



# GHANA

## FACT SHEET

Headquartered in Johannesburg, South Africa, AngloGold Ashanti Limited (AngloGold Ashanti) is the third largest gold producer in the world with operations around the globe. It has 20 operations in 10 countries on four continents as well as several exploration programmes in both the established and new gold producing regions of the world. Group activities are managed in four operational regions: South Africa, Continental Africa, Australasia and the Americas (both North and South America). The countries included in the Continental Africa region are the Democratic Republic of the Congo (DRC), Ghana, Guinea, Mali, Namibia and Tanzania.

### AngloGold Ashanti – a corporate profile

In 2011, AngloGold Ashanti employed 61,242 people, including contractors (2010: 62,046) and produced 4.33Moz of gold (2010: 4.52Moz), generating \$6.6bn in gold income, excluding joint ventures (2010: \$5.3bn). Capital expenditure in 2011 amounted to \$1.5bn (2010: \$1.0bn).

As at 31 December 2011, AngloGold Ashanti had a total attributable Ore Reserve of 75.6Moz (2010: 71.2Moz) and a total attributable Mineral Resource of 230.9Moz (2010: 220.0Moz).

AngloGold Ashanti has its primary listing on the Johannesburg Stock Exchange (JSE) and is also listed on the New York, London, Australia and Ghana stock exchanges. As at 31 December 2011, there were 382 million ordinary shares in issue and the company had a market capitalisation of \$16.2bn (2010: \$18.8bn). Shareholders are scattered around the world, with the largest proportion (48%) being in the United States.

### AngloGold Ashanti in Ghana

AngloGold Ashanti currently has two wholly owned and managed operations in Ghana – Obuasi and Iduapriem – which produced 512,000oz combined, equivalent to 11.8% of group production in 2011.

The operations are located in the Ashanti and Western Regions of Ghana, and were acquired following a merger between the former AngloGold Limited of South Africa and Ashanti Goldfields Company Limited of Ghana. The new entity, AngloGold Ashanti Limited, was formed in April 2004.

The Iduapriem mine, wholly owned by AngloGold Ashanti since September 2007, comprises the Iduapriem and Teberebie properties in a 110km<sup>2</sup> concession. Iduapriem is located in the Western Region of Ghana, some 70km north of the coastal city of Takoradi and 10km southwest of the Tarkwa mine. Iduapriem is an open-pit mine and its processing facilities include a carbon-in-pulp (CIP) plant.

Obuasi is located in the Ashanti Region of Ghana, approximately 60km south of Kumasi. Mining operations are primarily underground, to a depth of 1.5km. Some surface mining in the form of open pit and tailings reclamation occurs. Obuasi currently treats sulphide ores from underground at the south plant, following the decommissioning of the tailings treatment plant in October 2010. The south plant also treats sulphide tailings and has a capacity of 360,000 tonnes per month.

As at 31 December 2011, AngloGold Ashanti had a total inclusive Mineral Resource of 38.44Moz in Ghana, of which the Mineral Reserve was 11.92Moz. This is equivalent to 16.6% and 15.8% respectively of group resources and reserves.

The Ghanaian operations had an average of 7,081 employees in 2011, including contractors (2,177) working for the company (2010: 7,205).

Capital expenditure in Ghana totalled \$205 million for the year – \$73m at Iduapriem and \$132m at Obuasi. Total capital expenditure by AngloGold Ashanti in Ghana over the past five years is \$739m. Forecast capital expenditure for both mines in Ghana in 2012 is between \$306m and \$320m.

