

# 06

Country Report  
Mali  
Morila



ANGLOGOLD ASHANTI



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### About this report

AngloGold Ashanti is committed to reporting to a broad range of stakeholders on its operational and financial performance as well as its economic, social and environmental performance.

For the 2006 financial year, AngloGold Ashanti's Annual Report comprises:

- the Annual Financial Statements, which are available on request or at ([www.aga-reports.com](http://www.aga-reports.com)); and
- the Report to Society, which is available as a printed document, and a more extensive Report to Society on our website ([www.aga-reports.com](http://www.aga-reports.com)) which includes additional information, including case studies and country or operational reports, of which this is one. Together these reports seek to present a fair and balanced reflection of the group's operation and performance, its objectives, values, business principles, and the major issues and challenges that it is facing

\* Throughout this report, dollar or \$ refers to US dollars, unless otherwise stated.



### Introduction

AngloGold Ashanti has interests in three operations in Mali: Morila (40%), Sadiola (38%) and Yatela (40%). In 2006 the Malian operations produced 537,000oz of attributable gold at an average total cash cost of \$250/oz.

The company acquired its stake in the Morila Joint Venture from Randgold Resources in July 2000. AngloGold Ashanti operates the Morila mine, which was officially opened in 2001.

### Message from Richard Le Sueur

At Morila we take a longer term view of safe and efficient gold production. A key aspect of our strategic framework is our performance in the fields of occupational health, safety, the environment and communities (OHSEC) because we value our people, we respect our host communities and we believe that excellence in OHSEC is fundamentally essential for the sustainability of good business in the country in which we operate. As such we are committed to creating value for our shareholders and stakeholders alike in an environmentally responsible fashion.

Morila obtained its ISO14001 environmental certification during 2006. By the end of 2007, we plan to be compliant with the International Cyanide Code as well as aligning our occupational health and safety system with the Occupational Health and Safety Assessment Series OHSAS18001 specification.

During 2006 Morila reduced its Lost Time Injury Frequency Rate (LTIFR) rate to 1.42 from 2.17 in 2005. During 2007 special focus will be applied to fatigue management, particularly in the open pit, to further attenuate the risk associated with heavy earthmoving equipment and continuous operations.

To date Morila has spent \$1.7 million on sustainable community projects, as well as funding malaria control and supporting HIV/AIDS awareness programmes. Morila, USAID and our local host community of Sanso have established a Memorandum of Understanding to contribute financially to and technically assist in the tripartite management and transparent governance of sustainable community projects during 2007. In 2006 the involvement of the local non-governmental organisation (NGO) – Sassakawa Global 2000 – was instrumental in ensuring the success of the Morila and Fingola rice project with ever-increasing yields per hectare. Morila is also proud to have built several infrastructural projects including a maternity facility in Domba and a women's multi-functional centre in Sanso during 2006.

Morila is a robust world-class orebody and, since commissioning in October 2000, has produced 4Moz of gold at an average unit operating cost of \$180/oz. Over the same period the operation has contributed some \$553 million in taxes, duties and dividends to the national economy. With the government exoneration period having expired on 15 November 2005, the mine will contribute proportionally more as full company taxes are levied.

During 2006, focus was applied to optimise the gold processing plant production and by year-end a sustainable throughput rate of 350,000tpm had been achieved as well as a 1.5% improvement in recovery. Two years of proven open-pit ore supply remains and gold production is planned to be in the region of 500,000oz per year (200,000oz attributable). Thereafter Morila will supply its plant from lower-grade surface stockpiles for an additional four years until closure, midway through 2013.

During 2006, in response to the reducing reserve base, Morila embarked on an aggressive exploration programme to identify possible extensions to the existing open-pit orebody as well as identifying related but separate orebodies that may lie within our current lease area. Results are being processed.

Morila's production departments conduct their business in conjunction with continuous improvement initiatives and similar processes are being rolled out to the support service departments as part of our campaign to reduce and contain costs, and to think about things differently. A focused training programme supports an entrenched localisation and succession plan for expatriate and senior Malian personnel to ensure management continuity.

We are well placed to take up the challenges of the future and the Morila team looks forward to life beyond 2013.

**Richard Le Sueur**  
Chief Executive  
Morila Gold Mine  
20 March 2007



# MALI – MORILA

## Country Report 2006

AngloGold Ashanti is one of the world's leading gold producers, with a varied portfolio of assets and orebody types in key gold-producing regions around the world. At the end of 2006, the company had 21 operations located in 10 countries (South Africa, Argentina, Australia, Brazil, Ghana, the Republic of Guinea, Mali, Namibia, Tanzania and the United States) on four continents, together with a substantial project pipeline and a focused, global exploration programme.

AngloGold Ashanti produced 5.6Moz of gold in 2006, of which 2.6Moz (46%) came from deep level hard-rock operations in South Africa and the balance of 3Moz (54%) from the shallower and surface operations around the world. Greenfields exploration is under way in Western Australia, Colombia and the Democratic Republic of Congo (DRC), and through exploration partnerships and joint ventures in Alaska, Russia, China, the Philippines and Laos. The group employed 61,453 people around the world.

AngloGold Ashanti has three operating mines in Mali – Morila, Sadiola and Yatela. In 2006, the Malian operations produced 1,367,000oz of gold, 537,000oz of which were attributable to AngloGold Ashanti.

Also in 2006, the Mali operations employed a total of 3,747 people (1,292 employees and 2,455 contractors) 1,575 of whom were employed at Morila.

AngloGold Ashanti is a values-driven organisation and our values and business principles underpin all that we do. This applies equally to our approach to sustainable development. Thus, our values guide our relations with all those that have an interest in the business – our stakeholders – and inform our business principles that govern those relationships. We measure our performance against our stated values and business principles and report our progress against these in this document.

