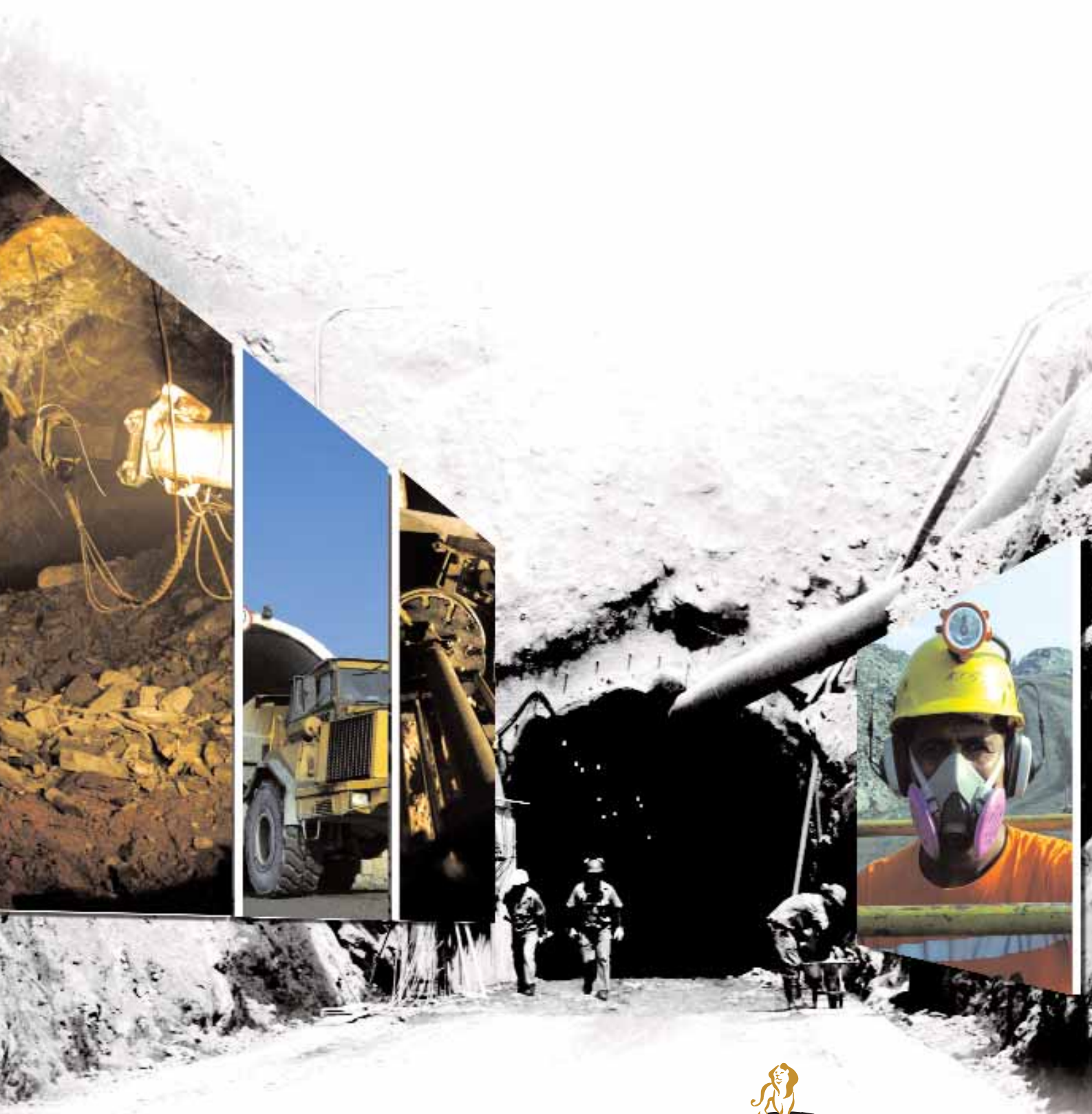


# Brazil

## Country Report 2008



# Brazil

## Country Report 2008

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AngloGold Ashanti Brasil Mineração Ltda.

### SCOPE OF REPORT

The Country and Operational Reports, of which this is one, are produced annually as a component of AngloGold Ashanti's Report to Society which, in turn, forms part of a suite of annual reports through which the company communicates with a wide range of stakeholders and business partners. These stakeholders and business partners include shareholders, employees, community members and many other interested parties in all the countries and regions in which the group operates, as well as regional and national governments.

The main purpose of the Country and Operational Reports, which are primarily web-based documents available in pdf format, is to provide a greater level of detail on the issues and challenges of sustainable development within the group. However, they also draw on information from the company's Annual Financial Statements and Mineral Resource and Ore Reserve Report so that the reader forms a complete picture of the operation/s in the country in question.

This report has been produced in accordance with the G3 guidelines of the Global Reporting Initiative (GRI) and in alignment with the principles of the International Council on Mining and Metals (ICMM). AngloGold Ashanti is an organisational stakeholder of the former and a member of the latter. This report also conforms to the reporting requirements of the UN Global Compact and the Extractive Industries Transparency Initiative (EITI) both of which are supported by AngloGold Ashanti.

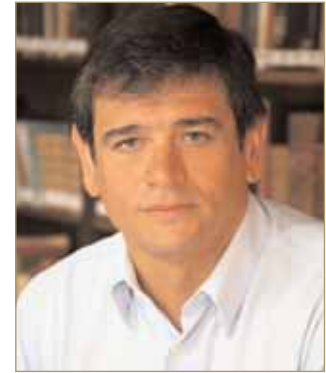
The full set of AngloGold Ashanti annual reports are available at [www.aga-reports.com](http://www.aga-reports.com) or, on request, in hard copy from the contacts detailed at the end of this report.

The following closing exchange rates have been used in this report:

2006:	BRL2.1380/\$
2007:	BRL1.7816/\$
2008:	BRL2.3350/\$

# Message

from Helcio Guerra



It is humbling to be able to report to our stakeholders a good performance not only in the financial aspects of our business – but also those aspects which involve our people, our communities and the environment.

The past year was one of growth – of production on the one hand and expansion in the region, but also in growing safety awareness. The AngloGold Ashanti Brasil Mineração ‘Guardião’ (The Guardian) campaign in 2008 focused on the adoption of a safe working environment, covering behavioural aspects, in support of the AngloGold Ashanti maxim - ‘Safety is our first value’.

Another positive safety development in Brazil was Serra Grande receiving the AngloGold Ashanti Global Safety Award – jointly with the South African Moab Khotsong mine. This award was based primarily on the low lost time injury rate, even though there were expansions at the plant and development of a new open pit mine.

In Brazil we remain committed to the sustainable development of our host communities. This aspect of our presence in the country remains a priority – and is characterized by continuous engagement with the local development agencies, supporting social and economic development actions and improving levels of education and health.

Our investment in this region has grown in the past year as we acquired the Sao Bento mine, which will double the scale and enhance the feasibility of the Córrego do Sítio project. Similarly, in Serra Grande, the expansion of the metallurgical plant processing capacity and exploration activities are initiatives consistent with our growth strategies.

Our existing operations in Brazil accounted for 407,000 ounces, representing 8% of the group’s production in 2008. More satisfying for us was our cash cost performance, at \$321 per ounce.

This performance was underpinned in the past year once again by a second employee opinion survey. After the first survey in 2006, this survey has proved itself to be an important and reliable tool to gauge employee views and to support the management process. We remain convinced that it is possible to build a better company through a positive climate, anchored on team work where everyone is involved.

With the restructuring of responsibilities in line with a revised corporate strategy, we have implemented a new managerial structure in Brazil, with seven general managers. I look forward to working with this able team to expand opportunities for our employees and in ploughing back into our host communities.

**Helcio Guerra**  
Country manager  
6 March 2009



*Open pit, Brazil*

# Corporate profile

– Group

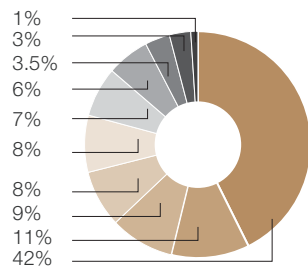
## AngloGold Ashanti global operations and exploration: 2008



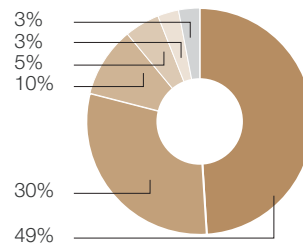
AngloGold Ashanti Limited, a leading global gold mining company, has a varied portfolio of assets which includes surface, open-pit and underground operations in key gold-producing regions around the world. At the end of 2008, the company had 21 operations located in 10 countries (South Africa, Argentina, 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. Greenfields exploration is currently being conducted in Western Australia, Colombia and the Democratic Republic of Congo (DRC), and the group is involved in exploration partnerships and joint ventures in Russia, China and the Philippines. AngloGold Ashanti's corporate office is in Johannesburg, South Africa.

AngloGold Ashanti produced 4.98 million ounces of gold in 2008, of which 2.73 million ounces (55%) came from deep-level operations and the balance of 2.25 million ounces (45%) from shallower and surface operations around the world. As at 31 December, the group employed 62,895 people, comprising 50,206 employees and 12,689 contractors and had proved and probable ore reserves of 74.9 million ounces of gold. Capital expenditure for the year amounted to some \$1.2 billion.

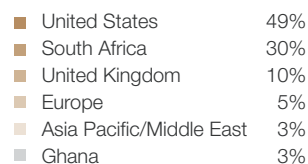
AngloGold Ashanti is a publicly listed company and is traded on stock exchanges in South Africa (share code on the JSE – ANG), the United States (NYSE – AU), Australia (ASX – AGG), the United Kingdom (LSE – AGD), Ghana (AGA and AAD), France (Euronext, Paris – VA) and Belgium (Euronext, Brussels – ANG BB).



Attributable gold production (%)



Shareholders as at March 2009



# Corporate profile

## Brazilian operations



AngloGold Ashanti Brasil, Serra Grande

AngloGold Ashanti's operations in Brazil comprise the wholly owned AngloGold Ashanti Brasil Mineração (formerly Morro Velho) in the south east of the country, and a 50% interest in Serra Grande, a joint venture with Kinross Gold Corporation.

The Brazilian operations employ a total of 4,095 people (including contractors) and in 2008 accounted for 407,000 ounces of gold, representing 8% of the group's production. Cash costs of \$321 per ounce are amongst the lowest in the AngloGold Ashanti group.

