left a trail of barren land over large tracts of Patagonia. The result has been a lack of economic activity and socio-economic

Development agency



Since 2004, CVSA has provided support for the San Julian Development Agency, contributing some ARS500,000 (Argentinian peso) per year towards the agency's ability to assess the feasibility of various socio-economic development projects.

Says AngloGold Ashanti's Alberto Carlocchia, "Although we were initially a bit disappointed with the progress that was made with the development agency – there was little initiative or sense of ownership by the local community – we were never discouraged with the project. It was also very important that CVSA did not simply step in and run the process – this needed to be a community-based initiative which was supported by CVSA and not the other way around. During the first year it was very difficult to manage the differences between the partners in the development agency, considering the dissimilar professional origin of them (CVSA, local businessmen and political representatives); This led to a disparity of criteria for the future, and demanded a lot of work. Finally, after that work was done, the partners in the development agency – CVSA, local business and the local municipality – took the decision in 2005 that we needed to recruit a specialist and dedicated manager to oversee the agency. Following a nationwide search and close on 90 applicants we identified Alejandro Ramos as the new Manager and, since his appointment in March 2006, steady progress has been made in doing the groundwork for the agency."

CVSA is more confident that now, with the appropriate leadership in place, the development agency will take advantage of the support of CVSA during its current life of mine to plan for the future.

Says Alejandro Ramos of the task ahead: "Our first step is to get the support of the community and local government and actively engage with them to get recognition both for the need of local economic development and the role that they and such an agency can play."

One of the things that Alejandro is very keen on is to capitalise on the natural resources in the area for economic development – for example, the agency is looking at the possibility of developing a farming industry around "choique" (similar to the ostrich) and "guanaco" (similar to the llama), and hardy enough to survive the harsh climate. Alejandro uses the example of the ostrich leather, feather and particularly meat industries that have sprung up in other places around the world, or the wool industry relating to llamas in Peru.

"Where the agency can help is in the commissioning of research for example, or in developing a business plan".

The San Julian Development Agency is the only one of its kind in the province of Santa Cruz and could serve as a model for development in the future.

COMMUNITY

Case study

stagnation in San Julian, with an over-dependence on the both the province and the CVSA mine as primary sources of employment and economic activity.

While this is an issue of concern today, this is likely to be even more of a challenge in the future – in 10 years' time – when the mine is anticipated to reach the end of its life.

While the company is an active participant in the community and supports a number of social investment projects which are of immediate benefit to the community, the mine is focused on delivering longer term benefits to the community in a number of ways and which will continue to support this community once mining has ceased. Key amongst these efforts are the company's support for the San Julian Development Agency and the company's partnership with the University of Patagonia, both of which received substantial support in 2006.

University of Patagonia



The relationship with the University of Patagonia (UNPA) is one which CVSA hopes will benefit the local community and mine employees alike by providing access to recognised and accredited educational qualifications in their home town and often while already employed.

Says Natalia Moscardi, Human Resources Manager at CVSA, "Our relationship with the UNPA is a symbiotic one and our support for UNPA not only provides scope for our employees to grow, but also provides an opportunity for other people in the area to improve their skills and qualifications and to become part of an employment pool in the future. "

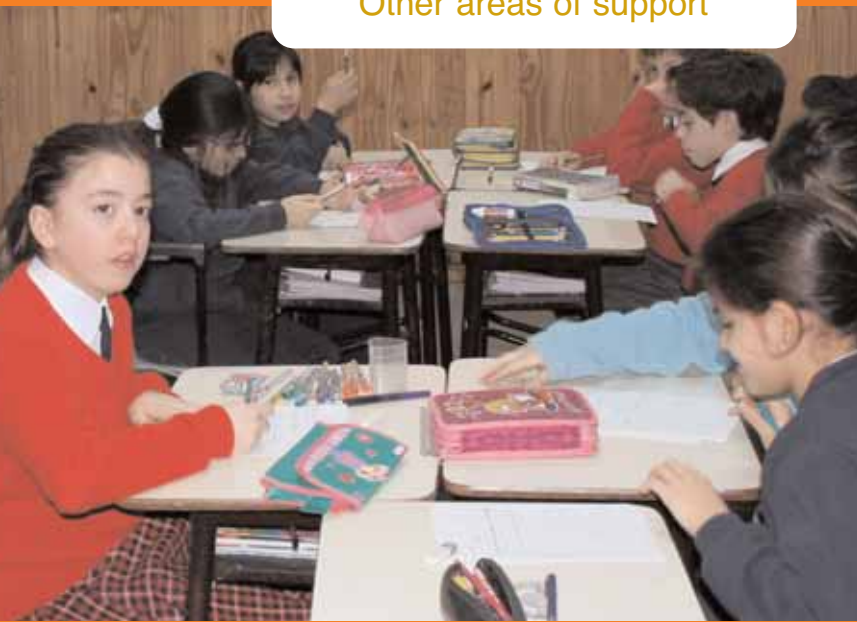
UNPA provides both distance learning and satellite campuses in San Julian and four neighbouring towns and offers courses in administration, healthcare and nursing, mining, tourism, and natural sciences. Distance learners make up about 70% of the student body. The UNPA has also endeavoured to make further education affordable, tapping into both national funding for education and by providing scholarships.

UNPA students at the University of San Luis, a traditional mining province are currently undertaking research into the destruction of cyanide used in the gold leaching process through the application of resin.

COMMUNITY

Case study

Other areas of support



There are numerous other examples of support and interaction with the community, such as:

- CVSA's involvement with the Instituto Maria Auxiliadora, an 81-year-old convent school providing education to 320 children between the ages of 4 and 15. Apart from the lack of space being a huge challenge to the school (there is a waiting list for entry), the lack of teachers is a common problem in the area. The school is open to all community members, including children of CVSA employees.
- Support for the local hospital, bringing first-class health care to local residents of San Julian, in partnership with local government.
- CVSA's partnership with the historical Sporting Club, renovating and upgrading a number of buildings.