# ur profile





AngloGold Ashanti's mission, values and business principles were developed in consultation with employees and are reviewed as part of an ongoing process to ensure that they more accurately reflect the group's purpose and the way in which it does business.

# Our mission & values

## AngloGold Ashanti's mission

Our business is gold. We consistently strive to create value for everyone with a stake in our company, by finding and mining gold and by developing the market for our product.

## Our values

AngloGold Ashanti consistently strives to generate competitive shareholder returns. We do this by replacing profitable gold reserves and by continuously improving the performance of our key resources – our people, our assets and our product. We conduct ourselves with honesty and integrity.

We provide our employees with opportunities to develop their skills while sharing risks and rewards in workplaces that promote innovation, teamwork and freedom with accountability. We embrace cultural diversity.

Every manager and employee takes responsibility for health and safety; and together strive to create workplaces that are free of occupational injury and illness.

We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there. We are committed to working in an environmentally responsible way.

## Our business principles

We live our values through our business principles. These principles are applicable across AngloGold Ashanti and in all the countries in which we do business.

They inform the way in which we go about achieving our mission, balancing key economic, social, environmental and ethical values. These business principles which will evolve over time as we interact with our stakeholders, both internal and external, are:

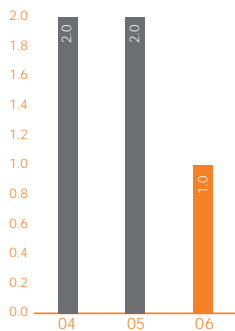
- AngloGold Ashanti – a responsible and ethical corporate citizen
- AngloGold Ashanti and the environment
- AngloGold Ashanti as an employer – safety and health
- AngloGold Ashanti in the community
- AngloGold Ashanti as an employer – labour practice



# MALI – MORILA

## Country Report 2006

Capital expenditure (\$m)  
(attributable)  
Morila



## Background

**Ownership:** AngloGold Ashanti and Randgold Resources each hold a 40% interest in the Morila Joint Venture. The balance of 20% is held by the Malian government.

**Location:** This mine is situated some 180km by road south-east of Bamako, the capital city of Mali, which is 600km south-east of Sadiola mine.

**Geology:** Morila is a mesothermal shear-zone-hosted deposit which, apart from rising to surface in the west against steep faulting, lies flat. The deposit occurs within a sequence Birimian metal-arkoses of amphibolite metamorphic grade. Mineralisation is characterised by silica-feldspar alteration, and sulphide mineralisation consists of arsenopyrite, pyrrhotite, pyrite and chalcopyrite.

**Mining and processing:** Mining takes place in three phases in open pits. At its peak the Morila pit will be approximately 1km by 0.8km and up to 240m in depth. The plant comprises a conventional carbon-in-leach (CIL) process with an upfront gravity section to extract the free gold. Throughput capacity is 350,000tpm and 4.2Mtpa.

## Economic and financial performance

**Operating performance:** Attributable gold production declined significantly this year, from 262,000oz in 2005 to 207,000oz in 2006. This was as a result of a general decrease in grade at the operation, from 5.41g/t to 3.88g/t, together with a major mill re-lining undertaken in the second quarter of the year that negatively affected tonnage throughput. There was a consequent 44% increase in total cash costs to \$275/oz for the year.

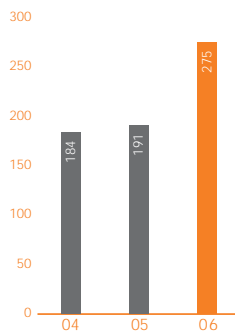
Gross profit adjusted for the effect of unrealised non-hedge derivatives and other commodity contracts rose by 33% to \$52 million as a result of the significant improvement in the price received for the year.

Capital expenditure was halved to \$1 million and was spent on various small projects, including a minor plant upgrade.

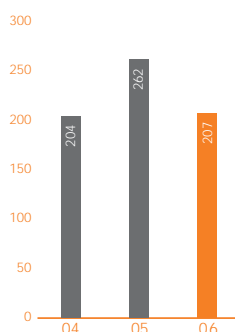
**Growth prospects:** A regional drilling programme to discover another significant orebody is being conducted over a period of two years at a cost of \$6 million.

**Outlook:** In 2007 attributable production is anticipated to decline slightly to 200,000oz while, given inflation and declining grades, total cash costs are expected to increase to approximately \$297/oz. In terms of the current plan, mining will continue until early 2009, after which treatment of stockpiled ore will continue for another four years. Attributable capital expenditure for 2007 will increase to \$4 million and will be spent primarily on converting the current power plant to heavy fuel oil usage. This is expected to have a positive effect on operating costs.

Total cash costs  
(\$/oz)  
Morila



Gold production (000oz)  
(attributable)  
Morila



## MALI – MORILA

### Country Report 2006

Morila		2006	2005	2004
Pay limit	(oz/t)	0.08	0.07	0.09
	(g/t)	2.41	2.27	2.81
Recovered grade	(oz/t)	0.113	0.158	0.130
	(g/t)	3.88	5.41	4.44
Gold production	(000oz) – 100%	517	655	510
	(000oz) – 40%	207	262	204
Total cash costs	(\$/oz)	275	191	184
Total production costs	(\$/oz)	349	293	263
Capital expenditure	(\$ million) – 100%	3	5	4
	(\$ million) – 40%	1	2	2
Total number of employees		1,575	1,183	1,398
Employees		500	478	479
Contractors		1,075	705	919

### Government remittances

The attributable contribution from Morila to government revenue for 2006 comprised royalties of \$7.3 million, corporate tax of \$23 million, property tax of \$0.03 million, dividends of \$15.2 million, import duties of \$7.0 million and non-recoverable VAT and other indirect taxes of \$7.54 million.