### *Guided by values*

AngloGold Ashanti remains a values-driven company. Its values, the foremost of which is safety, together with the group's business principles, continue to guide the actions of the company, its managers and employees, particularly in respect of sustainable development. These values and principles underpin all that the group does and form the basis of its relationships with others – shareholders, employees, communities, business partners, governments and civil society organisations. In this report, performance is measured against these values and principles, and progress recorded.

# Review of operations



Brasil Mineração	2008	2007	2006	
Pay limit	(oz/t)	<b>0.15</b>	0.13	0.09
	(g/t)	<b>5.16</b>	3.50	3.10
Recovered grade*	(oz/t)	<b>0.222</b>	0.218	0.222
	(g/t)	<b>7.62</b>	7.48	7.60
Gold production	(000oz)	<b>320</b>	317	242
Total cash costs	(\$/oz)	<b>300</b>	233	195
Total production costs	(\$/oz)	<b>432</b>	344	266
Capital expenditure	(\$m)	<b>69</b>	117	168
Total number of employees		<b>2,987</b>	3,434	3,611
Employees		<b>1,954</b>	1,814	1,546
Contractors		<b>1,033</b>	1,620	2,065

\* underground operation

## ANLOGOLD ASHANTI BRASIL MINERAÇÃO Ltda

### Description

The wholly-owned AngloGold Ashanti Brasil Mineração (Brasil Mineração) complex is located in south-eastern Brazil in the state of Minas Gerais, close to the city of Belo Horizonte, in the municipalities of Nova Lima, Sabara and Santa Barbara.

### Mining and processing

Ore is sourced from the Cuiabá underground mine, which is processed at the Cuiabá and Queiroz plants, and from the Córrego do Sítio heap-leach operation.

### Operating review

Gold production for 2008, supported mainly by the Cuiabá mine, where the expansion project has been completed, and the Córrego do Sítio mine, was almost unchanged in line with the target of 320,000 ounces.

Development at Cuiabá improved as planned with a focus on greater mine flexibility. Strategic action was taken to enhance long-term performance at Cuiabá and extend its life of mine. This included increasing the backfill rate to the mine, restructuring the maintenance programme and reviewing maintenance contracts, as well as implementing a management strategy focusing on cost optimisation in 2009. In addition, new preventative controls were introduced and geotechnical conditions closely monitored in order to consolidate a sustainable long-term rate of production.

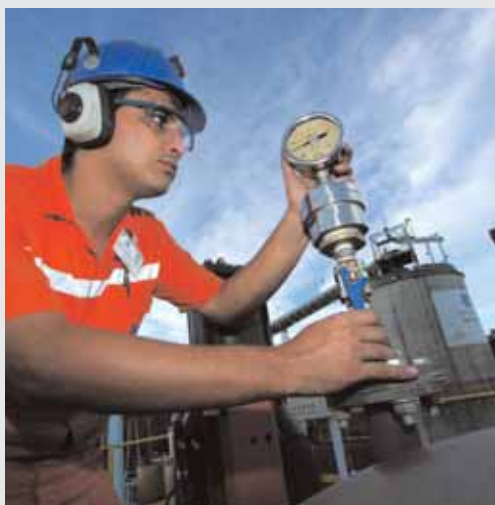
Total cash cost increased by 29% to \$300/oz chiefly reflecting appreciation of the Brazilian real, the effects of inflation on labour, materials and services and the higher cost of equipment maintenance, partly offset by the better price received for their by-products. Capital expenditure arising from the expansion projects totaled \$69million.

### Growth prospects

The Córrego do Sítio underground Sulphide Project continues and will exploit the sulphide resources of the Cachorro Bravo, Laranjeiras and Carvoaria Velha orebodies. The project should add 90,000 ounces of gold annually from a total of 5.4Mt of ore milled. The project should reach full production by 2012.

In December 2008, AngloGold Ashanti acquired the Sao Bento mine, a Brazilian gold mining operation previously owned by Eldorado Gold Corporation. The Sao Bento mine is located in the vicinity of the Córrego do Sítio project. The mineral resource potential in the area was a key factor when considering this acquisition, which will double the production, improve the synergies of both areas, and enhance the feasibility of the Córrego do Sítio project while supporting the dominant position of AngloGold Ashanti in Brazil's Iron Quadrangle.

During 2008, development at the Lamego Project, close to the Cuiabá mine, totalled 4,063 metres. Lamego is expected to produce approximately 345,000 ounces of gold over nine years from 2.14Mt of milled ore. Production is scheduled to start in mid-2009.



Serra Grande		2008	2007	2006
Pay limit	(oz/t)	<b>0.16</b>	0.14	0.09
	(g/t)	<b>5.61</b>	3.90	3.24
Recovered grade*	(oz/t)	<b>0.221</b>	0.210	0.219
	(g/t)	<b>7.58</b>	7.21	7.51
Gold production	(000oz) – 100%	<b>174</b>	182	194
	– 50%	<b>87</b>	91	97
Total cash costs	(\$/oz)	<b>294</b>	263	198
Total production costs	(\$/oz)	<b>394</b>	351	265
Capital expenditure	(\$m) – 100%	<b>41</b>	24	17
	– 50%	<b>20</b>	12	8
Total number of employees		<b>1,108</b>	918	817
Employees		<b>725</b>	654	609
Contractors		<b>383</b>	264	208

\* underground operation

In addition, AngloGold Ashanti continues to study reopening the Raposos mine located in the Municipality of Raposos, close to the Queiroz plant. This mine is currently mothballed.

In terms of exploration, AngloGold Ashanti continues to explore brownfield areas surrounding existing sites and is also setting up an aggressive brownfields exploration plan for the Iron Quadrangle in the State of Minas Gerais where the company holds mineral rights.

In 2008 exploration expenditure totalled \$15.8 million and approximately 95,000 metres were drilled, resulting in an additional 425,000 reserve ounces. The Step Change Project was also initiated in 2008 for the purpose of identifying new exploration targets in the Iron Quadrangle, in areas other than those held by AngloGold Ashanti Brasil Mineracao, thus making new business opportunities possible.

## SERRA GRANDE

### Description

Serra Grande is located in central Brazil, in the state of Goiás, five kilometres from the city of Crixás. AngloGold Ashanti and the Kinross Gold Corporation are joint partners in this operation. In terms of the shareholders' 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.

Serra Grande comprises two underground mines, Mina III and Mina Nova, an open pit at Mina III, and the new Palmeiras mine where production will begin in 2009. Annual capacity of the processing circuit is being expanded from about 818,000 tonnes to 1.150Mt annually. This expansion is due to be completed by mid-2009.

### Operating review

Attributable production of 87,000 ounces in 2008 is 5% lower than the previous year. This was chiefly due to the lower tonnage of ore treated at the underground operation. Palmeiras mine has a resource of 207,000 ounces and is expected to start operating in 2009 with an average annual production of 16,000 ounces from 2010.

Total cash costs increased by 12% to \$294/oz, again largely due to reduced production, the appreciation of the Brazilian real and inflation, which affected the cost of power, labour, fuel and maintenance services. Capital expenditure amounted to \$41 million, of which \$20 million was attributable. This was expended mostly on the plant expansion project, mine development, the main ramp at the Palmeiras mine and resource definition.

### Growth prospects

An aggressive brownfields exploration campaign at Serra Grande aims to increase reserves and resources in and around Mina III and Mina Nova. In 2008, there was an increase in resources and reserves with the discovery of the Pequizão orebody located between Mina Nova and Mina III last year.

# Mineral resources

## and ore reserves



AngloGold Ashanti Brasil, Mineração Serra Grande

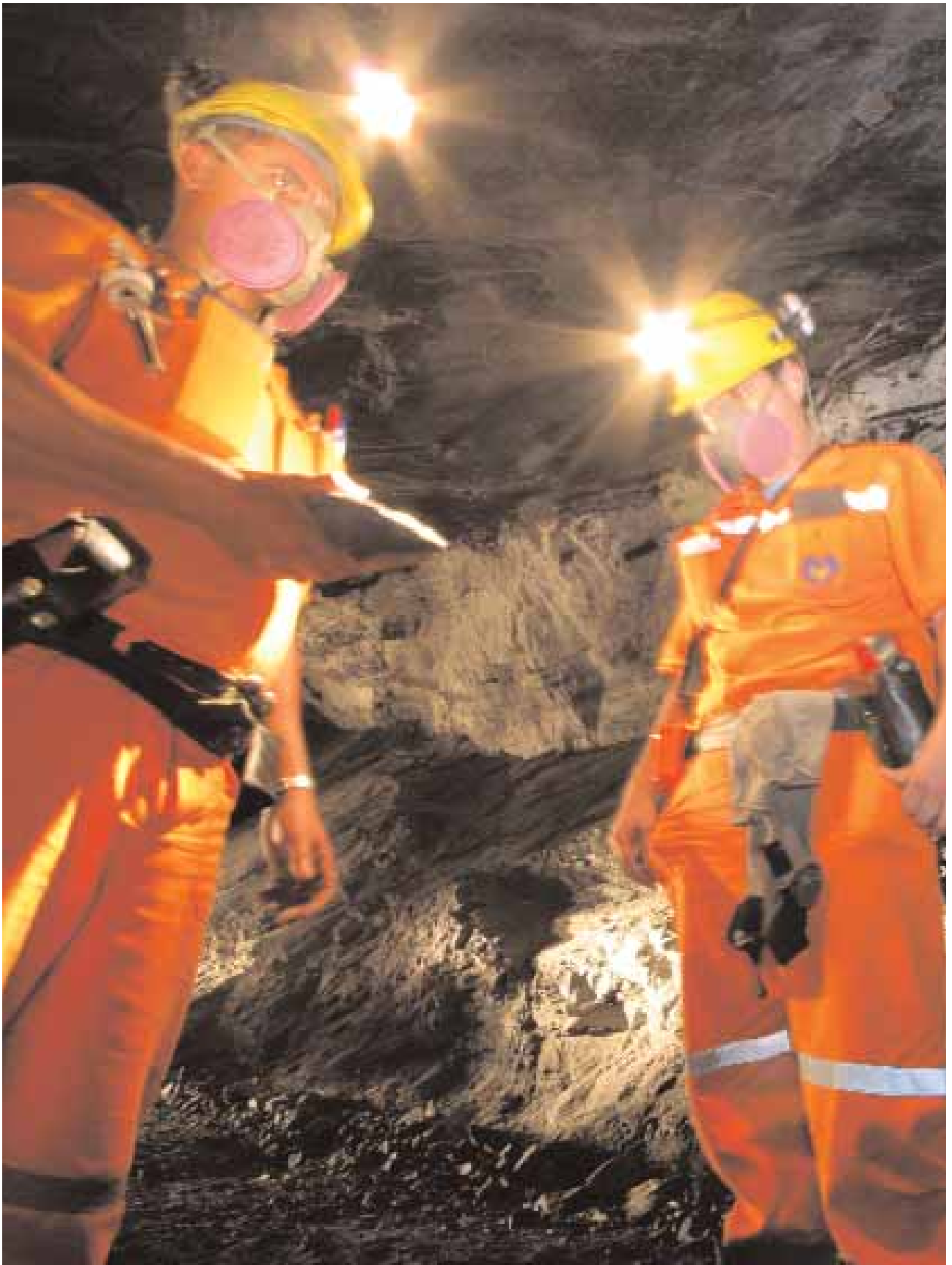
Ore Reserves and Mineral Resources are reported in accordance with the minimum standard described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition), and also conform to the standards set out in the South African Code for the 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 241.0 million ounces and Ore Reserves of 74.9 million ounces at 31 December 2008. Of these, the Brazilian operations accounted for Mineral Resources of 11.50 million ounces and Ore Reserves of 2.92 million ounces.