## Key statistics – Ghana

		2011	2010
<b>Operation</b>			
Attributable tonnes treated/milled	Mt	6.3	6.0
Gold production (attributable)	(000oz)	512	502
Total cash costs	(\$/oz)	858	715
Capital expenditure	(\$m)	205	126
Average number of employees		7,081	7,205
– Permanent		4,904	4,954
– Contractors		2,177	2,251
Productivity	(oz/TEC)	7.66	7.42
<b>Safety</b>			
Fatal injury frequency rate	per million hours worked	0.10	0
All injury frequency rate (AIFR)	per million hours worked	3.24	4.07
<b>Environment</b>			
Water usage – total	ML	8,975	8,468
– groundwater	ML	4,280	3,799
– surface water	ML	4,622	4,688
– purchased	ML	74	–
Energy consumption – total	million GJ	2.51	2.57
– direct energy consumption	million GJ	0.73	0.84
– diesel	million GJ	0.73	0.84
– natural gas	million GJ	–	–
– heavy fuel oil		–	–
– indirect	million GJ	1.78	1.73
Greenhouse gas emissions (CO <sub>2</sub> e)	000t	290	160
– direct	000t	53	62
– indirect	000t	237	98
Cyanide used	t	5,482	5,156
Reportable environmental incidents		14	11
<b>Socio-economic</b>			
Community investment	\$000	3,264	3,804
Payments to government	\$000	97,869	61,558
– dividends paid to government	\$000	2,037	2,082
– taxation paid	\$000	37,526	6,226
– withholding tax (STC, royalties, etc)	\$000	27,763	20,591
– other indirect taxes and duties	\$000	9,112	6,542
– employee taxes and other contributions <sup>(1)</sup>	\$000	21,029	21,614
– property tax	\$000	402	351
– other (includes tax on exports)	\$000	–	4,152
Local spend <sup>(2)</sup> within country			
– Obuasi	%	49	n/a <sup>(3)</sup>
– Iduapriem	%	77	n/a <sup>(3)</sup>

<sup>(1)</sup> Includes remittance made to government but borne by employees as individual taxation eg PAYE, UIF

<sup>(2)</sup> Local spend is defined as spend undertaken within the country (currently includes indirect imports as well as locally produced goods).

<sup>(3)</sup> Local spend in Ghana as a whole for 2010 was reported at 68.5% of total procurement by AngloGold Ashanti's Ghanaian operations.

## Performance in 2011

### Operational performance – Iduapriem

Gold production for the year totalled 199,000oz, 7% up on production in 2010, due in large part to the increase in volumes milled. Record monthly throughput of 404,000t was achieved in August 2011. This was despite deterioration in the average grade over the year to 1.44g/t, which was 16% lower year-on-year.

A highlight of the year was the commissioning of the new tailings storage facility (TSF) in the first half of the year – a timely development given the declining capacity of the interim tailings storage facility.

Total cash costs per ounce increased by 28% to \$853/oz from the previous year, owing primarily to higher fuel and power costs. Total capital expenditure for the year was \$73m, including \$60m for the tailings storage facility and \$2m relating to the Ajopa project.

### Growth and improvement

The emphasis in 2012 will be to stabilise and minimise downtime at the crushing plant and to improve the primary crusher feeding rate.

A scoping study will examine the potential expansion of the open pit operation by increasing throughput. Long-hole drilling is also planned to determine if there is an economic resource sufficient to support underground mining.

The Ajopa project is now scheduled to start in mid-2012 and is expected to cost an estimated \$12m. Ajopa hosts an ore reserve estimated at 4.97Mt at a grade of 2.05g/t, equivalent to around 363,000oz of gold.

### Operational performance – Obuasi

Obuasi achieved its production targets in 2011, despite facing significant operating challenges. This achievement followed focused intervention from the multi-disciplinary taskforce appointed to effect the turnaround of the operation. Additional planning, design and scheduling of work is required to further improve operational performance.

Ore reserve development improved from 8,409m in 2010 to 10,197m in 2011. Flexibility remains a key challenge for this operation.

Underground tonnages came in at 1.84Mt (2010: 1.80Mt). Production declined by just over 1%, as planned, to 313,000oz as the taskforce worked at formulating a strategy to establish an appropriate foundation for optimisation and growth to realise the full potential for the Obuasi operations.

### Growth and improvement

The Obuasi taskforce made good progress in putting measures in place to effect a turnaround at the operation. A 12-hour shift was introduced and fully rolled out at all underground and processing functions to provide more productive time at work. Ageing infrastructure at the mine and plant is being repaired or replaced where necessary.

The Anyankyirem surface resource at Obuasi and the underground prospect below 41 level have some potential for growth. Infill drilling at Anyankyirem has yielded some positive results, with a measured/indicated resource of 242,000oz at a head grade of 2.2g/t. Should this project come on stream, the oxide treatment plant would be recommissioned.

Underground drilling to explore the Obuasi Deeps below 50 level and the southern extensions of the current mining areas above 50 level continued in the year.

### Sustainability performance

In line with the group sustainability strategy, a comprehensive and transformative sustainability strategy has been compiled for AngloGold Ashanti's Continental Africa region, to enable the region to fulfil its potential for growth while contributing to broader regional social and economic development.