#### Sustaining operations

As a mining company exploiting a set of finite resources, it is incumbent on AngloGold Ashanti to:

- incur capital expenditure, both to prolong the viability and sustainability of existing operations, and to develop access to new reserves;
- undertake exploration, both greenfields and brownfields, to identify and possibly develop new operations; and
- acquire projects and operations that might extend the production profile of the group in years to come.

A part of the process of sustaining operations is the protection of the company's assets to ensure their profitable and sustainable use and to encourage local economic development. See the case studies on our website at [www.aga-reports.com/06/case-studies.htm](http://www.aga-reports.com/06/case-studies.htm)



## Mineral resources and ore reserves

Ore Reserves and Mineral Resources are reported in accordance with the minimum standard described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition), and also conform to the standards set out in the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC 2000 Code). Mineral Resources are inclusive of the Ore Reserve component unless otherwise stated.

AngloGold Ashanti had Mineral Resources of 181.6Moz and Ore Reserves of 66.9Moz in December 2006. Of these, the three mines in Mali (Morila, Sadiola and Yatela) accounted for attributable Mineral Resources of 4.6Moz and Ore Reserves of 2.8Moz.

Morila	Resource category	Metric Tonnes (000s)	Grade (g/t)	Grams (000s)	Tons (000s)	Imperial Grade (oz/t)	Ounces (000s)
<b>Ore reserves – attributable (as at 31 December 2006)*</b>							
	Proved	6,142	2.50	15,340	6,771	0.07	493
	Probable	4,540	2.47	11,207	5,005	0.07	360
	<b>Total</b>	<b>10,682</b>	<b>2.49</b>	<b>26,547</b>	<b>11,776</b>	<b>0.07</b>	<b>854</b>
<b>Mineral resources (as at 31 December 2006)*</b>							
	Measured	8,216	2.27	18,617	9,056	0.07	599
	Indicated	3,798	3.34	12,670	4,187	0.10	407
	Inferred	1,235	3.31	4,084	1,361	0.10	131
	<b>Total</b>	<b>13,249</b>	<b>2.67</b>	<b>35,372</b>	<b>14,604</b>	<b>0.08</b>	<b>1,137</b>

\* Attributable to AngloGold Ashanti



## Occupational safety and health

One of AngloGold Ashanti's core values relates to the safety and health of employees. It states that every manager and employee takes responsibility for health and safety; and all strive to create workplaces that are free from occupational injury and illness.

The company is committed to complying with all relevant occupational health and safety laws, to implementing safety and health systems based on internationally recognised standards, and to providing a working environment conducive to safety and health. While safety and health is regarded as a prime responsibility of management (from executives down to supervisors), AngloGold Ashanti strives for employee involvement and consults with employees to gain their commitment.

All the necessary resources – a system of medical surveillance and the provision of protective equipment, for example – are made available to enable compliance with the company's safety and health principles. Deliberate breaches in standards and procedures are not tolerated and risk assessments are conducted to anticipate, minimise and control occupational hazards.

Performance in terms of safety and health objectives is measured and the effects of the company's operations monitored on a regular basis. AngloGold Ashanti communicates openly on safety and health issues with employees and other stakeholders and ensures that at all levels employees receive appropriate training. Contractors are required to comply with the company's safety and health principles.

Following the liquidation of the South African-based National Occupational and Safety Association (NOSA), which was used by a number of operations in terms of specifications for safety management systems and external auditing and certification, the company is moving towards the implementation of an alternative specification, Occupational Health and Safety Assessment Series (OHSAS) 18001. The series provides both a framework for identifying business risks associated with safety and health, and guidelines for implementation and achieving certification. The series has international acceptability which facilitates benchmarking.





### Safety overview

Morila recorded a fatality-free year in 2006 and its Lost Time Injury Frequency Rate (LTIR) improved, from a rate of 2.17 per million man-hours in 2005, to 1.42 per million man-hours.

### Laws, regulations and standards

The primary laws governing safety and health in Mali are the Mining Code and Code de la Sécurité Sociale du Mali (Social Security Code), Convention Collective (Collective Agreement) and Code du Travail du Mali (Mali Labour Code).

Morila was not in breach of any of the laws, regulations and standards in 2006.

### Managing safety and health

The Morila Mine Safety and Health policy is based on the AngloGold Ashanti policy and complies with all the laws, regulations and standards in Mali. In line with Malian legislation, the mine's safety and health system is divided into four main sections: management work, hazard identification, risk assessment and risk control.

There is a health and safety agreement in place between management and the Morila Workers' Union, which represents the entire workforce. The union participates in the election of safety representatives, together with the labour inspector from regional government. Twenty employees are elected for a period of three years. The safety representatives note and record safety and health issues from the employees' perspective and meet regularly with the safety officer. The union is an active participant in monthly health and safety management meetings and is involved in all accident and incident investigations.

The focus at Morila remains on the implementation of the behaviour-based safety programme, first introduced three years ago. This is in an effort to reduce and ultimately eliminate accidents, which are related to the behaviour and attitude of the individuals involved.

### Communication and training

Communication regarding safety and health takes place during the toolbox talks held before the start of shifts, at departmental safety meetings and at the monthly health and safety meetings referred to above. Use is also made of notice boards and electronic announcements and briefs to raise awareness.

Safety training forms part of the induction programme for new employees. Employees are also given first-aid and cyanide first-aid training and refresher sessions are held every six months. Formal training in hazard identification and risk assessment is provided in Bamako and on site.

### Medical surveillance

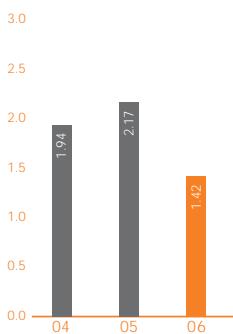
All new employees undergo an initial medical examination and employees are tested regularly in order to detect any signs of occupational disease. In 2006, 199 examinations (initial, periodic and exit) were carried out at Morila's on-site clinic where work-related injuries are treated.