### Mineral Resources (attributable) inclusive of Ore Reserves

as at 31 December 2008	Resource category	Tonnes million	Grade g/t	Contained gold tonnes	Contained gold Moz
Brazil	Measured	11.11	7.01	77.80	2.50
	Indicated	13.46	6.49	87.36	2.81
	Inferred	28.51	6.76	192.59	6.19
	<b>Total</b>	<b>53.07</b>	<b>6.74</b>	<b>357.75</b>	<b>11.50</b>





AngloGold Ashanti Brasil, Mineração Serra Grande

# Sustainability footprint

This section illustrates the group's key sustainability issues during the cycle of mining and processing gold.

Impact on restricted areas – biodiversity  
 Consultation with communities, including interaction with artisanal and small-scale miners (ASM)  
 Human rights and security

Human rights issues  
 Dealing with regional health threats  
 Fair employment practices and skills development  
 Safety and health  
 Efficient use of resources – water, energy and other natural resources  
 Reducing carbon footprint, preventing pollution  
 Human rights and security

## 2. MINING: ACCESSING THE OREBODY

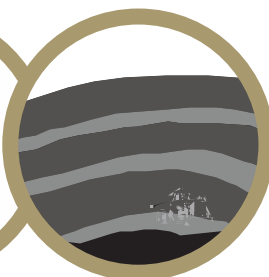
There are two types of mining which take place to access the orebody:

- **Underground mining:** a vertical or decline shaft is sunk deep into the ground to transport people and mining materials to underground levels from which the orebody is accessed through horizontal tunnels known as haulages and cross-cuts. Further on-reef development is then undertaken to open up the orebody so that mining can take place.
- **Open-pit mining:** in this situation the ore lies close to surface and can be exposed for mining by "stripping" the overlying barren material.



### 1. FINDING THE OREBODY

AngloGold Ashanti's greenfields exploration group identifies prospective gold deposit targets and undertakes exploration on its own or in conjunction with joint venture partners. Worthwhile discoveries undergo a well structured and intensive evaluation process before a decision is made to proceed with developing the mine.



### 3. MINING: REMOVING THE ORE

- In underground mining, ore is drilled and blasted, and brought to the surface.
- In open-pit mining, drilling and blasting may also be necessary to break the ore; excavators then load the material onto the ore transport system which is predominantly haul trucks.

Interaction with artisanal and small-scale miners

Environmental footprint  
(land use/biodiversity)

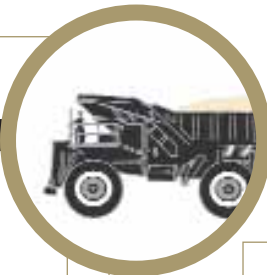
Minimising emissions to air  
Land disturbance

The process of producing gold can be divided into the following main activities:

- Finding the orebody
- Mining – Creating access to the orebody
- Mining – Removing the ore
- Mining – Transporting the broken material to plants for treatment
- Processing;
- Refining
- Mine site rehabilitation

#### 4. MINING: TRANSPORTING BROKEN MATERIAL TO PLANTS FOR TREATMENT

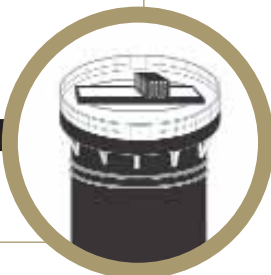
- Underground ore is brought to the surface by a combination of horizontal and vertical transport systems. Once on surface the ore is usually transported to the processing facilities by surface rail or overland conveyors.
- In open pit operations the haul trucks deliver the ore directly to the processing facilities.



Minimising emissions and preventing pollution  
Efficient use of resources  
Management of cyanide  
Reducing carbon footprint

#### 6. REFINING

The doré bars are transported to a precious metal refinery for further processing. In this process gold is upgraded to a purity of up to 99.5% for sale to a range of final users. High purity gold is referred to as “good delivery” which means that it meets the quality standards set by the London Bullion Markets Association and gives the final buyer assurance that the bar contains the quantity and purity of gold as stamped on the bar.



Rehabilitation and achieving closure  
Post-closure monitoring  
Engaging with communities

#### 7. MINE-SITE REHABILITATION

Once mining has been completed, operations are ‘closed’ and rehabilitation activities begin to return the land to a productive state. (Rehabilitation is the process of reclaiming mined land to the condition that existed prior to mining or to a pre-determined post-mining use.) Planning for this process is undertaken during the life of mine.

Minimising emissions (air quality)

#### 5. PROCESSING

Comminution involves the breaking up of ore into small particles so that the contained gold minerals are exposed. This is undertaken by a combination of multi-stage crushing and milling circuits. Recovery of gold can then commence, depending on the nature of the gold contained in the ore.

After passing through gravimetric concentrators to separate free gold, the refractory ore goes through flotation cells to recover the sulphide-trapped gold-bearing particles that are roasted to remove sulphur, and then leached in agitated aerated tanks in an alkaline cyanide solution. The crushed oxidised ore is heaped in impermeable lined leach pads and irrigated with an alkaline low-strength cyanide solution to recover gold in the solution. Both solutions are collected and either precipitated with zinc powder or sent to be adsorbed in activated carbon.

Gold which has loaded (adsorbed) onto activated carbon is recovered by a process of re-dissolving the gold from the activated carbon (elution), followed by precipitation in electro-winning cells and subsequent smelting of the precipitate into doré bars.

At some operations, by-products are generated, such as silver, sulphuric acid and uranium.

Local economic development and sustainable social investment

# Economic performance

## KEY DEVELOPMENTS

- Continued restructuring to focus on new company strategy.
- New company vision, mission and values developed.
- Notable 8% contribution towards company attributable gold production.
- Good cash cost performance in Brazil, against the background of rising input costs.
- Continued expansion of production opportunities in Brazil.
- Conclusion of rights issue, reduction in hedge book and successful bond refinancing.
- Significant payments to government, reported in line with the guidelines of the Extractive Industries Transparency Initiative (EITI), a coalition of governments, companies and civil society.

## ECONOMIC IMPACT

Salient economic impacts		
	BRL000	\$000
Revenue generated by the country of operation	606,106	330,015
Cost of sales in the country of operation	402,889	219,367
Dividends paid to government	-	-
Amounts paid for salaries, wages and other benefits	142,050	77,344
Taxation		
Taxation paid in 2008	82,189	44,751
Provision for taxation in 2008	58,464	31,833
Withholding tax (STFC, royalties, etc.)	-	-
Other indirect taxes and duties	8,193	4,461
VAT paid	11,954	6,509
VAT refunded	-	-
Employee taxes and other contributions	41,134	22,397
Property tax	575	313
Other taxes	5,493	2,991
Capital expenditure	202,358	110,181
Exploration expenditure	21,117	11,498
Corporate social investment expenditure	1,695	923

As a member of the EITI, AngloGold Ashanti is committed to transparency in the disclosure of payments and receipts from governments.



AngloGold Ashanti: Brasil, Mineração Serra Grande

# Ethics and governance

## KEY DEVELOPMENTS

- Implementation of whistle-blowing procedures.
- Adoption of the Conflict of Interest policy.

## ANGLOGOLD ASHANTI VALUES

In respect of ethics and governance, the AngloGold Ashanti values state that:

***We are accountable for our actions and undertake to deliver on our commitments.*** We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.

## GOVERNANCE

AngloGold Ashanti remains committed to the highest standards of corporate governance. Corporate governance is the responsibility of the Board of Directors as a whole, with some authority delegated to the Audit and Corporate Governance Committee of the board and the management Disclosure Committee. Further details on Corporate Governance may be found in the Annual Report at [www.aga-reports.com](http://www.aga-reports.com).

### *Legal issues*

No significant legal issues were reported in Brazil.

### *Voluntary compliance*

In addition to its regulatory obligations, AngloGold Ashanti believes in self-regulation and holds the view that local and international industry leaders should establish robust standards against which companies should perform and be measured. The group is actively involved in a wide range of organisations and initiatives, and is either a member of or signatory to the organisations listed below. It actively supports their aims and objectives, and participates in their development and functioning.

- United Nations Global Compact (UNGC)
- International Council on Mining and Metals (ICMM)
- Responsible Jewellery Council (RJC)
- Global Reporting Initiative (GRI)
- Extractive Industries Transparency Initiative (EITI)
- International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (Cyanide Code)
- Voluntary Principles on Human Rights



AngloGold Ashanti: Brasil, Mineração Serra Grande

# Ethics

## and governance

### *Political donations*

A policy on party political donations was developed and is available at [www.anglogoldashanti.com/About/Corporate+Governance/Guidelines.htm](http://www.anglogoldashanti.com/About/Corporate+Governance/Guidelines.htm). Where political donations are made, these are subject to the disclosure. AngloGold Ashanti will continue to argue the case of good governance, and to encourage a policy-making environment where there is a healthy and robust competition of ideas.

The Brazilian operations contributed BRL805,000 (\$476,415) to political parties in its host municipalities in 2008.

### *Policies and procedures*

AngloGold Ashanti has a number of policies and procedures in place to ensure that employees are aware of what is expected of them and that they conform as appropriate. Employee induction in these policies and procedures is mandatory.

