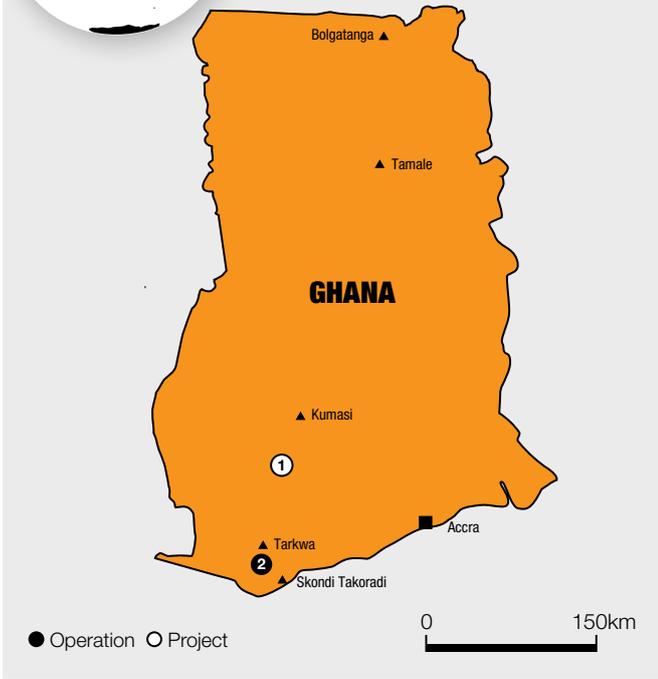




# OBUASI

## GHANA

Obuasi's processing plant



**Obuasi**, an underground operation mining to a depth of 1,500m, is in the Ashanti region, approximately 60km south of Kumasi. Obuasi was on care and maintenance from 2016 to the start of its redevelopment early in 2019, following the receipt of the requisite approvals from the Government of Ghana.

The first face blast took place in February 2019 with first gold poured in December 2019. Phase 1 of the redevelopment project was completed by the end of September 2020 and began commercial production on 1 October 2020.

Phase 2, construction and mine development, is in progress.

Obuasi is one of two AngloGold Ashanti operations in Ghana, and one of five in the Africa region.

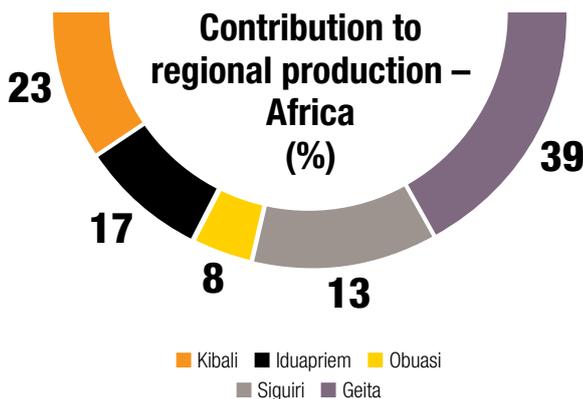
### Operating performance

#### Obuasi redevelopment project – update

The Obuasi redevelopment project continued during 2020, notwithstanding the challenges of COVID-19 which impacted completion of Phase 2.

**LEGEND:** ① Obuasi<sup>(1)</sup> ② Iduapriem

<sup>(1)</sup> Obuasi's redevelopment project began in 2019



Contribution to group production\*

# 4%

\* 2020 group production includes the South African operations to September 2020

# PERFORMANCE 2020

Phase 1 of the mine and plant redevelopment achieved output of 2,000 tonnes per day (tpd) of ore mined and milled and commercial production on 1 October 2020. Commissioning of the Phase 2 ramp up to 4,000tpd was underway by the end December 2020.

Capital expenditure in 2020 totalled \$168m compared to \$246m in 2019.

## Phase 1 – Operational Readiness

Operational Readiness continued in the fourth quarter of 2020 with capacity of 2,000tpd achieved. The project's production for the full year ended 31 December 2020 was 127,000oz, with 30,000oz produced in the fourth quarter of the year. This included a 22-day planned stoppage in December for the tie-in of Phase 2 of the project.

Mining rates continued to be constrained by skilled labour challenges caused by Australian international travel restrictions during the year. Certain expatriate skills are drawn from Australia. These were again tightened in January 2021, with the quota of weekly travellers allowed to enter and exit the country's airports being reduced further. This challenge is being resolved by a continued focus on in-country recruitment and training to help bridge the gap. As a result, the mine plan for 2020 was revised to consider COVID-19 limitations. This plan intends to achieve the required ramp-up in production in parallel with the construction schedule.