### Risk assessments

Internal risk assessments were carried out in 2006 into the use of lead nitrate at the operation, the transport of cyanide to the mine and the operation of drilling rigs on site.

An external party, IMIU, conducted a risk audit for financial loss while AngloGold Ashanti cyanide auditors, together with members of the health and safety management committee, carried out a cyanide audit.

LTIFR – Morila  
(per million man-hours worked)



## Regional health

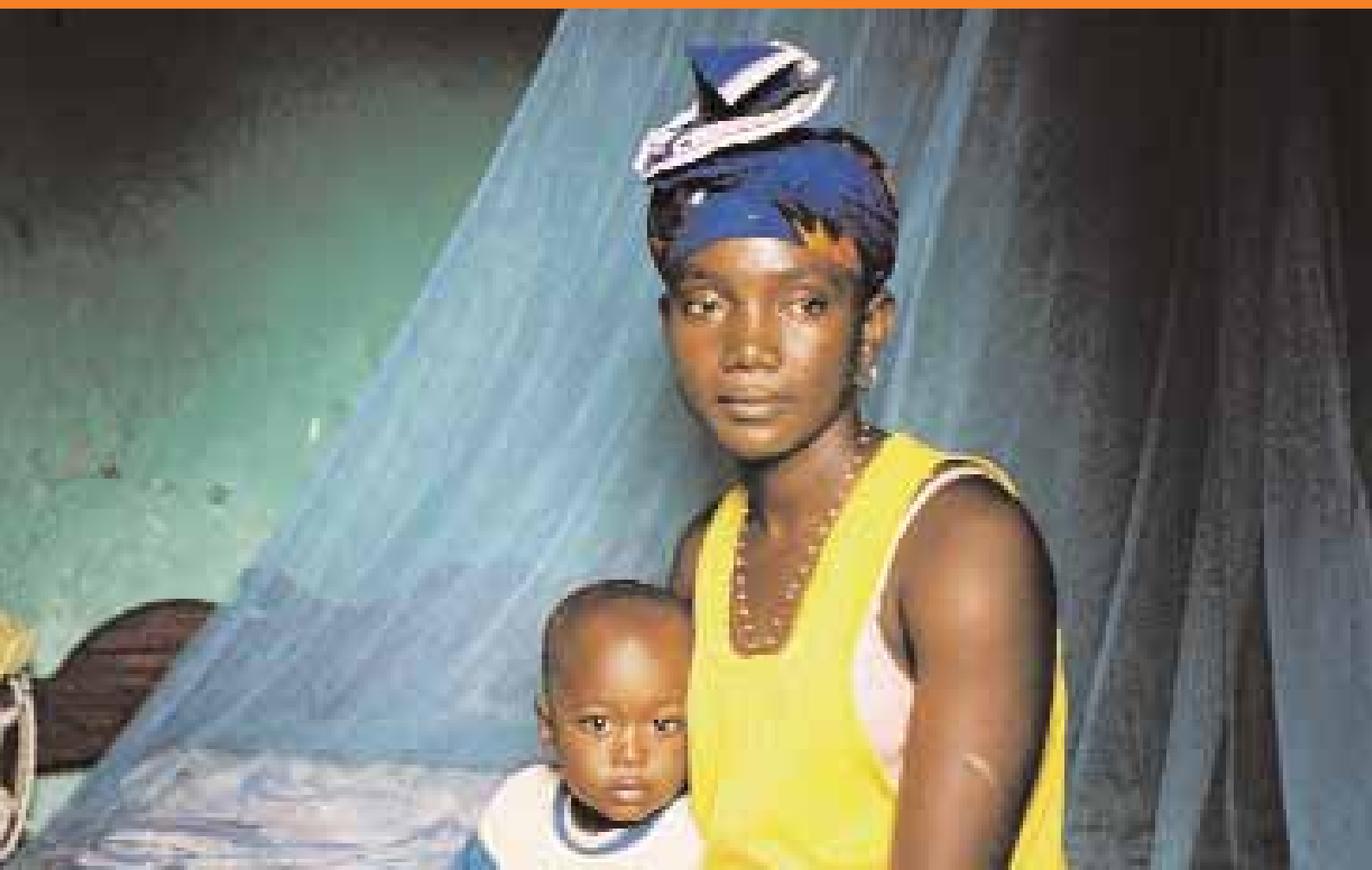
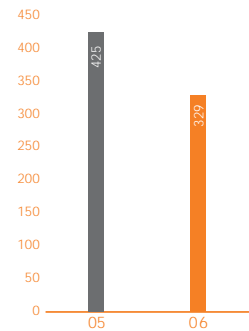
Inherent in AngloGold Ashanti's core values and business is a commitment on the part of the company as an employer to ease the burden for employees in the face of debilitating regional health threats. Furthermore, AngloGold Ashanti is committed to prompt and supportive action in response to any major health threats in the regions in which it operates. The major public health threats facing the company's operations in Africa are malaria and HIV/AIDS.

### Malaria

Malaria remains a significant risk for the company operations in Mali as it is for the operations in Ghana, Guinea and Tanzania. Despite the active intervention of international non-governmental organisations (NGOs), the disease has assumed epidemic proportions in these countries, largely as a result of ineffective national control measures. The disease is a major cause of death in young children and pregnant women, and also gives rise to morbidity and absenteeism in adult men.

These circumstances notwithstanding, AngloGold Ashanti is pleased to report a significant improvement in 2006 in the control of the disease at Morila. The number of malaria cases declined from 425 in 2005 to 329 in 2006 and the Malaria Lost Time Injury Frequency Rate\* (MLTIFR) was 66 (2005: 138).