Some of the policies in place are:

- The Market Abuse (Insider Trading) Policy applies to employees and directors and prohibits them from trading shares when they have access to unpublished, material information concerning the company or its operations.
- The Gifts, Hospitality and Sponsorship Policy aims to ensure that no supplier receives undue favour and that employees do not compromise their integrity and impartiality by the receipt or giving of gifts. The policy was amended during the year to include sponsorships.
- The Conflict of Interest Policy aims to ensure that the company's commercial transactions take place in a manner that ensures the integrity and fairness of the company's contract and tender processes. The policy applies to all employees. The policy was amended during the year to include the coherent and comprehensive response that must be made once a conflict has been declared.

### *Code of Ethics and confidential reporting (whistle-blowing)*

To comply with the obligations of the Sarbanes-Oxley Act and the King Report on Corporate Governance, 2002, and in the interests of good governance, the company has systems and procedures to introduce, monitor and enforce its ethical codes (including risk related to corruption at all operations). The whistle-blowing policy and process encourages employees and other stakeholders to confidentially and anonymously report unethical or illegal acts that are prejudicial to the company's interests and compromise its values.

The codes and the whistle-blowing policy are available on the company's website at [www.aga-reports.com/08/governance.policies.htm](http://www.aga-reports.com/08/governance.policies.htm). Reports may be submitted via the intranet, internet, telephone, fax and post, and an initiative is under way to implement text messaging as a further medium for reporting.

All reports made in terms of the whistle-blowing policy are administered by a third party, Tip-Offs Anonymous, to ensure confidentiality and anonymity. The information is relayed through a reporting structure to an independent official and internal audit for investigation. Feedback on reports is given when requested. A report is provided to the Audit and Corporate Governance Committee on a quarterly basis.

No cases of bribery and corruption, misconduct, irregularities or incidents of unfair labour practice were reported at AngloGold Ashanti's operations in Brazil during the year; however, three reports of fraud were independently reviewed. Further details on the results of cases reported and completed during 2008, are available at: <http://www.anglogold.com/subwebs/InformationForInvestors/Reports08/AnnualReport08/governance.htm>

### *Objectives for 2009*

- Adopt and implement a revised Disclosures Policy, which aims to broaden disclosure to include a wider range of stakeholders.
- Develop a mechanism for identifying, managing and minimising material compliance risks.
- Promote greater understanding and adherence to compliance policies and ethical standards among employees.

# Safety

and health

## KEY DEVELOPMENTS

- Re-evaluation of the group's mission, vision and values, and affirmation of safety and health as the group's first value.
- Significant interventions included the Guardião campaign in Brazil.
- Start of a safety and health transformation project to develop a strategic 'blueprint'.
- Progress with strategic response to silicosis and ongoing investigation into methods of dust control and sampling methods.
- Improvement in safety performance at a group level. Sadly one employee died at Serra Grande.
- Serra Grande receives Global Safety Award.

A key part of the company's safety initiative in 2008 was the assertion that safety is the group's first value. This was the focus of an extensive safety initiative conducted during the year to ensure that this value is both understood by all and put into practice at all levels within the group. The following is an extract from AngloGold Ashanti's statement of values:

### *Safety is our first value*

*We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work. We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resources and systems to deliver on our most important commitment ... to care.*



AngloGold Ashanti Brasil, Cuiabá shaft

# Safety

and health



AngloGold Ashanti Brasil, Mineração Serra Grande

## *Management and accountability*

Every AngloGold Ashanti manager and employee takes responsibility for health and safety and all strive to create workplaces that are free from occupational injury and illness. The group is committed to complying with all relevant occupational health and safety laws and, in the absence of such standards, to adopting leading practice. Although health and safety 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 group's safety and health principles. Deliberate breaches of standards and procedures are not tolerated and risk assessments are conducted to anticipate, minimise and control occupational hazards. AngloGold Ashanti implements safety and health management systems based on internationally recognised standards and assesses their effectiveness through periodic audits. Performance in terms of safety and health objectives is measured on a regular basis. AngloGold Ashanti communicates openly on safety and health issues with employees and other stakeholders.

## *Safety overview*

Brazil has implemented a plan of action based on a reassessment of HSE, prepared by the management of Serra Grande, to meet some of these challenges:

- Improving controls of equipment and systems.
- Fall of ground prevention.
- Safety improvements regarding underground transportation.
- Creation of a crisis management committee.
- Implementation of a ten commandments of safety to improve safety adherence in the workplace as part of 'safety is our first value' commitment.

### *In memoriam:*

Name and age:	Raimundo Matias (38)
Date:	12 February 2008
Operation:	Serra Grande, Brazil
Occupation:	Maintenance Mechanic
Home:	Serrita Pernambuco Province, Brazil



The death of an employee at Serra Grande in a driving-related incident signified a performance which falls short of AngloGold Ashanti's objective of eliminating all fatal accidents at work.

While the LTIFR deteriorated during the course of the year at Brasil Mineração to 3.06 as opposed to 2.30 in 2007, the Serra Grande operations showed an improvement with an LTIFR of 1.29 compared with 2.47 in 2007.

### *Regulatory issues*

The mines in Brazil fall under a number of regulatory norms regarding occupational health and safety which form part of the country's labour legislation, as well as the National Department of Mineral Production's Mining Regulatory Norm.

### *Employee involvement*

The Brazil operations maintain an Internal Committee for Accident Prevention (CIPAMIN) composed of employees. CIPAMIN's objective is to observe and report conditions that may be a risk in the work environment, aiming at preventing accidents and disease.

In addition, various safety committees are in place, eg. the Steering Committee headed by the general manager, with the participation of other managers; an Operating Committee, led by each manager, with the participation of supervisors.

While union agreements do not formally address health and safety issues, employees and unions are involved in formal joint health and safety committees that monitor and advise on safety and health matters.

## SERRA GRANDE INTRODUCES FMEA TO IMPROVE SAFETY PERFORMANCE

In July 2008 Mineração Serra Grande (MSG), Brazil, acquired a Failure Mode and Effect Analysis (FMEA) system, prompted by a fatal incident which occurred on 12 February 2008. During the investigation into this accident, it was recommended that a tool to facilitate the identification of the basic causes of incidents was needed.

The FMEA is a procedure for analysing potential failures within a system of work and for classification of the effect of failures on the system. "Basically the system helps to identify the risks presented by these failures, before they result in accidents, and then to remove or mitigate these risks," explains AngloGold Ashanti Manager: Safety, John McEndoo.

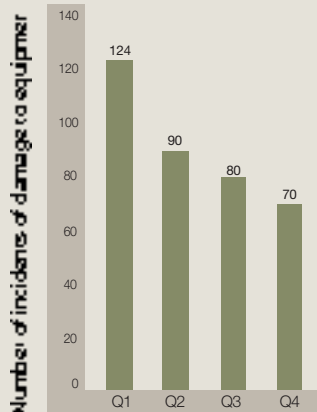
"MSG formed a project team, with a mechanical engineer and mechanical technicians to introduce the computer-based system. From repetitive failures and incidents with large risk potential, it analyses failures identifying basic causes," explains Camilo Farace, General Manager: Mineração Serra Grande. "The system then recommends how to stop, or minimise such failure and incidences. These actions are also monitored by the team, and the relevant departments."

The system was not introduced with cost-saving in mind – the focus was on improving occupational safety – but as a result, some expenses have been reduced. Secondary benefits of the implementation of FMEA include the increase of equipment availability, improved awareness of safety among operational and maintenance staff, and the reduction of repetitive problems. As an example, there has been a reduction in the number of fans replaced in the cooling system of Volvo trucks used on site and the number of problems experienced with the parking brake system of wheel loaders has also decreased. When analysing failures, however, the main focus is safety – any other benefits are secondary.



AngloGold Ashanti Brasil, Serra Grande

# Safety and health



Material damages in 2008



AngloGold Ashanti Brasil, Serra Grande

The system has posed some challenges for the team. Says Farace, “In some cases, we have failed to determine the basic failure causes because employees are not yet familiar and comfortable with the tool. Employees do not always understand that the system’s purpose is not to blame them for accidents, but rather to get to the root causes of incidents and help to prevent future accidents.”

“Besides the FMEA benefits, we have also been working with employees to achieve improved work practices and in the past few months there’s been great improvement. We believe that FMEA has been a great contributor to this progress, through technical and detailed analysis of incidents. Another indicator of this progress is a reduction in the number of incidents involving equipment, but with no physical injuries, in the last year as shown in the graph above.”

In addition to the installation of the FMEA, MSG has a system called the Risk Management Programme (PGR – Programa de Gerenciamento de Riscos). This system involves a set of actions and procedures designed to manage the risks associated with all operational activities through risk assessments, planning, training, implementation and utilisation of preventive procedures.

“The risk programme is subdivided into several other programmes, directly aimed at managing the risks associated with all aspects of our activities. These programmes include a Hearing Conservation Programme, an Environmental Management Programme, and an Environmental Care Programme - to name a few,” says Farace.

The programme is periodically audited (internally and externally), and is certified in terms of OHSAS 18001, a specification that structures the implementation of an effective occupational health and safety management system; and ISO 14001, an environmental management standard. The FMEA has been integrated into the health, safety and environment programmes at MSG.

The Occupational Health and Safety management system (OHSAS) at MSG uses a process of risk management. This process is divided into five sections namely: policy, planning, implementation and operation, checking and corrective action, and management review.

In 2008, the Planning and Prevention of Losses training programme was reviewed by an external Brazilian safety specialist company. Through specific training of all Serra Grande’s operational staff, employees were prepared for the prevention of material, environmental or injury losses. This training programme was structured to emphasise to employees the application of the tools that are part of the PGR and increase the level of general risk awareness.

“It is always difficult as a management team to implement a new system and make a success of it immediately. The MSG team has kept the momentum of the project up and will continue to echo that safety is our first value,” concludes McEndoo.



AngloGold Ashanti Brasil, Mineração Ltda

## HEALTH

The most significant occupational health risks within the company include occupational lung disease (OLD), which includes silicosis and occupational tuberculosis (TB) in underground operations that are host to quartz-bearing rock; noise-induced hearing loss (NIHL); heat stress; and radiation. Occupational health regulations require ongoing biological monitoring for lead and arsenic, among others. In Brazil the main health risks relate to dust and noise.

### *Medical surveillance*

In Brazil, 3,671 medical surveillance examinations were undertaken by the group's occupational health centres in this division. Of these, 2,821 were at Brasil Mineração and 820 at Serra Grande.