The focus on Ore Reserve development in 2020 and opening of a new, surface deposit at Obuasi added 1.8Moz in gross Ore Reserve.

## Phase 2 – Construction

Commissioning of the Phase 2 mills (4,000tpd capacity) began on schedule, the Ore Reserve had increased by 22% at year-end 2020, and the metallurgical circuit operated as planned. The mining ramp-up was challenged by specialist-skills shortages due to COVID-19-related cases, quarantines and ongoing travel restrictions, particularly to and from Australia. Phase 2 construction was 90.1% complete as of 31 December 2020. Commissioning of the milling circuit began and continued in early 2021.

Infrastructure development – the KRS ventilation shaft, the paste-fill plant and underground ore-handling systems – was progressing to schedule, albeit with reduced flexibility due to similar constraints. Completion of the KRS shaft, paste-fill plant and the GCVS ventilation shaft are targeted to be ready when the ramp-up of Phase 2 capacity to 4,000tpd (~1.7Mt annually) begins.

## Outlook

It is anticipated that at full production, Obuasi will contribute between 350,000oz and 400,000oz annually during its first 10 years of production, at an estimated all-in sustaining cost of around \$825/oz, in 2018 money terms. Obuasi has an estimated mine-life of more than 20 years, with production increasing and costs expected to improve in the second decade of production as higher-grade areas are mined.

To date, \$455m has been invested in the redevelopment of Obuasi, which is in line with budget. The project was on track to achieve steady-state production during 2021, however in May 2021, a geotechnical event and a fatality resulted in the suspension of underground mining activities which have delayed the production ramp up. Phase 2 infrastructure refurbishment and construction are continuing, while underground development activities will resume once it is safe to do so. For further details on this, see the corporate announcements on our [News releases](#).

## Sustainability performance

### Safety and health

Regrettably, there were two fatalities at Obuasi during 2020 – one underground fatality and one traffic-related fatality. In June 2020, an experienced equipment operator was hit by an underground load-haul dumper, and in July a security guard was hit and killed by a car driven by a private citizen, at the gate to one of Obuasi's housing estates. See [In memoriam](#), page 6 in the [<SR>](#).

Obuasi's all injury frequency rate for 2020 was 1.44 injuries per million hours worked compared to 1.38 for 2019.

On the health front, Obuasi completed an in-house accredited occupational hygiene laboratory and the second phase of its baseline occupational hygiene survey.

### Employee relations

AngloGold Ashanti's approach to employee relations is predicated on a relationship-based model. We strive to establish constructive relations with our employees and their union representatives based on our values and our determination to embed interest-based collective bargaining. Working closely with our sites, we are also at the forefront of ensuring that we comply with local legislation and regulatory obligations.

The Ghana Mineworkers Union was successfully reinstated. There is an understanding that the level of representation will be limited and that it will not extend to employees at management level (among others). Currently, 80% of these employees are unionised.

There is broad agreement with the union pertaining to unionisation of the Obuasi workforce. A process to conclude a three-year collective bargaining agreement began at the end of 2020.

### Environment

Our environmental stewardship activities are focused on managing the impact of our operations on land, water, air and energy resources.

Environmental management processes are governed by our Group Environment Policy, Standards and Guidelines. The combined assurance audits to assess conformance with our Environmental Standards were impacted by COVID-19 related restrictions, resulting in remote reviews. These reviews will be augmented once the restrictions are lifted.

# PERFORMANCE 2020

Despite the operational challenges resulting from the COVID-19 pandemic, AngloGold Ashanti's environmental teams continued to progress several initiatives during the year. At Obuasi, we developed an enhanced management operating system that clearly sets out accountabilities and workflow maps for environment line functions.

Once the ramp up to full production is achieved, Obuasi will begin working towards ISO 14001 and Cyanide Code recertification during 2021.

Three reportable environmental incidents occurred during the year. See page 48 of the <SR> for details on these incidents.

In terms of land use and rehabilitation, with the re-establishment of the Obuasi mine, a Closure Consultative Committee – comprising AngloGold Ashanti, the Ghanaian Minerals Commission and Environmental Protection Agency (EPA), and the Local Assembly and Traditional Authorities – was set up. The committee serves as an advisory body, providing strategic guidance and tracking of rehabilitation and closure work.