The strategy will primarily be achieved through the development of mine sustainability plans, based on the United Nations millennium development goals. Key components of the model are enhanced stakeholder engagement, focused community projects to deliver sustainable value and partnering with government on issues including the formalisation of artisanal and small-scale mining. The model is designed to positively and proactively address issues which have affected business, namely community disputes, failure to meet environmental standards and poor compensation practices.

At Obuasi, the community and social development department has formalised its stakeholder engagement plan, with the formation of community consultative groups.

### The major challenges for AngloGold Ashanti's two mining operations in Ghana, Iduapriem and Obuasi, are:

#### Safety and health

AngloGold Ashanti has a long-term goal of operating a business free of occupational injury and illness and a five-year objective of reducing the all injury frequency rate (AIFR) to less than nine per million hours worked.

Training and the promotion of safety awareness have been used to reinforce safe behaviour. The all injury frequency rate (AIFR) for both the Ghana operations for the year improved – to 6.61 per million hours worked compared with 9.73 the previous year at Iduapriem, and to 2.37 from 2.86 per million hours worked at Obuasi. This was bolstered by an employee engagement process aimed at improving communication and performance, which was rolled out in phases during 2011.

At Iduapriem, occupational injuries continued to decline in 2011 for the third consecutive year. The focus during the year was on contractor engagement in safety programmes, fatigue management and the implementation of risk-based medical surveillance. Emergency response planning and crisis management were reviewed, while safety campaigns continued in order to focus and procure commitment from all employees.

Also at Iduapriem, an OHSAS 18001 certification audit was conducted during August 2011 and the next recertification will be concluded during 2014. Obuasi's OHSAS 18001 certification was successfully completed during January 2012.

Regrettably, at Obuasi mine, three contractor employees lost their lives in occupational accidents. The Obuasi management team conducted thorough investigations to fully understand the circumstances that contributed to these incidents. Measures have been put in place to help ensure that such incidents are not repeated.

The Obuasi malaria control programme remains highly successful and achieved a sustained reduction in malaria incidence: 1,804 cases were recorded at Obuasi in 2011, a reduction of 18% from 2010.

In 2009, AngloGold Ashanti was nominated as the principal recipient of a grant of \$138m from the Global Fund to Fight AIDS, Tuberculosis and Malaria. The project will cover 40 districts in Ghana and will be based on the integrated malaria control model implemented at Obuasi.

## **Environmental**

### *Environmental management and permitting*

Environmental management efforts at Obuasi focused on achieving the environmental certification issued by the Environmental Protection Agency (EPA) and implementation of the accompanying schedule. This goal was realised in early 2012. Implementation of the certification schedule will continue in 2012.

The number of reportable environmental incidents at Obuasi increased to 14 (2010: 6), 10 of which were as a result of high cyanide values in the hydrafill.

Recertification ISO 14001 audits will be conducted at both operations during the course of 2012.

### *Process water management*

AngloGold Ashanti's operations are heavily dependent upon access to substantial volumes of water for use in the mining and extractive processes. Typically these are subject to water-use permits that govern usage and require, among other things, that mining operations maintain certain water quality upon discharge.

Water quality and usage are of concern globally, but are particularly significant for operations in Ghana, where there is significant potential environmental and social impact and a high level of stakeholder scrutiny.

A Ghana task team, led at executive committee level, is developing a holistic strategy to address legacy and operating issues in Ghana relating to water, as well as community relations, land access, and human rights complaints and grievances. In 2011, significant progress was made in Ghana in addressing water management challenges highlighted by The Public Eye Award.

Progress made in 2011 included the commissioning of a reverse osmosis plant in the northern section of Obuasi which functions in conjunction with complementary water treatment technologies to ensure that water released is compliant with Ghana's water quality standards. At the southern section of the mine, additional equipment was commissioned in 2011 to increase the volume of water that can be recycled into the production process.

A key objective for 2012 is EPA approval to start construction of a return water dam at the south plant and other process water treatment facilities.

At Iduapriem, a plant extension was successfully commissioned, which ensures that the operation can release excess water while fully meeting effluent discharge standards. In 2011, a total of approximately \$14m was spent on various water management interventions (including treatment plants and storm water infrastructure).

