



OPERATIONAL PROFILE 2018

OBUASI
GHANA

OBUASI



Obuasi, which has been primarily an underground operation, mining to a depth of 1,500m, is in the Ashanti region, approximately 60km south of Kumasi in Ghana.

Although the mine was placed on limited operations towards the end of 2014, and on care and maintenance from 2016, a decision was made to redevelop the mine in 2018. The redevelopment project has since begun. The redevelopment decision was reached after the completion of a study, signing of the necessary agreements with government and the issuance of the necessary environmental permits for the project. It is envisaged that the redevelopment will deliver a modern, mechanised underground mining operation. The first face blast took place on 11 February 2019.

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HIGHLIGHTS

Redevelopment project begins – a key growth project for AngloGold Ashanti

First gold scheduled for the end of 2019

All necessary permits received from and agreements signed with government – ratified by Parliament in June 2018

A joint venture established with a Ghanaian mining operator to conduct underground mining development and to facilitate the transfer of related skills and expertise

Mineral Resource* of 34.05Moz (inclusive) (7.11Moz below infrastructure)

Ore Reserve* of 5.86Moz (1.13Moz below infrastructure)

** At 31 December 2018*

Operating performance

Obuasi redevelopment project

During 2018, Obuasi remained in the care and maintenance phase while the redevelopment project for recommencing operations continued. Following receipt of all the requisite Ghanaian Government approvals, including parliamentary ratification, and environmental approvals in June 2018, redevelopment of the Obuasi high-grade ore body has started in earnest. Establishment of the project and operating teams have progressed well, and all key roles have been filled. Detailed design has continued, focusing on the processing plant and underground infrastructure. Critical long-lead items have been ordered. Demolition of redundant processing plant structures has begun. Refurbishment planning was completed, and works are set to begin by end March 2019. The housing refurbishment programme has also begun and the expansion of the mining contractor's camp is well advanced.

The underground mining fleet has been delivered and commissioned and the underground mining contractor mobilised. Operational readiness activities, including the design of the mine operating systems, has progressed to plan. The project is being developed in two phases, the first is to achieve production at 2,000tpd with the second aiming to achieve production of 4,000tpd by the end of 2020. The first blast took place in February 2019.

In order to ensure meaningful Ghanaian participation in the project, a key commitment made by AngloGold Ashanti at the outset of Obuasi's redevelopment, the five-year mining contract was awarded to a joint venture Underground Mining Alliance Limited (UMA) formed by Ghana's Rocksure International (Rocksure) (30%) and Australia's African Underground Mining Services (AUMS) (70%), which will also help facilitate the transfer of underground mining expertise to Accra-based Rocksure. The contract will employ and train around 550 Ghanaians.

To facilitate the joint venture and effect operating cost and import duty savings, AngloGold Ashanti (Ghana) Limited purchased the mining fleet at a cost of approximately \$46m.

As announced in November 2018, this mining fleet purchase increases the initial project capital expenditure range from \$450 to \$500m to \$495 to \$545m. However, at the same time, this purchase reduces the contract rates over the period of the contract and is estimated to improve AISC by approximately \$25/oz. Given the delayed receipt of permit approvals in 2018, some capital expenditure has been deferred from 2018 into 2019 and from 2019 into 2020. The latest outlook on the capital spend profile is expected to be 10%, 60%, and 30% in 2018, 2019 and 2020, respectively.

The first gold pour is still planned for the end of 2019.

Stakeholder engagement

Government: We engaged with the Government of Ghana throughout the year and secured the necessary agreements and permits to enable us to begin the redevelopment of Obuasi. The relevant fiscal and development agreements, and environmental permits were granted, and signed by the Government of Ghana. All these agreements were ratified by Ghana's parliament in June 2018.

Communities: Post-year end, in January 2019, community and traditional leadership attended the official launch of the redevelopment of Obuasi. In line with our commitments to the Government of Ghana and the local community, we will focus on and promote Ghanaian participation in this redevelopment. This focus includes the recruitment of Ghanaians which has begun, both locally and off-shore, as many Ghanaians work globally. Where we have imported specialist operational managerial and technical skills, we have identified Ghanaian successors who will be developed throughout the project.

