

## ETHICS AND GOVERNANCE

### Case study



### Progress made in settlement of KOSH water issue

Following a dispute, which arose in 2005, regarding responsibility for pumping of underground water from the now defunct DRDGOLD North West Operations, progress has been made towards the resolution of the issue through the plan to form a new section 21 water company to manage the continued pumping of water from Stillfontein Gold Mining Company's (Stillfontein) Margaret Shaft. Stillfontein is in the process of being liquidated.

The three companies involved – Simmer and Jack Mines Limited, Harmony Gold Mining Company Limited, and AngloGold Ashanti Limited – have had a series of meetings to finalise a number of agreements pertaining to the formation and running of the new water company. It is envisaged that the three companies will be members of the proposed section 21 company and representatives of the three companies will be appointed to the Board of Directors of the section 21 company. This company will have as its aim the management of water emanating from Margaret Shaft as part of the National Water Resource in an effort to promote continued mining activities and sustainable development in the area. The company also intends to sell water emanating from Margaret Shaft to one or more water service providers and to other third parties.

The three mining companies are presently holding discussions with the liquidators of Stillfontein with a view to the new section 21 company purchasing the Margaret Shaft and associated infrastructure. If consensus can be achieved, it is intended that the three mining companies will each advance one third of the start-up costs of the intended section 21 company over a three year period, which will also enable the section 21 company to purchase the Margaret Shaft and associated infrastructure.

The three companies envisage transferring Margaret Shaft water by pipeline to the treatment plant at the Midvaal Water Company, which supplies potable water to the Klerksdorp, Orkney, Stillfontein and Hartebeesfontein (KOSH) area. Discussions are already in place with the Midvaal Water Company in this regard. There have also been talks with the Southern District Council of the North West Province to expand the reticulation to other parts of the North West and neighbouring provinces, in the light of the anticipated increased volumes of water to the Midvaal Water Company from Margaret Shaft.

AngloGold Ashanti continues to monitor developments through its involvement in a technical liaison committee, a voluntary forum established by the mining companies to facilitate operational improvements at the Margaret Shaft.