### *Noise-induced hearing loss*

NIHL develops as a consequence of consistent exposure to high levels of noise (in excess of 85dBa) over an extended period of time. The company has in place a Hearing Conservation Programme conducted in close liaison with the safety department. In 2008, no new cases of NIHL were reported at AngloGold Ashanti Brasil Mineração.

### *Objectives for 2009*

The following objectives have been set in respect of safety and health performance in 2009.

- completion of the safety transformation project and the development of a 'blueprint' for safety and health.
- zero fatal accidents.
- 20% reduction in all injury rates.
- continue to strengthen occupational safety and health systems across all operations.

# Employment

## KEY DEVELOPMENTS

- Revision of the company's vision and values, and their communication to employees.
- Development of the System for the Management of People, based on the Requisite Organisation model.
- Restructuring of responsibilities and hierarchy in line with corporate strategy.
- Second employee opinion survey completed.

## ANGLOGOLD'S VALUES

AngloGold Ashanti's values, as reviewed and redefined in 2008, are underpinned by the philosophy that 'People are our business... our business is people'. The group's values specifically state:

**We treat each other with dignity and respect.** *We believe that individuals who are treated with respect and who are entrusted to take responsibility respond by giving their best. We seek to preserve people's dignity, their sense of self-worth in all our interactions, respecting them for who they are and valuing the unique contribution that they can make to our business success. We are honest with ourselves and others, and we deal ethically with all of our business and social partners.*

**We value diversity.** *We aim to be a global leader with the right people for the right jobs. We promote inclusion and teamwork, deriving benefit from the rich diversity of the cultures, ideas, experiences and skills that each employee brings to the business.*

Giving life to this are the group's undertakings or business principles related to the group's labour practices.

### *Management systems and accountability*

Operational restructuring was undertaken across AngloGold Ashanti to align the company's structure with the revised corporate strategy and the new executive team, and to bring the leadership of the operations closer to the company. Key developments here included the appointment in late 2007 of three operational heads (one in Africa, one in Australia and one in the Americas) and the separation of divisional responsibility in Africa (home to the majority of the group's operations), into West Africa and Southern Africa divisions.

Given AngloGold Ashanti's renewed vision and values and revised company strategy, a complete review of the group's human resources management systems and structure, called the System for the Management of People (SMP) is being undertaken. This is considered a strategic imperative within the context of a changing world of work, the current socio-economic climate and continued key skills shortages in the mining industry. This SMP is particularly relevant to the management of the group's talent at all levels and across all operations.

### *Employment practices*

AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organisation (ILO), ensuring the implementation of fair employment practices by prohibiting forced, compulsory or child labour.

### *Employment review*

AngloGold Ashanti is a significant employer in many of the countries in which it operates. In 2008, there were an average of 2,679 employees and 1,416 contractors working in Brazil. Of these 1,954 employees and 1,033 contractors were employed at Brasil Mineração and 725 employees and 383 contractors employed at Serra Grande.

Total number of employees and contractors				
Operation	Employees	Contractors	Total	2007 Total
Brasil Mineração	1,954	1,033	2,987	3,434
Serra Grande	725	383	1,108	918

### *Freedom of association and collective bargaining*

AngloGold Ashanti recognises that freedom of association is a fundamental right of all employees and contractors, and adheres to collective bargaining agreements with due regard to the relevant legislation of a particular country.

At Brasil Mineração the workforce (employees and contractors) is unionised, with 87.47% of employees belonging to the Sindicato dos Trabalhadores na Indústria e Extração do Ouro e Metais Preciosos de Nova Lima e Regilao; while 12.53% belong to the Sindicato dos Trabalhadores na Indústria e Extração do Ouro e Metais Preciosos de Santa Barbara.

100% of Serra Grande employees are represented by the Sindicato dos Trabalhadores nas Industrias Extrativas do Vale do Rio Crixas, 40% are members of the Union.

The collective bargaining agreement covers all employees.

There were no significant disputes or strikes at any of the group's Brazil operations during the year. However salary adjustments for employees to compensate for higher than anticipated levels of inflation were effected in August 2008.

### *Benefits and conditions of service*

The remuneration system used in Brazil is based on the Hay Methodology. The reward system is focused on team and individual performance. In the Performance Sharing Plan (PPR) focus is on team performance. Employees can achieve a maximum of 3 months basic salary. The amount paid is target-related and negotiated between the company, its employees and the trade unions. In the bonus system, where the group of employees involved is established through a performance contract, individual targets are agreed between employee and manager. The bonus paid is based on the individual's performance contract and the company share scheme.

Health care is provided by an external service provider to employees and their families; the company pays 80% of the costs with employees being responsible for the balance. The health care benefit covers the costs of medical and dental appointments, examinations and operations but does not cover medication.



AngloGold Ashanti Brasil, Serra Grande

# Employment



AngloGold Ashanti Brasil, Mineração Ltda

## *Training and development*

Training was provided in the areas of Safety, Health, Environment, Leadership Development, Technical training and Software training in AngloGold Ashanti's Brazilian operations. This training underpins the group's system for the management of people and ensuring that the requisite skills are in place for the future.

In 2008, AngloGold Ashanti's Brasil Mineração spent BRL2,453,757 on the provision of training and development for its employees compared to BRL1,886,525 in 2007; this increase in cost is attributed to the completion of the Cuiabá Expansion Project where training had been completed or employees were being internally developed.

Serra Grande spent BRL775,663 on training and development for its employees compared to BRL619,398 in 2007.

## *Bursaries and scholarships*

Bursaries and scholarships for employees, their dependants and community members are offered at all operations. Emphasis is on giving scholarships and bursaries to candidates from local communities first.

In 2008, there were 107 bursaries offered by the Brazil operations, 41 by Brasil Mineração and 66 by Serra Grande. These mostly focused on technical, business and technology studies in order to grow the local talent pool from which to draw future employees.

## *Women in Mining*

AngloGold Ashanti recognises that women have an equal right to participate in mining as a career and it is the company's policy to ensure parity between the wages and conditions of service for men and women.

In 2008, the total percentage of women within the Brasil Mineração operation was 8% (165 women out of a total mining workforce of 2,089), and 3.59% in Serra Grande (26 women out of a total mining workforce of 725).

AngloGold Ashanti's Brasil Mineração hired eight female truck drivers in the underground mine in 2008, an occupation historically occupied by men in the mining sector. One woman is employed as a process operator.

## *Objectives for 2009*

- Entrenching company values through employee participation in determining behaviours which support values.
- Finalisation of design of HR model called the System for the Management of People (SMP). The following sub-systems with associated IT systems will be implemented across the global operations over the next three years:
  - Education and training
  - Human resources planning
  - Remuneration and conditions of employment
  - Design of sub-systems will be based
  - Performance management on requisite organisation principles.
  - Centralisation of HR policy development to ensure alignment and focus on delivering AngloGold Ashanti's strategy.



AngloGold Ashanti Brasil, Serra Grande

#### KEEPING A FINGER ON THE PULSE IN BRAZIL

Communication between management and employees is part of normal good business practice, but at AngloGold Ashanti's operations in Brazil, a more formal dimension has been added. Regular climate audits are conducted to test employee perception on a variety of topics. The survey was first carried out in October 2006, and repeated in October 2008.

"For a more comprehensive response, and to promote employees' perception of involvement in the project, we included the complete employee population in the survey, rather than a sample only. For the 2008 survey, this involved close to 3,000 employees at Serra Grande Mine and AngloGold Ashanti Brasil Mineração," says Ricardo de Assis Santos, General Manager, Human Resources and Organisational Development. The Hay Group was retained to carry out both surveys.

"Apart from their expertise in the area, having an external partner to conduct the survey and collate the responses underlined the confidentiality of the exercise," says De Assis Santos.

Questionnaires were distributed either through the intranet or on paper. At both sites, the response rate was higher than in 2006: 75% or 1,526 respondents at Brasil Mineração (2006: 62%), and 88% or 597 respondents at Serra Grande (2006: 75%). "This is considered a good response for surveys conducted through questionnaires rather than, for example, personal interviews," says De Assis Santos.

The survey covered perceptions of four principal dimensions: company effectiveness; individual effectiveness; engagement and treatment and justice. Each of these in turn was sub-divided into a number of topics (see table below); to which respondents were asked to reply whether their perceptions were favourable or unfavourable.

#### The survey covered perceptions of four principal dimensions

Company effectiveness	Individual effectiveness	Engagement	Fair treatment/justice
The company's external image	Available resources/ infrastructure	Employee satisfaction	Incentives
Organisational culture	Internal communications	General commitment	Quality of life (balance)
Culture of innovation	Career development		Recognition given to employees
Attraction and retention of people	Relationship with immediate superior		
Company management	Co-operation and support		
	Safety (not considered as a separate aspect at Brasil Mineração)		

# Employment

## KEEPING A FINGER ON THE PULSE IN BRAZIL *(continued)*

Topics eliciting the most favourable perception at both sites were: the company's external image; company management; resources/infrastructure; safety (where considered separately); and general commitment.

Relatively few topics elicited a favourable perception lower than 60% at Brasil Mineração, these comprised: attraction and retention; career development; relationship with immediate leader; incentives and employee recognition. The average favourable response across all topics was 63%. At Serra Grande, the overall average was 70%, with only two topics (attraction and retention and career development) showing favourable ratings below 60%.

"Once again, the exercise was a valuable one, highlighting some positive aspects as well as some opportunities for improvement," says De Assis Santos. "On the positive side, employees are proud to be part of the company, especially at Serra Grande. The company's commitment to safety is recognised, as is its ethical commitment to the environment and the surrounding communities. The board is perceived as credible, and employees have confidence in its decisions. The company's values are also known and understood."

Among aspects offering some opportunity for improvement, De Assis Santos cites a perception that feedback from supervisors needs, in some instances, to be clearer and more detailed; and a desire on the part of employees for the company policies regarding remuneration, performance evaluation and succession planning to be more transparently articulated.

"Some employees also felt that, in some cases, management must pay more attention to 'walking the talk' and that the company's values need to be more closely translated into action."

Comprehensive feedback on the results was prepared by the Hay Group. To ensure anonymity, a detailed breakdown was not given in respect of sections with fewer than eight respondents, although their results were included in the overall result of the operation and company.

Feedback has already been given to general managers, and a generic handout for distribution to all employees has been prepared. In parallel, managers will conduct presentations to their teams regarding area-specific issues identified by the survey. A corporate action plan to address the issues raised is already in place and tailor-made plans at team level will be established as necessary.

"We are satisfied with the results of the survey," says De Assis Santos. "It is part of putting into effect our philosophy of engaging our employees openly and honestly, through an ongoing dialogue."