Malaria LTIFR – Morila  
(per million man-hours worked)



The reduction in cases can be attributed to the integrated malaria control programme that has been in place at Morila since 2001 and to the introduction of a new insecticide in the past year. The control programme includes the provision of prophylaxis to all expatriate employees, of insecticide impregnated bed nets to all households, repellent lotion to night shift workers, and the regular spraying of houses.

Information leaflets are widely distributed and health warnings are e-mailed to employees and appear on the mine's noticeboards as the rainy season approaches.

The use of an effective drug regime to treat cases forms an important part of Morila's overall strategy. A two-year drug resistance study is currently under way. In 2006 the direct costs associated with managing malaria at Morila amounted to \$35,000.

*\*MLTIFR, expressed as the number of cases (incidents) due to malaria for every million man-hours worked, allows the rate to be compared with the conventional LTIFR and clearly demonstrates the negative impact malaria has on productivity and health in the workforce. Malaria incidence rates are expressed as a percentage of employees affected by malaria in a given period. Because of seasonal changes in malaria incidence, this is usually reported as a quarterly rate.*

#### **HIV/AIDS**

The national incidence of HIV/AIDS in Mali is relatively low at 3.5%. The state manages HIV/AIDS and patients are attended to at state hospitals which also provide anti-retroviral (ART) treatment if necessary.

An HIV/AIDS policy is in place at Morila that addresses the needs of employees and their dependants. The mine employs peer educators and information leaflets are widely distributed to employees and in the community. The provision of condoms forms an important part of the HIV/AIDS programme. World AIDS Day is celebrated as way of raising awareness.



## Human resources

One of AngloGold Ashanti's core business principles is that employees are provided with opportunities to develop their skills while sharing risks and rewards in workplaces that promote innovation, teamwork and freedom with accountability. The company embraces cultural diversity.

AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO), ensuring the implementation of fair employment practices by prohibiting forced, compulsory or child labour. It is also committed to creating workplaces that are free of harassment and unfair discrimination.

The company seeks to understand the different cultural dynamics in host communities and adapts work practices to accommodate this where doing so is possible.

All employees are given the opportunity to participate in training that will improve their workplace competency. The company is committed to developing motivated, competent and experienced teams of employees through appropriate recruitment, retention and development initiatives. An emphasis is placed on the identification of potential talent, mentoring and personal development planning.

Remuneration systems reward individual and team effort in a meaningful way. AngloGold Ashanti works with stakeholders to ensure minimum standards for company-provided accommodation; assures access to affordable health care for employees and, where possible, for their families; and is committed to prompt and supportive action in response to any major health threats in the regions where the company operates.

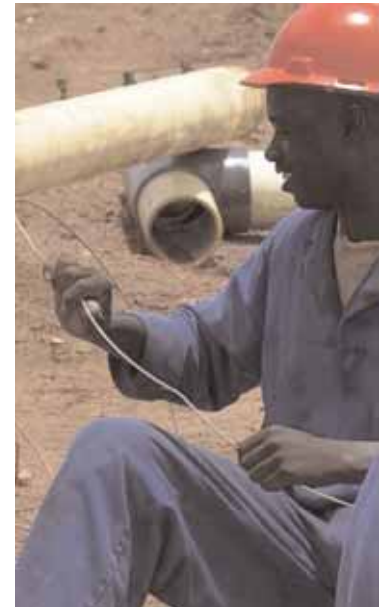
### Employment overview

In 2006 Morila employed 500 employees and 1,075 contractors, making a total employee complement of 1,575. In line with the company's upholding of human rights conventions, freedom of association is encouraged and collective bargaining structures are recognised in the regions where these structures commonly exist as they do in Mali. At Morila employees are represented by the mining industry union SECNAMI (known as the Morila Workers' Union at mine level) and guided by the National Collective Convention. Some 95% of employees at Morila are covered by collective bargaining agreements. No industrial action took place during 2006.

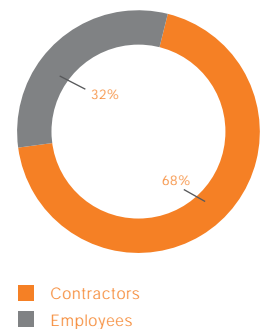
Expatriate and local employees attend cultural diversity courses, run by a local service provider.

Legislation in many African countries, including Mali, governs the recruitment of expatriate employees and promotes the localisation of the workforce. AngloGold Ashanti has a group policy in place that encourages the employment of local employees and replacement of expatriate employees over time, through skills transfer programmes and career development of local people. The percentage of Malians employed at Morila during the year was 98% (with 25% of the workforce drawn from the surrounding communities).

Localisation plans at all the company's operations are scheduled to be reviewed during the course of 2007 with the emphasis being placed on the following: identification of potential, talent management, succession plans, and training and development plans. Reviews of progress will take place every quarter during visits to the mines by the regional executive teams.



Contractors vs employees at the Morila operations





### **Training and development**

The company places great emphasis on the training and development of its workforce. During 2006 Morila spent \$430,700 on training. It is committed to providing all employees with the opportunity to participate in training that will improve their workplace competency and to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of that person's workplace. In 2006, 79% of employees at Morila were literate. The mine does not have a literacy programme on site but contributes to programmes run in the surrounding communities.

AngloGold Ashanti's Talent Management Programme identifies and develops the group's management for the future. The programme has three areas of intervention: development, retention and the monitoring of talent which includes an annual talent review at executive level to look at succession plans for talented employees.

The group runs an Executive Development Programme (EDP), a Management Development Programme (MDP) and an Intermediate Management Development Programme (IMDP), where younger employees with management potential are identified and given an opportunity to develop their careers.

Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to AngloGold Ashanti. As part of this, a bursary scheme was implemented in Mali in 2004. Ten top school leavers started their studies at the University of Pretoria in South Africa in the disciplines of mining, engineering, metallurgy, environment and geology.

