



# Brazil

## Message from Roberto Carvalho Silva

This country report published by AngloGold Ashanti is the first to offer space for regional information. This is very satisfying as it enables us to provide an overview of group practices throughout the world, and of how we comply with AngloGold Ashanti's business principles and values, which in turn support our policy of accountability to the communities in which we operate.

Our Brazilian operations in 2004 bore the mark of excellence, a result of our continuing efforts to promote process improvements. Added to the good results obtained in gold production and cost reductions, several important objectives were obtained such as the ISO 14001 accreditation that distinguishes AngloGold Ashanti Mineração (MG) and Mineração Serra Grande (GO) for their management of environmental matters.

Regarding safety and occupational health, we were delighted to achieve a significant reduction in accident rates. The 5-star Nosa accreditation awarded to Mineração Serra Grande last year and to AngloGold Ashanti Mineração in February 2005, is the result of effective risk management routines. The Dick Fisher Safety Award granted to AngloGold Ashanti Mineração, is a reward for our efforts in bettering our safety records as compared to that of the worldwide operations.

Feasibility studies conducted during 2004 led to Board approval of the expansion of Cuiabá Mine. This expansion to our operations will have a direct influence on the economic growth and development of Minas Gerais.

On the basis of the values espoused by AngloGold Ashanti, and in particular that to promote sustainable development in the communities in which we operate, the Brazilian operations consolidated a number of relevant initiatives last year. The Development Agency in Sabará was given a new lease of life and a similar structure is to be implemented in Santa Bárbara (MG) and in Crixás (GO).

The Environmental Educational Centre in Nova Lima (MG) and Crixás (GO), expanded the scope of its work and has already received more than 60,000 visitors. Last year the Santa Bárbara community was also given an Environmental Educational Centre designed to promote environmental awareness. The Seamstresses Co-operative in Raposos (MG), the ever more effective work of the Golden Wives association, the implementation of the Holding Hands Volunteer Programme and the rehabilitation and renovation of important historic sites and monuments, are also good examples of how the company has embraced neighbouring communities.

These several initiatives show a constant effort to promote sustainability and build a significant relationship with local populations, with mutual confidence, and to keep the doors open for the achievements expected in 2005. It is with great pleasure and satisfaction that I bring to your attention a summary of Brazilian operations during the last year with the hope that you may find good reason to recognise the company's continuing efforts to improve its performance.

Cordially yours

**Roberto Carvalho Silva**  
President and CEO South America Region  
Chief Operating Officer (International)



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### About this report:

AngloGold Ashanti is committed to reporting to a broad range of stakeholders. In addition to its operational and financial performance reports, the company also reports on its economic, social and environmental performance – the so-called triple bottom line.

This country profile forms part of a broader group Report to Society which is available on the company's website, or from the contacts detailed below.

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## 2 | Introduction

AngloGold Ashanti's operations in Brazil comprise the wholly-owned AngloGold Ashanti Mineração (formerly Morro Velho) and a 50% interest in the Mineração Serra Grande mines.

### AngloGold Ashanti Mineração

**Ownership:** Wholly-owned by AngloGold Ashanti.

**Location:** AngloGold Ashanti Mineração has mining rights over 30,698 hectares in the state of Minas Gerais, in south-eastern Brazil. The AngloGold Ashanti Mineração complex is located in the municipalities of Nova Lima, Sabará and Santa Bárbara, near the city of Belo Horizonte.

**Mining and processing:** With the closing of the Mina Velha underground mine in 2003 and the Engenho D'Água open-pit in 2004, ore is currently being sourced from the Cuiabá underground mine, (this ore is treated at the Queiroz plant) and from the Córrego do Sítio heap-leach mine.

**Geology:** The area in which AngloGold Ashanti Mineração is located is host to historic and current gold mining operations. This is in addition to producing limestone and iron ore from a number of open-pit operations, and is known as the Iron Quadrangle. The geology of the Iron Quadrangle is composed of Proterozoic and Archaean volcano sedimentary sequences and Pre-Cambrian granitic complexes.

The host to the gold mineralisation is the volcano-sedimentary Nova Lima Group (NLG) that occurs at the base of the Rio das Velhas SuperGroup (RDVS). The upper sequence of the RDVS is the meta-sedimentary Maquiné Group. Cuiabá mine, located at Sabará Municipality, has gold mineralisation associated with sulphides and quartz veins in Banded Ironstone Formation (BIF) and volcanic sequences.