AngloGold Ashanti Brasil, Serra Grande



# Human rights

## KEY DEVELOPMENTS

- A vice president for global security appointed.
- Global security review undertaken to develop a framework for the management of security issues in line with Voluntary Principles on Security and Human Rights.
- Escalating tension between the company and artisanal and small-scale miners, and illegal miners. A number of incidents reported during the year, three involving shootings in Ghana and Tanzania.

Respect for human rights is a key principle in many of the policies and practices that are integral to the group's sustainability efforts. These human rights are entrenched in the constitutions and legislation of many of the countries in which the group operates. Oversight and implementation of various practices in this area are largely a function of line managers as they are the direct interface between the company and employees, and the company and its communities. Human rights cut across a range of disciplines, from safety and health, community and environment, to human resources, ethics and governance.

The group continues to support both the UN Global Compact and the Voluntary Principles on Security and Human Rights. A major development during the year was the appointment of a Vice President for Global Security, with a specific remit to ensure that all security operations and practices take due cognisance of human rights.

### *Fundamental human rights conventions*

Certain human rights conventions, including those relating to freedom of association and collective bargaining, are entrenched in South African legislation and the constitution, as well as in laws and regulations in the countries in which AngloGold Ashanti operates. The group is committed to upholding the basic labour rights captured in the Fundamental Rights Conventions of the International Labour Organisation (ILO). Specifically, it seeks to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour and implementing these practices through country, operation and shaft level recognition and collective bargaining agreements, and through disciplinary, grievance and non-discrimination agreements and codes. No breaches of fundamental rights were alleged, nor were any charges brought against the company in connection with these during the year. No operations are deemed to be at specific risk in this regard.

### *Human rights training*

Human rights training – for security personnel in particular – has been initiated at all operations where this is required. It is estimated that 75% of the group's security personnel have received human rights' training. Workshops to bring the discipline in alignment with new group policies will be held in Johannesburg and Bogotá in early 2009.

### *Improving security practice in line with the Voluntary Principles on Security and Human Rights*

Securing its assets and ensuring the safety of its employees is not only a right of the company, but a responsibility – to employees, to their communities, to shareholders and to the countries that have entrusted the exploitation of their natural wealth to AngloGold Ashanti.



AngloGold Ashanti Brasil, Serra Grande

# Human rights



AngloGold Ashanti: Brasil, Mineração Serra Grande

The traditional approach to security focuses specifically on securing assets, particularly as the product reaches further down the processing, smelting and refining end of the process stream, and as its value increases exponentially. In recent years and in various locations however, the security of people and non-product related assets (from cables to building materials) has also become important.

One of the most significant challenges facing the group is that of dealing with artisanal and small-scale miners on the one hand and illegal miners on the other. This is a material issue at the company's operations in Colombia, Guinea, Ghana, Tanzania and, to a lesser extent, Mali, as well as at the exploration sites in the DRC. In these countries AngloGold Ashanti has to work closely with the state to be able to exercise its legal title to its operations, while at the same time being mindful of traditional values, norms, and access to land. A feature of the year under review has been illegal mining, trespassing and theft.

Given the increasingly complex situations relating to security on the one hand, and the need to ensure compliance with the UN Global Compact and the Voluntary Principles, the company undertook a global security review between May and July 2008 to assess the existing security measures, needs and the way in which the various disciplines can work together. The review was undertaken by Mike Faessler, formerly Director of AngloGold Ashanti's security operations in Colombia, and now Vice President of Global Security.

Security operations have been aligned with industry 'best practices'. A two-to-three-year plan was approved by the Executive Committee for implementation in November 2008. Some of the major recommendations of this review are described below.

- The creation of a global security department (from the base of the existing asset protection discipline) to consolidate, centralise and oversee all aspects of security management.
- The enforcement of threat and security risk assessments for all parts of the portfolio.
- A greater degree of outsourcing to security contractors is being considered as security is not the company's core business. Greater use will also be made of technology to support the security activities in the future.

- To commit resources to better quantify theft of ore and other mining equipment; and to understand the structures and relationships between artisanal miners, gold dealers and 'black market' operations.
- An increase in efforts by the social and security departments to better understand and deal with aggressive and illegal behaviour within the local communities and to engage with NGOs on this matter.

Says Faessler: "The company has around 4,000 security professionals supporting its operations globally. These include company employees, host-nationality military or police, and subcontractors. Their efforts will now be coordinated by corporate security experts so that they may have a common understanding of what their roles are, and the boundaries (moral and legal) within which they operate. Their actions will be guided by industry best practices. While the security arrangements with the police and military are very common in certain host countries, we need to ensure that our relations are transparent and without prejudice. Contracts must be open to scrutiny, and compensation paid directly to authorised governmental authorities. Units deployed are trained and educated regarding the Voluntary Principles. While we hold them accountable for the high levels of compliance that we expect of our own personnel, we often lack jurisdictional authority or operational control over them. Notwithstanding this, when and where we suspect violations occur, we insist on thorough and transparent investigations."

The appropriate level of training, too, is vital to achieve excellence in security operations, says Faessler. "In a series of workshops planned for security managers in early 2009, training will be based on the nine pillars of the new AngloGold Ashanti security management framework – corporate security, asset protection, crisis management, resource management, risk management, policy standards and compliance, training and education, technology management and the Voluntary Principles. This is scheduled for January 2009 in Bogotá, Colombia, for the South American region.

At the same time the group is implementing a human rights grievance management process. "Excellence in security enforcement does not have to come at the expense of respect for human rights. Both objectives are complementary," says Faessler. He adds: "AngloGold Ashanti will roll out its new security standards to all operations during 2009, with a view to ensuring that all operations will be compliant with the Voluntary Principles by year-end and will be audited against these commitments."

#### *Objectives for 2009*

- Develop the AngloGold Ashanti global framework for collective bargaining.
- Fully embed the functioning of the new Security Department, and appoint the requisite staff.
- Roll out new policies and practices for the new security discipline, and undertake training among security personnel in respect of the Voluntary Principles.



AngloGold Ashanti Brasil Mineração Ltda.

# Community

## KEY DEVELOPMENTS

- Integration of community and environmental disciplines at a corporate level.
- Management standards on social investment, cultural heritage and sacred sites, stakeholder engagement, indigenous peoples, artisanal and small-scale mining (ASM), land use management, grievances and complaints and land acquisition being developed in support of group's Community Affairs Management Framework.
- Increased demand from local communities for the provision of basic services such as water, roads and electricity.
- A total of BRL2,155,205 (US\$923,000) was spent at the Brazilian operations on corporate social investment programmes.
- Progress made with local economic development initiatives in Brazil.

One of the group's six core values states that:

*The communities and societies in which we operate will be better off for AngloGold Ashanti having been there*

We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

## ENGAGING WITH COMMUNITIES

AngloGold Ashanti continues to engage in an open and transparent way with all its stakeholders.

### *Local economic development*

In Brazil, both Serra Grande mine and Brasil Mineração have local economic development programmes in place to stimulate the local economy, to develop skills and to develop alternative employment options now and in the future. This work is done in conjunction with local communities, municipalities and elected leaders, and in close collaboration with NGOs that provide support to micro and small enterprises in Brazil.

Since Serra Grande is located in a small city where a great number of the citizens work directly and indirectly for the company, it was necessary for the company to look for alternatives in generating employment and economic development. Thus since August 2007, Serra Grande has been working with the Brazilian Support Service to Micro and Small Enterprises (SEBRAE) and local authorities in developing a Local Development Programme, an initiative in which a group of local community leaders are involved in activities that aim to qualify them to identify and invest in new areas of economic development and employment alternatives. Some of the initiatives this partnership has borne are:

- In February 2008, Serra Grande launched a programme of Digital Inclusion, where 100 needy children and teenagers from Crixas now have access to computers; taking courses in computing technology and orientation classes in the use of software. The activities are offered free of charge and the courses are held three times a week all year.
- In partnership with the National Service of Industrial Apprenticeship (SENAI), Serra Grande has helped develop a qualification course for the disabled people in the town of Crixas; 15 people are to attend classes during two years, graduating as administrative assistants, on a technical level.
- In August 2008, Serra Grande also implemented ten libraries in Crixas and in three other surrounding towns. The libraries are located in schools and each institution received 1,000 books.
- Also in August 2008, theoretical lessons in Mineral Workmanship that had been provided to the community since May 2008 were concluded. These lessons were sponsored by Serra Grande in partnership with Capacity and Support to Enterprises Institute (ICCAPE); an initiative which aims to develop a local Crixas group of 16 which, following theoretical and practical lessons, are expected to be able to work as artisans using mineral material.
- For the second year Serra Grande is supporting the Amateur Theatre School "Criart'Ato" in Crixas via the fiscal incentive. The project is attended by 80 children and teenagers from the community and is aimed at stimulating the cultural formation of the community by appreciation of the scenic arts.
- With Serra Grande's support through the fiscal incentives the Association of Parents and Friends of Disabled People (APAE) cares for 50 people from Crixas.

Brasil Mineração in Brazil is one of the sponsors involved in the work of Sabará and Santa Bárbara local economic development agencies in the respective locations. The dialogue discusses local alternatives to improve quality of life, education levels, job creation and income generation in that area.

*Corporate social investment*

Brazil's corporate social investment expenditure totalled BRL2,155,205 (\$923,000) (2007: BRL1,084,035/\$612,000). The increased expenditure relates to support for renovating a town square to support and promote tourism in the area.

The focus areas for CSI funding in Brazil are projects which focus on the areas of income generation, economic development, education and health which are indispensable to social development.

*Objectives for 2009 – 2011*

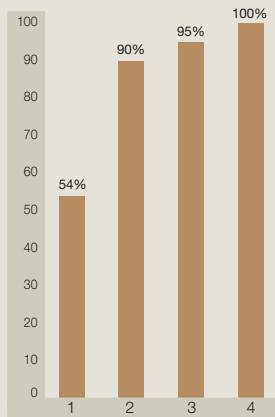
- Incorporate community aspects into ISO14001 management system at all operations by 2011.
- Implement an integrated incident notification and reporting system to include community incidents.
- Continue the development and roll out of additional management standards and guidelines, as required.
- Address key opportunities and risks identified by the 2008 climate change study.
- Review closure planning practices during 2009.