### **Remuneration and benefits**

Morila's remuneration policy is in line with Malian labour law and regulations.

While some employees housed in company accommodation, others receive a housing allowance in accordance with local labour agreements. The Malian government facilitates loans for the purchase of land and housing in and around the capital city of Bamako.

Employees and their dependants receive free medical care and Morila runs two clinics, one on site and the other off site. Aside from dealing with medical surveillance and work-related injuries, the on-site clinic provides primary health care to employees and their dependants. It has a dispensary, an x-ray unit and a four-bed in-patient facility. The off-site Sanso clinic provides primary health care primarily to employees' dependants and is equipped with a maternity section and a pharmacy. The clinics employ 21 people.

### Environment

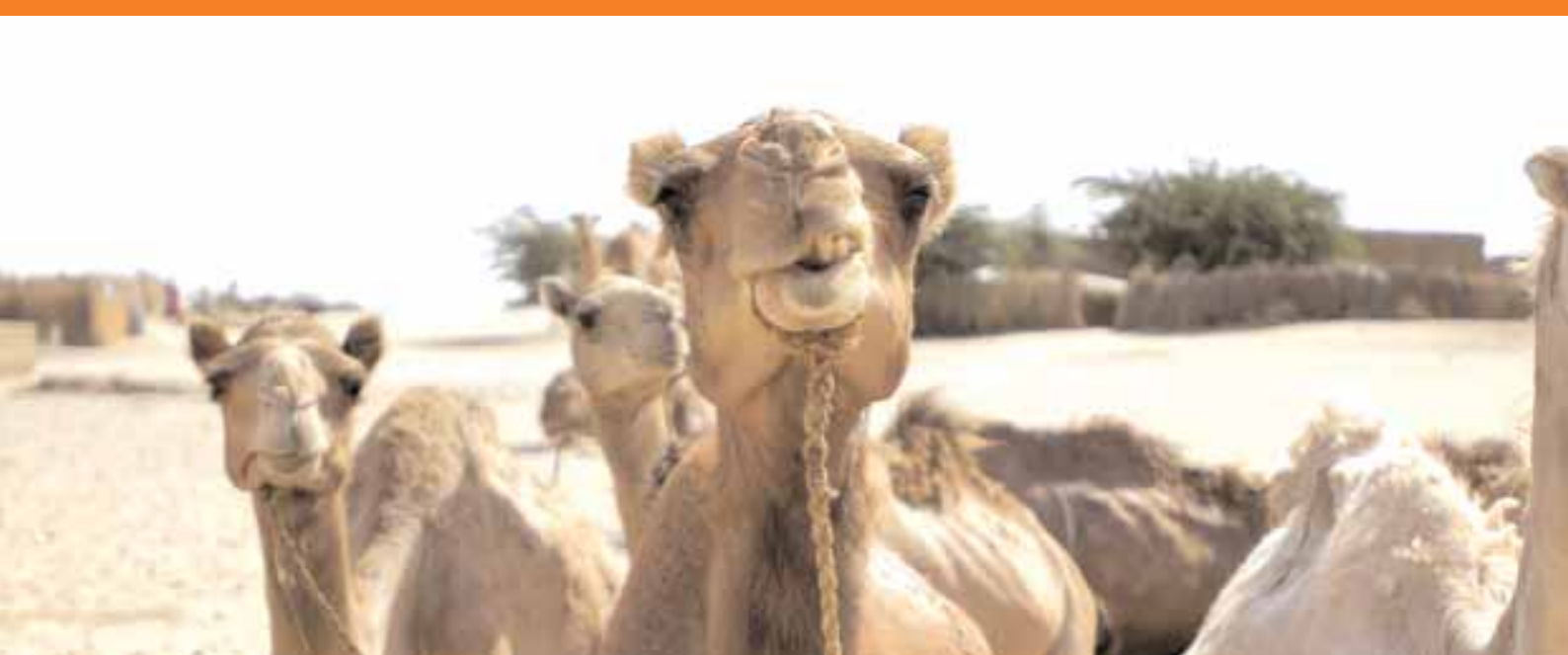
AngloGold Ashanti is committed to working in an environmentally responsible way, recognising that the long-term sustainability of its business is dependent upon good stewardships in both the protection of the environment and the efficient management of the exploration and extraction of mineral resources. The company complies with all the applicable environmental laws, regulations and requirements.

Committed to establishing and maintaining management systems to identify, monitor and control the environmental aspects of its activities, AngloGold Ashanti conducts audits to evaluate the effectiveness of these systems and makes sure it has the financial resources available to meet its reclamation and environmental obligations. AngloGold Ashanti works continually to improve its environmental performance and to prevent pollution from its operations.

The company ensures that its employees and contractors are aware of its environmental policy and communicates and consults with interested and affected parties on the environmental aspects of its activities, and participates in debate on environmental matters at international, national and local levels.

The group environmental policy guides the broad practices of the company while site-specific policies, which are required to be consistent with group policy, direct and regulate each operation in accordance with local conditions, requirements and regulations.

AngloGold Ashanti has formally adopted ISO14001 certification as the standard for the company's environmental management system. The International Standards Organization (ISO) is a voluntary, not-for-profit network of national standards institutes from 146 countries. ISO14001 focuses on environmental management systems. Certification is based on regular auditing by an appropriately accredited external body. The environmental management system at Morila is based on the standards set by ISO14001. Morila was recommended for ISO14001 certification in November 2006.



AngloGold Ashanti was party to the development of the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold and was one of the first signatories to the code in November 2005. Signatories to the code must have their operations audited by an independent third party to demonstrate their compliance by 2008.