**Performance:** Overall gold production rose by 5% to 240,000 ounces. Total cash costs decreased by 6% to \$133 per ounce. Capital expenditure rose by 28% to \$32 million, spent mainly on ongoing projects.

**Government remittances:** US\$18 million (BRL54 million) was paid in corporate taxes in Brazil by AngloGold Ashanti in 2004.

**Growth prospects:** The economic feasibility study for the Cuiabá expansion project was concluded in December 2004 and the project approved by the board in January 2005. The project aims to expand current production of 830,000 tonnes to 1.3 million tonnes per annum at an estimated capital cost of \$121 million. The project involves upgrading the shaft capacity from 11 level to 21 level and together with the additional infrastructure and ore reserves will increase production from 190,000 ounces to 250,000 ounces per year within two years of the

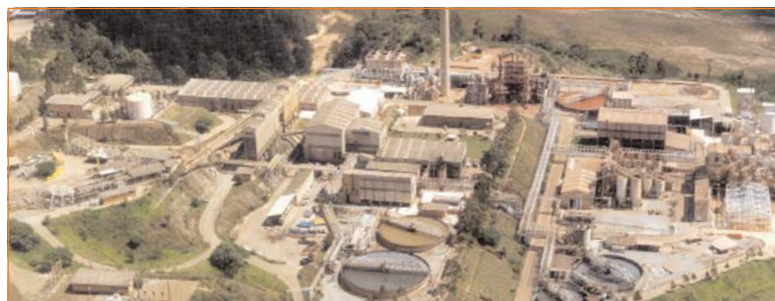
AngloGold Ashanti Mineração			
		2004	2003
<b>Gold production</b>	000/oz	<b>240</b>	228
<b>Total cash costs</b>	BRL/oz	<b>372</b>	394
	\$/oz	<b>133</b>	141
<b>Total production costs</b>	BRL/oz	<b>535</b>	557
	\$/oz	<b>191</b>	199
<b>Capital expenditure</b>	BRL million	<b>90</b>	70
	\$ million	<b>32</b>	25
<b>Total number of employees</b>		<b>2,243</b>	2,236
Employees		<b>1,222</b>	1,286
Contractors		<b>1,021</b>	950

project's completion to yield 1.86 million ounces in all over the additional six years of life.

The Lamego conceptual study is expected to be concluded in mid-2005. The drilling campaign and work on the access ramp to the Carruagem orebody are underway and expected to be completed during 2006. The pre-feasibility study will begin in 2005 and is scheduled for completion in late 2006.

Metallurgical testwork began at Córrego do Sítio in 2004 and work also continued to open the underground orebodies. Drilling is to continue in 2005 as is work to open the drift connecting the Cachorro Bravo and Carvoaria Velha orebodies, experimental mining, continuation of metallurgical testwork and the start of the pre-feasibility study which is expected to be concluded in 2006.

**Outlook:** Looking to 2005, attributable production is expected to increase to 245,000 ounces as a result of higher production from the Lamego, Córrego do Sítio and Cuiabá narrow veins trial mining projects. Total cash costs are forecast at \$125 per ounce. Capital expenditure is expected to increase to \$71 million during 2005, mainly on the Cuiabá expansion.



## Mineração Serra Grande

**Ownership:** The Serra Grande joint venture (50% attributable to AngloGold Ashanti) is co-owned with Kinross Gold Corporation. In terms of the Serra Grande joint venture agreement, AngloGold Ashanti manages the operation and has the right to access a maximum of 50% of the earnings accrued and dividends paid by Serra Grande.

**Location:** Serra Grande controls, or has an interest in, approximately 21,096 hectares in and around the Crixás mining district in the northwestern areas of the Goiás State, in central Brazil. The Serra Grande operations are located 5 kilometres from the city of Crixás.

**Mining and processing:** The operation comprises two underground mines, Mina III and Mina Nova. The processing circuit, which comprises grinding, leaching, filtration, precipitation and smelting, has a capacity of about 740,000 tonnes of ore per annum.

**Geology:** The deposits occur in the Rio Vermelho and Ribeirão das Antas Formations of the Archaean Pilar de Goiás Group which together account for a large proportion of the Crixás Greenstone Belt in central Brazil. The stratigraphy of the belt is dominated by basics and ultrabasics in the lower sequences with volcano sedimentary units forming the upper successions.