### *Cyanide management*

The use of cyanide by the gold mining industry has been a significant source of stakeholder concern since its introduction and cyanide is carefully managed at AngloGold Ashanti operations. The company is a signatory to the International Cyanide Management Code, which supports the responsible use, transportation and disposal of cyanide in gold mining, enhances measures for the protection of human health, and reduces the potential for environmental impacts.

In Ghana, infrastructure modifications are required for AngloGold Ashanti's two operations to become compliant with the cyanide code. At Iduapriem during 2011, a new facility for making up cyanide was successfully commissioned which reduces the risk associated with the transport and handling of the material.

At Obuasi, in Ghana, the capital project (\$11.5m) to replace the cyanide handling facilities advanced through to detailed design, with construction and commissioning planned for completion in the fourth quarter of 2012.

## **Socio-economic contribution**

### *Payments to government*

AngloGold Ashanti is a member of the Extractive Industries Transparency Initiative (EITI) and is committed to supporting its objectives of fiscal transparency and good governance. The company shares the EITI ethos that transparency and sound governance are essential in promoting sustainable economic development. All payments made to governments by the company are disclosed, whether or not the country concerned is an EITI member; Ghana is compliant with the EITI. AngloGold Ashanti's payments to the Ghanaian government in 2011 totalled \$97.9m.

### *Community*

Total community investment by AngloGold Ashanti in Ghana was \$3.3m in 2011 (2010: \$3.8m), on projects including an indoor residual spraying programme in Obuasi, community projects, the provision of

potable water facilities, capacity building in agriculture, a community apprenticeship training programme and donations as well as sponsorship of good causes.

### *Local procurement*

AngloGold Ashanti plays an active role in the sustenance and expansion of the local economy by encouraging the development of local skills and providing business opportunities and platforms for technology enhancements supporting local suppliers, so as to promote sustainable local business. Total local procurement spend in Ghana in 2011 amounted to \$387m in 2011 with Obuasi spending \$280m and \$107m for Iduapriem, representing 61% and 57% of their total spend, respectively.

### **Other challenges faced by the Ghanaian operations**

#### *Skills shortages*

AngloGold Ashanti and the broader mining industry are potentially faced with serious skills shortages, with few students studying mining engineering and related fields, and even fewer entering the industry.

Demand exceeds supply, particularly in respect of mining engineering, geology and metallurgical graduates. The company will continue to focus on building capabilities, retaining key skills and developing and managing a reliable, long-term skills pipeline.

Iduapriem's basic education improvement project which focuses on youth and skills development, offers support to help improve the pass rate in the Basic Education Certificate Examination.

At Obuasi, apprenticeship enrolment increased from 55 in 2010 to 70 in 2011. The programme offers practical training to engineering and other technical training to graduates from local polytechnics and universities. The mine also employs new graduates, on average 150 graduates a year, to do their one-year national service with the mine, where they are also given training in various disciplines.

#### *Artisanal and small-scale mining (ASM)*

AngloGold Ashanti addresses ASM on two levels: at a strategic level globally, it is collaborating in efforts to identify and develop best practice, and, at an operational level locally, it is tailoring solutions to each situation, which varies by country and region.

A global framework and guidelines are necessary to guide and develop local ASM strategies and will involve partnerships with governments, community engagement and land negotiations as well as specific community interventions such as environmental improvements and formalisation of ASM activity. AngloGold has begun engaging actively with industry participants and relevant international agencies to advance this debate.

The company is beginning to see the results of sustained and strategic engagement approaches with key stakeholders at Obuasi, where the company continues to engage with national and local government, the Chamber of Mines, the Mineral Commission and a number of interest groups to find sustainable solutions to the ASM challenge in the area.

The ultimate aim of this engagement is to ensure peaceful co-existence with ASM participants so as to contribute to the long-term development of the area.

As a result of allegations of human rights abuses in Ghana related to interaction with ASM and community resettlement, a Ghana task team, led at executive level, has developed a holistic strategy to address legacy and operating issues.

#### *Human rights and security incidents*

Focus in 2011 was on completing the implementation of AngloGold Ashanti's global security framework, which began in 2009 and has been rolled out to all operations, and on strengthening the integrity and credibility of security management processes. This work will be continued in 2012.

The next phase of this strategy will focus on five issues as a foundation for long-term improvement: removing people from risk; defining the role of communities in complementing security initiatives; partnering more effectively with public security providers; technology and manpower; and using highly-trained, skilled and equipped rapid reaction teams.