### **Laws, regulations and requirements**

Legislation and regulations in Mali require mining companies to:

- apply for an environmental permit before starting an operation through the submission of an Environmental and Social Impact Assessment Report;
- apply for authorisation to carry out expansion on already permitted operations;
- apply for permits for waste disposal facilities;
- report all environmental incidents; and
- submit annual environmental performance reports.

No significant areas of non-compliance in terms of Malian legislation were recorded by Morila in 2006.

### **Managing environmental issues**

Morila's cyanide management systems have been developed in compliance with the International Cyanide Management Code and Morila is due to be externally audited in the third quarter of 2007.

Risk management forms an integral part of environmental management at Morila where baseline and issued-based assessments are carried out as well as hazard identification during weekly inspections. In 2006 an external party, Golder & Associates, conducted a stability review of the main wall of the tailings storage facility (TSF). Rehabilitation of this has started.

Among the environmental risks identified at Morila is the transport of cyanide and other hazardous material to the mine. To deal with this the road from the port of Téma, in Ghana, to Morila is assessed annually to identify any major deterioration that could have a negative effect on the safe transport of cyanide and other hazardous materials. The transport of cyanide is not permitted during the wet season.

Another risk is dust from the operation affecting the surrounding village. To counter this molasses is sprayed on the dirt road once a year to minimise dust during the dry season.



## MALI – MORILA

### Country Report 2006

#### Environmental incident reporting

AngloGold Ashanti's reporting protocol enables the company to identify and to manage the risks and impacts of environmental incidents, as well as their associated costs.

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'.

Should a major environmental incident occur, a report must be made within 24 hours to the corporate office. Also reported to the board, a major incident is defined as one which could affect the company's reputation or which results in a cost to the company exceeding \$100,000 including fines, compensation, clean-up, loss of production, anticipated litigation costs and so forth.

No major environmental incidents occurred at Morila during 2006.

#### Engaging with stakeholders and the community

Morila meets with the regional department responsible for the environment twice a year, with the National Directorate of Geology both formally (every quarter) and informally (on request) and with the National Laboratory of Water Quality on a quarterly basis.

The mayor of Sanso keeps a list of community members who wish to visit the mine. These visits for groups of up to 15 people take place twice a month. The visitors are given a general presentation on the operation followed by a tour of the pit, plant and TSF. Such visits are also organised for members of parliament, the diplomatic corps, journalists, teachers and other interested parties.

A monthly meeting is held with the local development committee and informal meetings are organised when required to address specific issues. Informal communication with the community is channelled through the mayor, the village chief and the sous-préfet.

Complaints from the community are directed to the mine through the mayor and these are either deal with in conjunction with the local administrative and traditional authorities at a special meeting or at the monthly community meeting.

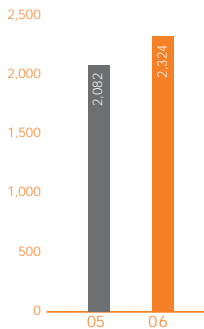
#### Rehabilitation and closure

Morila's current life of mine is to 2013. The operation manages 1,017ha of land of which 24.5ha have been rehabilitated to date. In 2006, \$2.9 million was set aside for rehabilitation and \$2.3 million for decommissioning, making a total environmental liability of \$5.2 million.

Currently, the main walls of the TSF are being rehabilitated and re-vegetated as they reach completion. The waste rock stockpile upper surfaces are being partially rehabilitated, using oxide/topsoil from pit cutbacks.



Cyanide usage  
(000kg)



### Key indicators

Key indicators of environmental performance for AngloGold Ashanti are:

- the use and management of cyanide;
- efficient use of resources, including water and energy;
- mine closure planning and the rehabilitation of disturbed lands; and
- the prevention of pollution, through proper waste management, and hazardous waste management practices.

In recent years, increasing attention has also been focused on issues relating to:

- climate change and greenhouse gas emissions; and
- biodiversity.

Further information may be found on our website, including a detailed breakdown of environmental performance against the GRI 2002 indicators ([www.aga-reports.com/06/GRI.pdf](http://www.aga-reports.com/06/GRI.pdf)).

### Resource usage

The water usage policy at Morila is to recycle as much process water as possible and to supplement this with pit water (first choice) and fresh water (second choice) from the Bagoé River. During 2006, 2,543,286m<sup>3</sup> of recycled water was used by the operation and 3,128,338m<sup>3</sup> of fresh water.

The objective for 2007 is to achieve zero discharge to the environment during the wet season. During the rainy months the pit floor, tailings storage facility and return water dam are used to capture rainwater and limit natural surface flows. This water is then used during the dry season. The strategy is to minimise the extraction of fresh water from the Bagoé River.

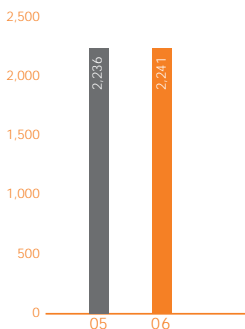
Pit de-watering does not affect the groundwater of the surrounding villages as the water is drawn from a deeper aquifer and the drawdown is restricted. Fresh water is pumped from the Bagoé River in accordance with minimum river flow rates as set by the authorities.

Process control within the plant is focusing on reductions in reagent usage and the mine balances the load requirements for the plant with the power station. Old oil is recycled and used instead of diesel in the manufacture of explosives. Tight controls are kept on equipment maintenance to reduce the use of fuels and lubricants. In addition, the mine plan has been modified to optimise in-pit waste rock dumping which has resulted in significantly shortened haul cycles, thus reducing the fuel consumption per unit of waste rock moved.