*Playing an active role in civil society in Brazil*

Brasil Mineração has played a significant role in the development of the economy of Minas Gerais, the state in which its operations are located. The company has been in existence in some form for over a hundred years and has been a substantial provider of employment and corporate support to local municipalities and the state alike. This tradition is continuing, at national, regional and local levels. Some of the initiatives that the company has been involved with in 2008 are set out below.

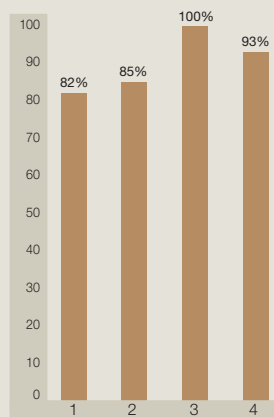
- Financial and other support for the Reference Centre for Sustainability, established by the Fundação Dom Cabral, a leading Brazilian business school, with a view to ensuring the concept of sustainability is integrated into strategic planning, leadership and people management in business in Brazil.
- Extensive support for local development agencies in Sabará and Santa Bárbara which are aimed at improving the quality of life of local residents, improving access to technical qualifications, job creation and improving income generation.
- Support for Rede Colaborativa in Sabará, which addresses the needs of the young and particularly those deemed to be at social risk.
- Financial and technical support for Raposos' artisans involved in manufacturing environmentally friendly brooms from recycled material, dress-making and other crafts.

Through the company's Good Neighbour programme, community concerns are aired and addressed. Often these concerns do not relate directly to the company, but are issues that affect the community. Some of the recent results of a survey related to the Good Neighbourhood programme are presented below.



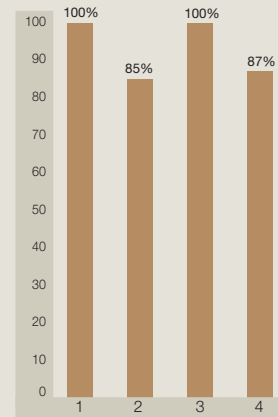
**Good Neighbourhood programmes pre-empt conflict**

1. Raposos
2. Nova Lima
3. Santa Bárbara
4. Sabará



**Good Neighbourhood programmes improve your knowledge of the company**

1. Raposos
2. Nova Lima
3. Santa Bárbara
4. Sabará



**Toll-free complaints number is effective**

1. Raposos
2. Nova Lima
3. Santa Bárbara
4. Sabará

# Environment

## KEY DEVELOPMENTS

- Further development of the group's position on climate change, including the quantification of its carbon footprint and the identification of potential Clean Development Mechanism (CDM) projects as part of the group's business case for greenhouse gas (GHG) emission reductions.
- Start of external review process of the group's closure planning and liabilities.
- Good progress with the implementation of the International Cyanide Management Code.
- Improved environmental reporting contributed to more accurate incident tracking.
- AngloGold Ashanti ranked third in the Carbon Disclosure Project's Carbon Intensive Sector Leadership Index of the largest 100 companies listed on the JSE.
- Group-wide environmental workshop held in Brazil.
- Brazil receives group's first environmental award based on results of 2007 CERP.

### *We respect the environment.*

We are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

The group's business principles in respect of the environment also serve as the policy, and guide regional and business unit policies and practices. (A combined Environmental and Community Policy is currently being developed.)

### *Compliance*

Among the state and federal laws governing the Brazilian operations are the National Environment Law, Environmental Crimes Law, Water Policy Law, Atlantic Forest Law, Licence Water and Licence removal plant legislation. There were no significant cases of non-compliance with regulations and legislation in 2008.

Serra Grande has submitted its applications for environmental licences to the Goiás environmental agency for the expansion project and the Pequizão underground mine and the tailings storage facility (TSF) elevation.

In Brazil, remediation of the old tailings deposit areas at Matadouro and Madeira continued during the year, in terms of an agreement reached between the company and the state environmental agency. By year-end, four of the seven areas had been recovered and integrated back into the communities at a total cost to the company of \$4 million.

### *ISO14001*

Brazil's environmental management system has been in place since 2004. It is audited twice a year and is valid until May 2010. The Lamego project achieved certification to the ISO 14001 standard during the year.

### *Cyanide management and usage*

Cyanide is a vital reagent in the gold recovery process, without which the gold deposits mined today would not be viable. Since different gold recovery processes and ore types use varying concentrations of cyanide to maintain acceptable gold recovery efficiencies, relative cyanide usage is not necessarily a measure of performance. Rather, the efficiency of usage at a particular site and whether there have been any environmental incidents involving cyanide, are key measures.



AngloGold Ashanti Brasil, Serra Grande

The global mining industry, including AngloGold Ashanti, has done much over the past 10 years to minimise risk associated with the use of cyanide. The majority of AngloGold Ashanti managed sites are signatories to the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (the Cyanide Code), to which the group was a founding signatory. This code is a voluntary industry initiative developed under the auspices of the United Nations Environment Programme (UNEP) specifically to promote responsible management of cyanide used in gold mining, to enhance the protection of human health, and reduce the potential for environmental impacts.

Post year-end AngloGold Ashanti resubmitted its application for site certification in terms of the Cyanide Code. Both Brasil Mineração and Serra Grande were included in this application.

Both Brasil Mineração and Serra Grande are fully compliant with implementation of the code, having been certified in February 2008.

Cyanide usage				
	Cyanide usage (kg)		Efficiency (kg/oz)	
	2008	2007	2008	2007
<b>Brazil</b>				
Brasil Mineração	441,000	169,200	1.38	0.53
Serra Grande	362,000	314,000	2.08	1.73

The increase in cyanide usage at the Brazilian operations is attributable to the ramp-up at the Cuiabá expansion and additional production requirements.

#### Water

Surface and groundwater monitoring programmes are in place at the operations, which look for signs of ineffective water pollution prevention controls, allowing management to put in place an appropriate response.

In 2008, the Brazil mines used 3,452,481 m<sup>3</sup> of fresh water compared to 4,562,681 m<sup>3</sup> in 2007; decreasing the efficiency from 28.45 in 2007 to 21.38 per m<sup>3</sup>/oz of water in 2008.

#### Energy

Mining activities use significant amounts of energy, for transporting employees, equipment, ore and waste, ventilation and refrigeration in underground mines, power drilling and the use of other equipment, to run metallurgical plants and administration offices, and for domestic uses in on-site accommodation facilities.

Electricity is typically purchased from national grids or generated using heavy fuel oil or diesel at remote locations. Brasil Mineração is an exception to this where the company's own hydro-electric power facilities provide 75.6% of that operation's electricity supply.

Energy usage				
	Energy usage (GJ)		Efficiency (GJ/oz)	
	2008	2007	2008	2007
<b>Brazil</b>				
Brasil Mineração	847,621	781,310	2.65	2.46
Serra Grande	328,555	311,456	1.89	1.71

#### Brasil Mineração receives first group environmental award

AngloGold Ashanti Brasil Mineração, incorporating the Cuiabá and Córrego do Sítio mines and the Queiroz plant, as well as associated facilities, received the group's first environmental award at an awards function on 5 November 2008. The award was based on the results of the CERP undertaken in 2007.

In the recommendation made by the team of evaluators, it was noted that this operation "displayed excellent on-the-ground environmental performance in a setting which is both geologically and climatically challenging. A team of experienced professional environmental staff work closely with operating staff on achieving agreed environmental objectives".

# Environment

Of special note were the efforts made by the operation in these areas:

- Biodiversity conservation, through the establishment of several privately-owned conservation areas and the sponsorship of research undertaken by local universities. See case study in the Report to Society 2004 on: Preserving natural forests – Mata Samuel de Paula at Nova Lima, at [www.anglogoldashanti.com](http://www.anglogoldashanti.com).
- Environmental education of employees and local communities.
- A mature Environmental Management System, integrating environmental considerations into the organisational culture.

The operation maintains good working relationships with regulators and has made significant strides in dealing with arsenic-related legacy issues evident after well over a hundred years of mining in the area. These mines have also adopted progressive rehabilitation techniques (including revegetation of open-pit high walls) and were the first in the group to carry out an assessment of their carbon footprint. See case study in the Report to Society 2007: Establishing AngloGold Ashanti's carbon footprint in South America, at [www.agareports.com/07/GHGs-SouthAmerica.htm](http://www.agareports.com/07/GHGs-SouthAmerica.htm).

## Climate Change

An area of concern that is being addressed at a group level and will influence future feasibility studies and the life cycle analysis is that of climate change. Climate change is having, and will continue to have, the greatest impact on impoverished communities in developing countries. The group-wide climate change study focuses on the impact of climate change on communities around AngloGold Ashanti's operations. The study aims to identify community-related climate change risks faced by the company and identifies options for adaptation programmes.

Given the group's focus on delivering value, the approach taken was that the process should identify multiple and highly probable Clean Development Mechanism (CDM) projects. For AngloGold Ashanti, carbon trading presents a particular opportunity; around 84% of the company's gold production comes from developing countries, which are eligible for CDM projects.

## Reducing greenhouse gas emissions

In 2008, AngloGold Ashanti embarked on a process to develop a business case for responding to climate change. This follows the setting of targets by the CEO in December 2007 to reduce group energy consumption by 15% per ounce of gold produced in the short- to medium-term, and a medium- to longer-term target of reducing GHGs by 30% per ounce of gold produced. AngloGold Ashanti believes that climate change presents both physical and financial risks, as well as opportunities for the company, and these have been and are being considered.

In 2008, Brazil greenhouse emissions were 23,113 tonnes compared to 16,845 tonnes in 2007; decreasing the efficiency from 0.07 in 2007 to 0.1 in 2008. The higher emissions are a result of the increased diesel usage in the energy mix and the larger fleet at the open-pit of the new Palmeiras mine.

## Mine Closure

Brazil has provided for mine closure plans in the reclamation cost, and has started planning as early as 2008.

Rehabilitation and decommissioning liabilities					
Region	2008		2008		2007
	Rehabilitation \$ million	Decommissioning \$ million	\$ million	Total*	\$ million
<b>Brazil</b>	<b>11.6</b>	<b>22.9</b>	<b>34.5</b>		<b>36.4</b>
Brasil Mineração	5.9	16.8	22.7		29.9
Serra Grande	1.8	3.6	5.4		6.5
Sao Bento Mineração	3.9	2.5	6.4		–



## MINE SITE REHABILITATION PERFORMANCE ASSESSMENT TRAINING

An important part of the development of the Córrego do Sítio mine, which is located near the town of Santa Barbara in the province of Minas Gerais in south-eastern Brazil, has been the planning for and execution of the rehabilitation of land affected by mining.