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Sustainability performance

Security and human rights

No human rights violations were recorded during the year. The Human Rights Working Group (HRWG) representatives at corporate, regional and operational levels continued to implement the Human Rights Framework across the region. See the <IR> and <SDR>.

The Voluntary Principles on Security and Human Rights (VPSHR) are the key driver for our security management practices.

The mandate of the military and police to maintain law and order at Obuasi remained in place during the year. No illegal miners were sighted underground or on surface within our fenced operational area. Continued focus by security remains in place to prevent a resurgence of illegal mining and to curb general criminality within our residential areas. There were changes in the security service provider at Obuasi during the year. As part of our ongoing local content initiatives, and following a thorough evaluation and vetting process, a decision was made to award the security contract to a locally-owned and registered company. A transition plan to facilitate the change in the service provider was developed and was executed seamlessly.

Community development

The AngloGold Ashanti Obuasi Mine Community Trust Fund endeavours to provide

potable drinking water for communities within its operational area. The fund provided three mechanised boreholes for the three communities and a senior high school at a cost of \$40,000. This project aims to increase access to drinking water, reduce the incidence of water-related diseases from unsafe drinking water sources within host communities and improve contact time between students and teachers in class. The project received supervisory support from the Works Department of Obuasi Municipal Assembly, the Municipal Education Directorate and the school authorities. The boreholes are projected to benefit a population of about 11,000 that includes the Dadwen, Kwabrafoso West, Anyimadukrom communities and the Obuasi Senior High School. The project received supervisory support from the Works Department of Obuasi Municipal Assembly, the Municipal Education Directorate and the school authorities.

Additionally in Obuasi, we also have school development programmes and provide healthcare assistance.

Reconstructive plastic surgery for people living with abnormalities in host communities:

Begun in 2017, this initiative continued in 2018. The cost of quality health care is a critical issue in several communities within the concession area. In 2017, Obuasi collaborated with AngloGold Ashanti Health Foundation, Greater Works and Galaxy Foundation to

undertake free surgeries for patients from several beneficiary communities. The level of stakeholder acceptance was very high and community members called for a repeat of this project in 2018 to cater for the backlog of patients who had not benefitted the preceding year. The initiative, named the 'Hope Project', aims to correct anomalies and deformities including cleft lip and palate, genital filariasis, postburn contractures and other swellings. In all, 89 community members benefited – 58 men, 23 women and eight children below the age of five years. In 2018, we once again collaborated with the AngloGold Ashanti Health Foundation and Greater Works Foundation to conduct surgeries. At total of 78 surgeries were undertaken at a cost of \$18,000.

Malaria programme: A baseline community health impact assessments were conducted at Obuasi sites to consider the prevailing health status and challenges of the local communities, as well as any potential health impacts on the community from mining operations. These baseline health impact assessments inform community health initiatives which the company leads or participates in.

AngloGold Ashanti is involved in a public-private partnership Ghana, following our selection by Ghana's National Department of Health to be the principal recipient for a Global Fund grant to extend Obuasi's integrated

malaria control programme to other districts in Ghana 1. In 2018, the programme is estimated to have covered over a million structures, protecting around 1 million people, and creating some 1,300 job opportunities in the communities involved. Based on the sustained successes over the past decade, AngloGold Ashanti was again awarded principal recipient status and \$16 million to conduct malaria control activities in 14 districts and 45 prisons nationally for the period 2018 – 2020.

The programme distributed 6,947 long-lasting insecticide treated nets to employees and contractors, 16 surrounding communities and three senior high schools in the area. This was supported by intensive awareness and sensitisation training as well as close surveillance and monitoring of utilisation of these nets and the malaria disease burden on the mine and at community level.

Basic school quiz competition: The provision of quality education is one of the socio-economic development initiatives included in Obuasi's community investment programme.