The gold deposits are hosted in a sequence of schists, volcanics and carbonates occurring in a typical greenstone belt structural setting. The host rocks are of the Pilar de Goiás Group of the Upper Archaean. Gold mineralisation is associated with massive sulphides and vein quartz material associated with graphitic and sericitic schists and dolomites.

**Performance:** Gold production decreased by 1% to 94,000 ounces for the year, a result of the lower grade ore treated. Total cash costs increased by 23% to \$134 per ounce, owing to inflationary pressures and a strong local currency.

Mineração Serra Grande			
		2004	2003
<b>Gold production – 100%</b>	000oz	187	190
<b>Attributable – 50%</b>	000oz	94	95
<b>Total cash costs</b>	BRL/oz	375	305
	\$/oz	134	109
<b>Total production costs</b>	BRL/oz	498	288
	\$/oz	178	103
<b>Capital expenditure – 100%</b>	BRL million	20	20
	\$ million	7	7
<b>Capital expenditure – 50%</b>	BRL million	10	9
	\$ million	4	3
<b>Total number of employees</b>		710	642
Employees		514	519
Contractors		196	123

Attributable capital expenditure of \$4 million was spent mostly on primary development, conversion of resources to reserves and mine equipment.

**Growth:** Exploration work to increase reserves continues at Serra Grande. During 2004, the drilling of geophysical targets has added two more years to the life-of-mine.

**Outlook:** Production at Serra Grande is expected to decrease by 5% to 89,000 ounces in 2005, owing to lower grades. A total cash cost of \$138 per ounce is forecast. Attributable capital expenditure is expected to be \$6 million.

### Brazilian Designer Forum



Preliminary forums for the Designer Forum 2004 took place in May in Rio de Janeiro, Belo Horizonte and Sao Paulo with 525 participants entering – 80% more than in 2002. Designs were entered into one of two categories: the Designers Category (for professionals) and the New Talent Category (for students and beginners). Technical judging took place over three days at

the group's regional headquarters in Nova Lima where 120 finalists were selected. A second round of judging in July yielded 33 pieces for the 2004 collection – 28 from the Designer Category and five from the New Talent Category. The final event, before an audience of 600 people, was held in Belo Horizonte with 'Roots and Form' as the theme.

## 4 | Mineral resources and ore reserves

Mineral resources and ore reserves are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code), together with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code). Mineral resources include the ore reserve component.

AngloGold Ashanti had mineral resources of 218.2 million ounces and ore reserves of 78.9 million ounces as of 31 December 2004. Of these, the Brazilian operations accounted for mineral resources of 10.9 million ounces and ore reserves of 2.8 million ounces.

Mine	Category	Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
<b>Mineral resources – attributable (as at 31 December 2004)</b>							
AngloGold Ashanti Mineração	Measured	6.5	6.70	43.4	7.1	0.195	1.4
	Indicated	14.3	7.82	112.1	15.8	0.228	3.6
	Inferred	21.4	7.28	155.4	23.5	0.212	5.0
	<b>Total</b>	<b>42.2</b>	<b>7.37</b>	<b>310.9</b>	<b>46.5</b>	<b>0.215</b>	<b>10.0</b>
Serra Grande (50%)	Measured	1.6	6.84	11.2	1.8	0.200	0.4
	Indicated	0.8	7.47	6.3	0.9	0.218	0.2
	Inferred	1.6	6.49	10.5	1.8	0.189	0.3
	<b>Total</b>	<b>4.1</b>	<b>6.83</b>	<b>28.0</b>	<b>4.5</b>	<b>0.199</b>	<b>0.9</b>
<b>Ore reserves – attributable (as at 31 December 2004)</b>							
AngloGold Ashanti Mineração	Proved	1.9	6.92	12.9	2.1	0.202	0.4
	Probable	8.0	7.62	60.6	8.8	0.222	1.9
	<b>Total</b>	<b>9.8</b>	<b>7.49</b>	<b>73.5</b>	<b>10.8</b>	<b>0.218</b>	<b>2.4</b>
Serra Grande (50%)	Proved	1.4	6.13	8.5	1.5	0.179	0.3
	Probable	0.7	7.22	4.9	0.8	0.211	0.2
	<b>Total</b>	<b>2.1</b>	<b>6.49</b>	<b>13.4</b>	<b>2.3</b>	<b>0.189</b>	<b>0.4</b>



## Community

In 2004, \$682,500 was spent on social investment initiatives in Brazil. Social investment initiatives are mainly undertaken in the communities surrounding current and past operations. They include:

- **Education:** this includes 60 annual scholarships for immediate level schooling and courses in administration at SEBRAE Technical Management School, particularly for underprivileged students; investment in this initiatives amounts to some \$21,200
- **Community development:** this includes the building, equipping and management of an environmental centre in Santa Bárbara, near the Córrego do Sítio project at a cost of some \$115,000
- **Health care:** projects included financial support to the health department in the town of Raposos, equipping and furnishing a new paediatric centre in Nova Lima
- **Socio-economic development:** this included support for the

dressmakers' co-operative in Raposos. (See box) Other initiatives included the funding of various development agencies and the partnership with Microminas FIEMG, Minas Gerais State Federation of Industries which finances small-scale entrepreneurs. (See box)

A highlight of the year was the launch of an employee volunteer programme – Holding Hands – at AngloGold Ashanti Mineração. A strategy for the programme, aimed at involvement in community initiatives, was developed with involvement of employees and the assistance of the group representing different economic sectors known as 'Voluntarios das Gerais' (Volunteers from Minas Gerais) which was formed by FIEMG, the Minas Gerais State Federation of Industries. AngloGold Ashanti Mineração currently has 106 registered volunteers. Training is being undertaken to better understand the programme and the ethos of volunteerism. A 'Volunteer Show' was held on 16 October 2004 to officially launch the programme; almost 2,000 kilograms of non-perishable foodstuffs was collected for needy communities.

## Local community development



Sustainable development is encouraged through local community development. The Nova Lima Development Agency, set up by AngloGold Ashanti Mineração in 1995 following the closure of the Morro Velho lower level operation, was one of the company's first formal community development initiatives. The agency, a partnership formed with the town authorities, the local Commercial Association SEBRAE and two mining companies AngloGold Ashanti Mineração and Mineração Brasileiras Reunidas (MBR), aims to create economic and socio-development networks that draw and then facilitate new investment in the region. 6,000 new jobs have been created and 84 new companies have been established through the agency. A similar development agency has been set up in Sabará where the company's primary operation – the Cuiabá mine – is located. The focus in latter initiatives is the training and development of local people long before mine closure to ensure sustainable economic activity.

## Dressmaking at Raposos

When the Raposos mine in the state of Minas Gerais closed down in 1998, the economy of the area faltered. In an effort to develop alternative livelihoods AngloGold Ashanti embarked on a range of initiatives to stimulate economic activity in the town. One of these was the formation of a Seamstresses' Co-operative, tapping into the skills and availability of women in the area. After a shaky start the Co-operative was revived in 2002 with assistance from AngloGold Ashanti who placed a large order for mine uniforms. The company also supplied the services of a designer to assist with garment design. Now the co-operative has 20 women producing working clothes and uniforms for several small businesses in the region, such as bus companies, hospitals, maintenance and upkeep organisations and timber merchants. Earnings average \$98 per month, slightly higher than the current minimum wage in Brazil of \$91.



## Occupational safety and health

In 2004 Serra Grande achieved a 1.21 lost time injury frequency rate (LTIFR) per million man hours worked, and AngloGold Ashanti Mineração achieved a 1.56 LTIFR, the latter of which resulted in the awarding of the third Dick Fisher Global Safety Award for excellence in safety. The award was made in recognition of a 23% improvement when compared to the operation's best ever previous performance since 2002. The board acknowledged that AngloGold Ashanti Mineração had made significant improvements in respect of risk management and this has manifested in extremely high compliance to support standards, best in class ramp and roadway conditions and many other safety improvements.

- Annual Hazard Identification and Risk Assessments (HIRAs) are undertaken by company teams and these are subject to internal and external audits.
- Employees spend between six and 10 hours each year of refresher safety training. This follows induction training (of 16 hours in total) on safety at work, firefighting, first aid, risk management and the handling of cyanide.





AngloGold Ashanti in Brazil has a total of 2,953 operational personnel, comprising 1,736 employees and 1,217 contractors. Expatriate staff is used only when required to fill key positions that cannot be otherwise filled by locals. This is currently less than 1% of total staff.

The group is committed to upholding the Fundamental Conventions of the International Labour Organization (ILO) and seeks to ensure fair employment practices group-wide. The group's business principles underpin this commitment, and reflect the spirit of the Universal Declaration and the Fundamental Human Rights Conventions of the ILO. By virtue of its domicile in South Africa, AngloGold Ashanti is subject to certain conventions signed by the South African government. These include human rights and social conventions (ILO 29, 87, 98, 100, 105, 111 and 138). South Africa's constitution, together with its associated laws, is internationally acknowledged to be amongst the most progressive in the world, guaranteeing nondiscrimination on the basis of race and other unfair grounds, freedom of association and the rights of children, among other basic human rights. These guarantees and undertakings are extended to the rest of the group by virtue of the company's commitments and domicile.