After AngloGold Ashanti's biennial environmental workshop, which was held during November 2008 in Brazil, delegates were offered the opportunity to attend training on a low cost, rapid rehabilitation performance assessment methodology by a leading Australia-based landscape ecologist at the Córrego do Sítio mine. Developed and used extensively in Australia, Landscape Function Analysis (LFA) is a field monitoring procedure that uses rapidly acquired field-assessed indicators to evaluate the bio-geochemical functioning of landscapes at a single slope level.

Says consultant David Tongway, "Monitoring a landscape's health over time in response to environmental, management or regulatory drivers is important for land managers, ranging from individuals to governments, especially when the monitoring output has direct relevance for management decision-making. Monitoring may be seeking to look for evidence of landscape degradation or of rehabilitation progress and the procedure needs to have equal facility in dealing with these scenarios. Monitoring may also provide information for day-to-day property management.

"Evaluating and setting expectations for mine site rehabilitation needs to take into account the nature of the landscapes in the vicinity of the mine. In the case of Córrego do Sítio, the surrounding landscape for some distance around the mine site is naturally quite erodable, with numerous land slips off hillsides visible to the casual observer. These are unrelated to mining and, in some cases, the result of human land use activities. I have seen similar intrinsically unstable landscapes in Papua New Guinea and in Madagascar."

Successful rehabilitation at the mine is further complicated by the non-cohesive soil material which is available and high levels of rainfall in the area (as much as 1500mm per annum) and consequently high levels of soil erosion.

As part of the analyses undertaken during the course, several new and prospective monitoring sites were assessed. The current rehabilitation techniques employed by the mine includes spreading a grass-litter, comprising seeds and grassy mulch, secured by a twine net over the slope to be rehabilitated. The slope itself has been covered with stockpiled topsoil. The twine for this netting is purposely non-biodegradable as it is able to hold the grassy litter in place for more than 10 years, and is not moved by overland flow.

This surface cover provides an immediate protective cover from raindrop erosion and, over time, permits the germination of grass, fern and forb species, protecting the soil from surface erosion. LFA indicators on previously rehabilitated sites show an improvement over time, indicating that the surface vegetation has played a valuable role. The LFA typically looks at three key indicators – stability, infiltration and nutrient cycling. The efficacy of this process is demonstrated in the images below, and in the table that shows the LFA values for an unrehabilitated slope, a newly rehabilitated slope, and a slope rehabilitated some 18 months ago, compared with a secondary forest area at the mine.

### LFA values for an unrehabilitated slope

Results of rehabilitation	Compared with			
	Bare, erodable slope	Recently rehabilitated slope	18-month old vegetated slope	Primary forest
Stability:	32.5	53.1	78.1	87.5
Infiltration:	23.9	34.4	44.3	68.5
Nutrient recycling:	9.3	20.5	38.4	65.2

### Objectives for 2009 – 2011

- Maintain certification to the ISO14001 Environmental Management System Standard and incorporate community aspects by 2011.
- Develop during 2009 quantitative performance targets for energy and water.
- Implement in 2009 and ensure ongoing application of the Integrated Incident Notification and Reporting.
- Start implementation of the environment management standards to be approved in 2009.
- Continue the development and roll out of additional management standards and guidelines, as required.
- Address key opportunities and risks identified by the 2008 climate change study.
- Conduct a Corporate Environmental Review Programme biennially.

Content index			
GRI Guidelines Number	Content	Location in this report	Information available elsewhere
<b>Profile</b>			
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2.	Organisational profile	Pages 4 to 5	▲ ●
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	<i>Aspect: Product and service labelling</i>		●
	<i>Aspect: Marketing and communications</i>		●
	<i>Customer privacy</i>		●

Key: ▲ Annual Financial Statements 2008  
 ● Report to Society 2008  
 □ AngloGold Ashanti website - [www.anglogoldashanti.com](http://www.anglogoldashanti.com)

# Glossary of terms and acronyms

- A**
- APAE:** Association of Parents and Friends of Disabled People
- Average number of employees:** average attributable number of both employees and contractors employed during the year; contractors are defined as workers in employment for longer than one year.
- B**
- By-products:** any products that arise from the core process of producing gold, including silver, uranium and sulphuric acid.
- C**
- Capital expenditure:** total capital expenditure on mining assets to both maintain and expand operations.
- Charter:** Broad-Based Socio-Economic Charter for the South African, mining industry.
- CIPAMIN:** Internal Committee for Accident Prevention
- CDM:** Clean Development Mechanism
- Comminution:** process of breaking up ore to make gold available for treatment.
- CSI:** corporate social investment.
- Cyanide Code:** International Cyanide Management Code for the manufacture, transport and use of cyanide in the production of gold.
- D**
- dBa:** decibels – unit of sound measurement.
- DWAF:** Department of Water Affairs and Forestry.
- E**
- EITI:** Extractive Industries Transparency Initiative.
- Elution:** process of re-dissolving gold from activated carbon.
- EMP:** Environmental Management Programme.
- EMPR:** Environmental Management Programme Report.
- EMS:** Environmental Management System.
- Equity:** shareholders' equity adjusted for other comprehensive income and deferred taxation. Where average equity is referred to, this is calculated by averaging the figures at the beginning and the end of the financial year.
- Exco:** Executive Committee.
- F**
- FIFR:** Fatal Injury Frequency Rate – the number of fatal injuries per million hours worked.
- FMEA:** Failure Mode and Effect Analysis.
- G**
- Global Compact:** United Nations Global Compact (derived from the Universal Declaration of Human Rights; the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; and the United Nations Convention Against Corruption).
- Grade:** the quantity of gold contained within a unit weight of gold-bearing material per tonne of ore (oz/t), or grams per metric tonne (g/t).
- GRI:** Global Reporting Initiative – a multi-stakeholder process and independent institution the mission of which is to develop and disseminate globally applicable sustainability reporting guidelines.
- H**
- Hanging wall:** upper wall or roof of mining area in underground mining.
- I**
- IAPs:** interested and affected parties.
- ICCAPE:** Capacity and Support to Enterprises Institute.
- ICMM:** International Council on Mining and Metals.
- ILO:** International Labour Organisation, a UN agency for the promotion of social justice and human and labour rights.
- International Cyanide Management Code:** Industry standard for cyanide management – developed under the auspices of UNEP.
- ISO:** International Standards Organisation, a voluntary not-for-profit network of national standards institutes from 146 countries.
- ISO 14001:** ISO standard relating to environmental management systems.
- ISO 14001 certification:** certification based on regular auditing by an accredited external body.
- J**
- JSE:** JSE Limited.
- JV:** joint venture.
- K**
- King Report/King 2:** King Report on Corporate Governance, 2002.

# Glossary of terms and acronyms

- L**      **LTIFR:** Lost Time Injury Frequency Rate per million hours worked. Note that AngloGold Ashanti utilises the strictest definition in reporting lost time injuries in that it includes all disabling injuries (where an individual is unable to return to his place of regular work the next calendar day after the injury) and restricted work cases (where the individual may be at work, but unable to perform full or regular duties on the next calendar day after the injury) within this definition.  
**LFA:** Landscape Function Analysis.
- M**      **Managerial employees:** defined as those in supervisory and management roles in Paterson job grades C upper and above.  
**Milling:** a process of reducing broken ore to a size at which concentrating can be undertaken.  
**Mineral Resources:** A Mineral Resource is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. The Mineral Resources are inclusive of those Mineral Resources which have been modified to produce Ore Reserves.  
**Mining Charter or the Charter:** Broad-Based Socio-Economic Empowerment Charter for the South African mining industry.  
**MSG:** Mineração Serra Grande.
- N**      **NDMP:** National Department of Mineral Production.  
**NIHL:** noise-induced hearing loss – compensable cases reported per 1,000 employees.
- O**      **OHSAS 18001:** The Occupational Health and Safety Assessment Series, presents requirements for an occupational health and safety management system.  
**OLD:** occupational lung disease – compensable cases reported per 1,000 employees.  
**Ore Reserves:** an Ore Reserve is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Ore reserves are subdivided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.  
**Ounces (oz) (troy):** used in imperial statistics; a kilogram is equal to 32.1507 ounces.
- P**      **PPR:** Performance Sharing Plan.  
**PGR:** Programa de Gerenciamento de Riscos.  
**PwC:** independent auditors PricewaterhouseCoopers.
- R**      **Refractory ores:** where gold is 'locked' within sulphide material and is not readily available for recovery through cyanidation process.  
**Rehabilitation:** the process of restoring mined land to allow an appropriate post-mining use. Rehabilitation standards are determined among others by the South African Department of Minerals and Energy, the United States Bureau of Land Management, the US Environmental Protection Agency, and the Australian Minerals Industry Code for Environmental Management, and address ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.  
**RJC:** Responsible Jewellery Council.
- S**      **Safety, Health and Sustainability Development Committee:** committee of the board responsible for setting targets and oversight of performance on these issues.  
**SEAP:** Stakeholder Engagement Action Plans – plan to engage with stakeholders, formally and timeously in respect of issues that relate to the operation and may affect them.  
**SEBRAE:** Brazilian Support Service to Micro and Small Enterprises.  
**SENAI:** National Service of Industrial Apprenticeship.  
**Shaft:** vertical or decline – means of transporting men and materials.  
**Silicosis:** occupational lung disease caused by the inhalation of free silica dust which is present in mining where quartz concentrations are high.  
**SMEDI:** Small and Medium Enterprises Development Initiative unit established by AngloGold Ashanti to identify and help small business with potential.

- T**      **Tailings:** the rejected material from mining and screening operations.  
**TB:** occupational tuberculosis.  
**Total cash costs:** total cash costs include site costs for all mining, processing and administration, as well as contributions from by-products, and are inclusive of royalties and production taxes. Amortisation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.
- U**      **Underground mining:** where the orebody is accessed by vertical or decline shaft deep into the ground.  
**UNEP:** United Nations Environment Programme.  
**UNGC:** United Nations Global Compact.
- V**      **Voluntary Principles on Security and Human Rights:** Developed out of a multi-stakeholder engagement process to assist the extraction sector in improving performance in relation to security risk assessment and the control of security operations and to improve relations with communities on security issues.

## CONTACT DETAILS

*Alvaro de Azevedo*

*Tel: +55 31 3589 1603*

*E-mail: [aaazevedo@anglogoldashanti.com.br](mailto:aaazevedo@anglogoldashanti.com.br)*

*General email enquiries:*

*[investors@anglogoldashanti.com](mailto:investors@anglogoldashanti.com)*

*Website:*

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