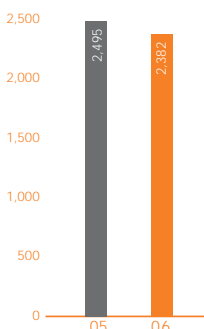
### AngloGold Ashanti Mali – environmental statistics

	Usage		Efficiency (Usage/oz)	
	2006	2005	2006	2005
Cyanide (kg)				
Morila	2,324,000	2,082,000	4.49	3.18
Fresh water (m <sup>3</sup> )				
Morila	2,240,689	2,236,373	4.33	3.41
Energy (GJ)				
Morila	2,382,446	2,494,728	4.60	3.81

Fresh water usage  
(000m<sup>3</sup>)



Total energy usage  
(000GJ)



### COMMUNITY

One of AngloGold Ashanti's values relates to the communities in which the company does business. This states that the company strives to form partnerships with host communities, sharing their environments, traditions and values; that it wants communities to be better off for AngloGold Ashanti having been there; and that it is committed to working in an environmentally responsible way.

With respect to communities, the company subscribes to the business principles summarised below. AngloGold Ashanti:

- aims to have a positive impact on the people, cultures and communities in which it operates. The company will be respectful of local and indigenous people, their values, traditions, culture and the environment;
- strives to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments that affect them, throughout the life cycle of the company's operations;
- undertakes social investment initiatives in the areas of need where the company can make a practical and meaningful contribution, in particular to those areas of education and health care relevant to AngloGold Ashanti's business activities, and those most likely to be sustainable after operations have closed;



### AngloGold Ashanti's Policy on Human Rights

AngloGold Ashanti is committed to upholding human rights at our operations and to promoting human rights in the communities and countries where we do business in line with the company's business values and business principles, which state that the company supports the Universal Declaration of Human Rights, the Fundamental Rights Conventions of the ILO and the principles and values referred to in the UN Global Compact.

In 2006, AngloGold Ashanti developed a draft Policy on Human Rights which, following internal consultation, was put to a number of interested external parties. Once we have received and considered their comments, the policy will be formally reviewed by AngloGold Ashanti's Executive Committee and Board of Directors and it is anticipated that it will be adopted and implemented during 2007.

The policy builds on the commitments made in the values and business principles and is in line with the company's commitment to adhere to the Voluntary Principles on Security and Human Rights of which it has applied to become a signatory.

The Voluntary Principles (<http://www.voluntaryprinciples.org/>) were developed out of a multi-stakeholder process involving governments, extractive companies and NGOs in late 2000 as a means of helping companies in the extractive sector to improve performance in relation to security-risk assessment and the control of security operatives, and to improve relations with communities over security issues. Accordingly, they focus on three main areas: risk assessment, interactions between companies and public security, and interactions between companies and private security. The secretariat to the Voluntary Principles is provided jointly by the International Business Leaders Forum (IBLF) in London (<http://www.iblf.org/>) and Business for Social Responsibility (BSR) in San Francisco (<http://www.bsr.org/>).

In addition, work is being done to develop group-wide security and human rights training to be rolled out across the company and we will continue this during 2007.



- encourages its employees to make themselves available for participatory and leadership roles in the community;
- seeks to acquire and use land in a way that promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, the company will abide by appropriate guidelines for resettlement, where they exist, and will work with the local communities to develop workable plans for any resettlement; and
- strives to contribute to the sustainable economic development of host communities through procurement activities; the contribution of redundant assets to the community; assistance in the establishment and growth of small- to medium-sized sustainable enterprises; and the outsourcing of goods and services from local vendors where appropriate.

AngloGold Ashanti is committed to engaging with non-governmental organisations (NGOs) and other stakeholders on issues of mutual concern.

The company has developed a Human Rights policy which it has asked several external agencies to comment on prior to approval by the Executive Committee. It is expected that this policy will be implemented in a phased approach by the end of 2007.

### **Community development strategy**

Morila mine is situated in the Sanso Rural Commune which consists of 52 villages. Of these, three – Morila, Sanso and Fingola – are affected by current mining activity as well as a fourth village – Domba – in the Domba Rural Commune. The mine's social responsibility initiatives are focused on these villages and the objectives of its Community Development Strategy are to:

- build lasting relationships through ongoing communication and active participation;
- co-operate in areas of community needs such as agriculture, health, education and the environment;
- invest resources into development programmes through selected sponsorship activities; and
- to maintain partnerships and cultivate other partnerships with identified stakeholders to promote self-help, sustainable development initiatives in the area.

The mine has established committees and task forces committed to the continued development of the local communities. Comprising mine employees, community members, members of local NGOs and representatives of local government, these groups are as follows:

- Community Development Steering Committee
- The Community Development Task Group
- Community Development Technical Committee
- Local Community Development Committee

In addition, an association to direct and manage long-term sustainable projects is in the process of being established.

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The Local Community Development Committee puts forward lists of projects to the Community Development Steering Committee which prioritises them, establishes a short list, calls for tenders and executes the projects. The steering committee, which includes the mayor and sous-préfet of Sanso, gives feedback on the status of projects to the technical and local community development committees once a month. The Community Development Task Group is responsible for the management of day-to-day community development.

Since the start of Morila mine, \$1.7 million has been spent on projects in the fields of health, education, agriculture, general community development and culture.

#### **Social investment in 2006**

In 2006, AngloGold Ashanti's contribution to corporate social investment spending at Morila was \$39,000.

Projects supported included a multi-purpose centre for women in Sanso, 14 new boreholes for the four villages, a new maternity facility at Morila Village, fencing for the Domba health centre and school, a basketball field, school stationery, and market gardens and rice fields at Fingola and Morila villages.

#### **Looking ahead**

There will be changes in the social investment strategy at Morila from 2007 because of the involvement of USAID which has signed a Memorandum of Understanding with the mine and Sanso. Going forward, this tripartite association will establish a strategy to guide and manage sustainable community projects.



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**Feedback:** We welcome your feedback on our Report to Society 2006 and this country report. A feedback form may be found on our reports website at [www.aga-reports.com](http://www.aga-reports.com)