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which seeks to promote an organisational culture that recognises the diversity of the societies within which the company conducts its business, and which affords all employees the development opportunities that will enable them to achieve their optimal levels of career development in the course of their employment with the company. Key elements of the group's employment equity programme include employee development and retention, the implementation of strategies to counteract losses, to develop careers

and to promote mobility in an environment that is free of discrimination.

AngloGold Ashanti is committed to creating workplaces which are free from harassment or unfair discrimination. Racial and sexual harassment and any form of discrimination are usually prescribed by law; nonetheless, specific policies are in place at all AngloGold Ashanti's operations to protect the interests of employees.

Training and development is a primary focus area for the group. In line with AngloGold Ashanti's belief that that all employees should be provided with the opportunity for appropriate training which improves their workplace competencies, the company is also committed to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of their workplace.

Vocational training is provided by a range of institutions – 40 Serra Grande employees started a two-year mining technicians course at the National Industries Services School (SENAI) in Crixás. Nine employees were admitted to SENAI from AngloGold Ashanti Mineração for mechanical and electrical engineering apprenticeships during the year, while 20 students were sponsored to study at the SEBRAE technical school of management.

Efforts to increase the skills and educational levels of employees have paid off with a 35% increase in the number of employees holding university degrees at the end of 2004. For the first time this year participants from Brazil joined the company's Management Development Programme (MDP) and Intermediate Management Programme (IMDP) with a view to developing the management potential of younger employees. (See box)

### Developing talent for the future

AngloGold Ashanti's South American operations (which include Argentina and Brazil) have used the Trainee Development Programme. The programme has been conceptualised and designed specifically for future incumbents of technical and managerial positions. The course accepts five graduates annually between the ages of 23 and

28 with a sound knowledge of geology, mining, metallurgy and other related disciplines, and knowledge of both computer science and English at an intermediate level. At the end of the training period, trainees are assigned to suitable positions at the operations.

## Environment

AngloGold Ashanti's environmental philosophy and practice is guided by the group's business principles and the group environmental policy. The latter was reviewed in 2004 following the business combination between AngloGold and Ashanti. In addition, its operations are subject to the environmental laws, rules and regulations of the various countries in which they operate. Where no such laws exist or where these laws are perceived to be inadequate, the operations are guided by the company's business principles and deemed good practice.

Environmental management systems (EMSs) form the backbone of environmental management at an operational level. Both AngloGold Ashanti Mineração and Serra Grande are ISO 14001 accredited.

Environmental inspections were carried out in 2004 and the Brazilian operations were found in compliance with local, state and federal environmental regulations. New environmental regulations were implemented by the State Environmental Agency (FEAM) and became effective in December 2004.

As environmental incidents can represent a significant risk and cost to the company, AngloGold Ashanti has developed a reporting protocol that allows the company to effectively identify and manage these risks and associated costs. The protocol aims to streamline operational reporting requirements yet provide the appropriate level of information necessary to advise the executive and the board of the nature and occurrence of important incidents and developments and management response. Major environmental incidents are reported to the regional management, as well as the corporate environmental office, within 24 hours of the time that operational management becomes aware of the incident. For purposes of this reporting an environmental incident is defined as 'an event, action or non-conformance with a procedure that results, or has the potential to result, in an adverse impact on the surrounding environment; or any event, action or occurrence which is contrary to the AngloGold Ashanti business principles'. One such incident was reported in 2004 following complaints from the local community about the contamination of groundwater Serra Grande as a result of drilling fluids in November 2004.

In all the jurisdictions in which the group operates the company is required to provide financial assurance – in a form prescribed by law – to cover some or all of the cost of the anticipated closure and rehabilitation costs for the operation. These amounts are derived from the mine closure plans, which are also regulated by law. Closure plans are devised prior to

the commencement of operation and are regularly updated based on life-of-mine projections. Although the final cost that will be incurred at closure is not definite, ample provision is thus made during mine life. Attributable closure liabilities for Brazil amounted to \$20.8 million at the end of 2004. This estimate is based on studies carried at the operation and will likely change as further technical investigations, that may influence the closure provisions, are carried out. They represent the best current estimate of amounts that are expected to be incurred when the remediation work is performed within current laws and regulations or the terms of the respective mining licenses.