Implementation of the Voluntary Principles of Security and Human Rights (VPSHR) has been an integral part of the security management programme since its introduction in 2009. The VPSHR is a set of principle developed to guide businesses on meeting security needs while maintaining respect for human rights and fundamental freedoms. At Obuasi, implementation of the VPSHR continued during 2011. Work on the VPSHR will progress in 2012 and will include private security providers.

#### *Land compensation*

Poor compensation practices have made it difficult for AngloGold Ashanti to gain access to new land. Issues relating to compensation for the community in Ajopa, a potential growth area for the business in Ghana, were resolved in 2011.

Iduapriem continues to provide assistance in repairing houses in the Teberebie village, while finalising land-for-land compensation.

At Obuasi, more than 114 houses have been built by the company to resettle the people in a new site, dubbed the new Dokyiwaa village. Unlike the old village, the new village has amenities such as electricity, water and a basic school.

#### *Changes to regulatory and fiscal environment*

The Ghanaian Minister of Finance and Economic Planning announced in December 2011 that the government is seeking to increase income tax rates for mining companies from the current 25% to 35% with effect from 1 January 2012. In terms of the stability agreement between AngloGold Ashanti and the Government of Ghana, which was ratified by Parliament on 18 February 2004 and amended in February 2007, the corporate

tax rate during the duration of the agreement until 26 April 2019 for its Ghanaian operations will be a maximum of 30%.

The Government of Ghana recently announced that it has constituted a team to re-negotiate stability agreements with mining companies and AngloGold Ashanti expects to participate in these negotiations.

**Delivery on production targets:** In 2011, the turnaround of AngloGold Ashanti's Obuasi mine in Ghana was a key area of focus for the company. The operation faces a well-documented range of operating and sustainability-related challenges, but remains one of the world's great orebodies with a Mineral Resource base of more than 30Moz.

An operating taskforce was appointed at the beginning of 2011 and operating stability has been achieved, with operations meeting production and cost targets in 2011. The taskforce is advancing plans for medium- and long-term growth.

#### **Potential for energy shortages**

Globally, AngloGold Ashanti continues to focus on improving energy performance. A renewed emphasis on minimising energy consumption and securing energy supplies for the future is a key feature of the company's energy strategy, with site-based strategies to be developed as soon as possible.

The company's operations in Ghana depend on hydroelectric power supplied by the state-controlled Volta River Authority (VRA), which is supplemented by thermal power from the Takoradi plant and a smaller unit at Tema. During periods of below average inflows from the Volta reservoir, electricity supplies from the Akosombo Dam, the VRA's primary generation source, may be curtailed as occurred in 1998, 2006 and the first half of 2007.

#### **Planning for mine closure**

Given that all mining operations eventually cease, on-going planning for closure is an integral aspect of operational planning as is the estimation of the associated liability costs and the assurance of adequate financial provisions to cover these costs.

A group closure and rehabilitation management standard was completed in 2009 and all operations were required to comply with the standard by December 2011. The Continental Africa operations have been granted an extension to December 2012.

Closure planning is an activity that starts at exploration and mine design stage and continues throughout the life of mine:

- The evaluation of new projects takes into account closure and associated costs in a conceptual closure plan.
- Our standard requires that an interim closure plan be prepared within three years of commissioning an operation, or earlier if required by legislation.
- This plan is reviewed and updated every three years (annually in the final three years of a mine's life) or whenever significant changes are made, and takes into account operational conditions, planning and legislative requirements, international protocols, technological developments and advances in practice.

For many of the older mines, closure planning and the evaluation of environmental liabilities is a complex process. This is particularly so in Ghana, where the long-life operations present environmental legacies that may have developed over a century or more. A particular challenge is concurrent rehabilitation, which is carried out while a mine is still operational.

This practice serves to decrease the current liability and reduce the final rehabilitation and closure work that must be undertaken. It also has the potential to sterilise reserves, which the company might wish to exploit should conditions, such as the gold price, change.

AngloGold Ashanti's total rehabilitation liabilities for its Ghana assets at 2011 year-end was \$196.8m (2010: \$109.9m) – \$144.7m for restoration liabilities and \$52.1m for decommissioning.

---

#### **Contact details for AngloGold Ashanti in Ghana:**

**Address:** Gold House, 1 Patrice Lumumba Road, Accra

**Tel:** +233 302 743 416

**Website:** [www.anglogoldashanti.com](http://www.anglogoldashanti.com)