The approach adopted is multifaceted and spans the provision of educational infrastructure in the form of water and sanitary facilities, accommodation for teachers and ICT support. The annual basic schools quiz competition was introduced in 2016 in partnership with the Ghana Education Service to improve the quality education within the

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municipality. About \$8,000 was donated. The programme was repeated in 2018, covering six circuit areas within the Obuasi Municipal and Obuasi East districts on the mine's concession.

Book donation to senior high schools: Obuasi donated \$15,000 to support students in improving their academic performance for final year examinations. The money went towards the purchase of stationery for nine government-assisted senior high schools in the Obuasi municipality that are located within the mine concession.

Examination improvement programme: this programme seeks to nurture and support a culture of learning in Adansi and Bekwai schools. It also aims to increase access to library books for second cycle school learners across the concession and to equip students with the necessary skills to pass their final secondary education exams in order to gain access to tertiary institutions of their choice. Around 4,000 text books were donated to these schools through the Municipal Education Directorates of the municipal and district assemblies.

Environment

In June 2018, the Ghana Environmental Protection Agency (EPA) approved two crucial environmental permits for the Obuasi mine – for the redevelopment project and for the tailings and water infrastructure project. Obuasi also received an additional environmental permit for the expansion of the 40-man camp residential area in September 2018 to complement the project.

Obuasi's ISO 14001:2015 certification remained suspended for the year as the mine was on care and maintenance for 2018.

Water management

For the Sansu community in the vicinity of the Obuasi mine, the issue of possible contamination of ground water resources was one of the focus areas during the year. In dealing with this, two independent consultants – the Council for Scientific and Industrial Research and Envaserv Research – were commissioned to independently test the ground water and investigate any possible mine pollution. The consultants representing the community and the mine respectively, concluded assessments in the second half of 2018. The findings of both studies were consistent, demonstrating no evidence of mine pollution on the ground water. Any abnormalities that were detected related to natural geological factors. The process to engage communities on the findings commenced at the end of the year, and it is planned that the Obuasi mine will offer guidance to the community in responding to its water quality challenges.

For further information on AngloGold Ashanti and its work and performance, as a group and in the Continental Africa region, see the <IR> and <SDR> which are available online at www.aga-reports.com.



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Key statistics

OBUASI ⁽¹⁾	Units	2018	2017	2016
Operating performance				
Cut-off grade ⁽²⁾	oz/t	0.120	0.120	0.128
	g/t	4.10	4.10	4.40
Recovered grade	oz/t	–	–	0.023
	g/t	–	–	–
Tonnes treated/milled	Mt	–	–	–
Gold production	000oz	–	3	3
Total cash costs	\$/oz	–	–	167
All-in sustaining costs	\$/oz	–	–	440
Capital expenditure	\$m	48	–	6
Productivity	oz/TEC	–	–	–
Safety performance				
No. of fatalities		0	0	0
All injury frequency rate (AIFR)	per million hours worked	0.62	–	0.30
People				
Total average no. of employees		1,321	1,066	766
– Permanent		290	277	299
– Contractors		1,032	789	497
Environmental performance				
Water use	ML	–	–	–
Water use efficiency	kL/t	–	–	–
Energy consumption	PJ	0.26	0.26	0.30
Energy intensity	GJ/t	0.00	0.00	0.00
Greenhouse gas (GHG) emissions	000t	31	36	41
GHG emissions intensity	t CO ₂ e/t	0	0	0
Cyanide use	t	–	–	0
No. of reportable environmental incidents		0	2	0
Total rehabilitation liabilities	\$m	163	211	216
Social performance				
Community investment	\$000	122	120	60
Payments to government ⁽³⁾	\$m	48	38	26

⁽¹⁾ Obuasi was placed on limited operations at the end of 2014 and Obuasi on care and maintenance in 2016.

⁽²⁾ Based on the Ore Reserve.

⁽³⁾ Total payments made to the Ghanaian government on behalf of all AngloGold Ashanti operations in Ghana.