The primary environmental concerns for the company have been the use and management of cyanide, mine closures, water use, the use of other resources (such as energy), biodiversity issues, surface and land rehabilitation during mining operations.

The use of cyanide for the recovery of gold is a core issue for the gold mining industry and is critical to its viability. Yet, its potential impact on the environment is one of the most controversial and debated issues for legislators, environmentalists and other groups. AngloGold Ashanti has been actively involved in the development of the International Cyanide Management Code (Code) and has adopted published protocols and standards of practice for cyanide management. Substantial progress has been made with its implementation. Internal audits of compliance were conducted in Brazil in 2004.

AngloGold Ashanti in Brazil has well-developed and long-standing relations with federal, state and local government on environmental issues, as well as community groups and communities themselves. The South America region has developed a model for environmental communication and preservation through its environmental education centres which combine educational centres with places of leisure and conservation areas for the benefit of local communities. Educational centres are situated at Nova Lima and at Crixás (see box); a new Environmental Educational Centre was inaugurated at Santa Bárbara in June 2004.

Mindful of the effects of mining on biodiversity, AngloGold Ashanti, whose Brazilian operations impact on the Brazilian Atlantic rainforest, has set aside an area of 147 hectares of native forest, which has been designated as a Private Natural Forest Reserve (RPPN).

### AngloGold Ashanti Mineração wins award

The mine was awarded the Civil Defence Medal by the governor's office of the Minas Gerais state in recognition of the company's partnership with the State's Civil Defence Unit and Fire Department. The company's fire and emergency brigades were called upon to help extinguish forest fires and help with chemical spillage clean-ups on local roads.



## Preservation and education at Mineração Serra Grande

Mineração Serra Grande's Ecology Preservation Centre is an important link between the company and the community. Set within the more than 5,000 hectares of native woodland neighbouring its metallurgical plant near the town of Crixás, in the State of Goiás, in Brazil, the centre conserves both indigenous fauna and flora species, and promotes and provides environmental education.

Both adults and children drawn from the company, private and public schools and the local community are able to experience the company's Environmental Education Programme, with more than 1,400 people having visited the facility during 2004. The programme incorporates guest lectures by environmental specialists, theatrical group presentations and the distribution of textbooks. Besides watching educational videos and visiting plant nurseries, visitors can learn how to grow indigenous plant species and learn about the conservation of animal and bird life.

It is the only environmental centre in the region certified by the Environmental Federal Regulator Agency – IBAMA (Brazilian Institute of Environment and Natural Resources) for raising birds native to Brazilian fauna. An on-site veterinarian is responsible for caring for the birds

housed in seven aviaries, and which include among them toucans, macaws of several different plumages and parakeets. The centre also has a plant nursery, a feeding place for wildlife and an exhibition hall for sculptures made from recycled materials.

The plant nursery has produced more than 35,000 indigenous plants within 10 years for rehabilitating land disturbed by company operations and as donations to the local community. Amongst the specimens grown are rare trees such as jatobá, purple and yellow ipê, sete copas, acacia, sibipuruna, jambo and pau pombo, besides many other different species. Natural fertiliser, such as humus and manure, is also produced on site.

More projects are planned for the future. Among them is increasing the number of wild fauna species at the centre, and the development of new environmental education activities. The Crixás local authorities frequently request that seedlings be donated for use in the local township. During the Environmental Week celebrations, which took place in June 2004, the company donated and planted (with the help of local schoolchildren) about 300 seedlings within the local community.

## Rehabilitation at Nova Lima

A major environmental project currently being undertaken by AngloGold Ashanti Mineração is the rehabilitation of old tailings deposits and the site of the Morro do Galo arsenic plant in Nova Lima at a cost of some \$4 million. This is in an effort to reverse the effects of arsenic tailings being dumped directly into local rivers and streams during the 1940s, before the introduction of appropriate environmental controls. Rehabilitation of the site began in May 2004. Initially the

programme focused on the complete removal of topsoil and tailings from the Morro do Galo old arsenic trioxide recovery plant. The Morro do Galo hillside has now been completely rehabilitated and the Galo tailings deposit is in its final stage of recovery. Starting in May 2005, rehabilitation is planned for the old tailings deposits at Resende, Matadouro and Fabrica de Balas. Rehabilitation will be concluded in May 2006.