During 2020, the committee oversaw completion of rehabilitation work at the Eaton Turner Shaft and Tailings Treatment Plant area, covering a combined area of about 40 hectares. The EPA confirmed in September 2020 that land use completion, as specified in the mine's Reclamation Security Agreement, had been attained.

## Communities

Our ability to operate successfully is premised on our engagement with communities in an atmosphere of mutual respect. We remain committed to sharing value with communities through training and supplier development programmes and the localisation of employment and procurement opportunities.

We recognise the complexity and diversity of the cultural, economic and social landscapes in which we operate, and aim to balance our ethical responsibilities, regulatory obligations and business objectives. Our host and local communities face intricate socio-economic challenges – especially poverty, high unemployment rates, low economic growth, inadequate infrastructure and access to basic services.

Localisation is a focus of our community initiatives in relation to Obuasi, and we actively promote increased participation by local companies. In addition, we work with stakeholders on the

implementation of the Obuasi Social Management Plan, creating opportunities for alternative livelihoods and skills development.

Obuasi received an award for the best COVID-19 educational response initiative at the fourth edition of the Sustainability and Social Investments awards in Ghana in November 2020, in recognition of the nature and quality of the awareness campaigns at the mine, in host communities and the nation at large.

Community initiatives included the following:

- 56 youths were enrolled into the mine's apprenticeship training programme. The programme will equip these unemployed youths in host communities with skills in winder driving, auto electrics, auto mechanics, welding and fabrication, and forklift, loader, excavator and grader operation
- Around 1,600 student desks were purchased for distribution to schools in the Obuasi municipal area
- 62 local SMMEs received training under the mine's Enterprise Development Programme, which is being implemented in partnership with Invest in Africa. The aim is to grow training capacity to 100 local SMEs in 2021

### COVID-19 community response

Efforts to support local communities included:

- Manufacture of hand sanitiser for public use
- Donations to the Ghanaian President's COVID-19 Trust Fund
- Supporting the Ashanti Regional Health Directorate, Obuasi Municipal and District Assemblies and the Municipal Health Directorate, through the AngloGold Ashanti Health Foundation

Our malaria spraying platforms were used to support community COVID-19 environmental hygiene initiatives in the Obuasi municipality and district. These initiatives received financial support from both AngloGold Ashanti and the Global Fund.

### Artisanal and small-scale mining

We have long advocated for increased efforts in the formalisation of artisanal and small-scale mining (ASM), helping to educate and provide safer work environments and alternative avenues for the people around our mines to secure a living.

# PERFORMANCE 2020

## Key statistics

Obuasi <sup>(1)</sup>	Units	2020	2019	2018
<b>Operating performance</b>				
Cut-off grade <sup>(2)</sup>	oz/t	0.115	0.120	0.120
	g/t	3.93	4.10	4.10
Recovered grade	g/t	6.47	–	–
Tonnes treated/milled	Mt	0.6	–	–
Gold production	000oz	127	2	–
Total cash costs	\$/oz	1,145	–	–
All-in sustaining costs	\$/oz	1,316	–	–
Capital expenditure	\$m	168	246	48
Productivity	oz/TEC	7.16	–	–
<b>Safety performance</b>				
No. of fatalities		2	0	0
All injury frequency rate (AIFR)	per million hours worked	1.44	1.38	0.62
<b>People</b>				
Total average number of employees		4,210	2,924	1,321
– Permanent		850	500	290
– Contractors		3,360	2,424	1,031
<b>Environmental performance</b>				
Water use	ML	1,678	–	–
Water use efficiency	kL/t	2.74	–	–
Energy consumption	PJ	1.02	0.58	0.26
Energy intensity	GJ/t	1.66	–	0.00
Greenhouse gas (GHG) emissions	000t	112	64	31
GHG emissions intensity	t CO <sub>2</sub> e/t	183	0	0
Cyanide use	t	931	115	–
No. of reportable environmental incidents		3	0	0
Total rehabilitation liabilities	\$m	205	186	163
<b>Social performance</b>				
Community investment	\$000	1,791	336	122
Payments to government <sup>(3)</sup>	\$m	162	86	48

<sup>(1)</sup> Obuasi was placed on limited operations at the end of 2014 and on care and maintenance in 2016. The Obuasi redevelopment project, begun in early 2019, achieved its first gold pour in December 2020 and began commercial production in October 2020.

<sup>(2)</sup> Based on the Ore Reserve.

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

For further information on AngloGold Ashanti and its work and performance, as a group and in the Africa region, see the <IR> and <SR> which are available online at [www.aga-reports.com](http://www.aga-reports.com)