

NL INDUSTRIES INC
Form SC 13D/A
February 04, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

(Amendment No. 70)*

NL Industries, Inc.
(Name of Issuer)

Common Stock, par value \$0.125 per share
(Title of Class of Securities)

629156 40 7
(CUSIP Number)

Steven L. Watson
Three Lincoln Centre
Suite 1700
5430 LBJ Freeway
Dallas, Texas 75240-2694
(972) 233-1700

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

January 18, 2008
(Date of Event which requires Filing
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

CUSIP No. 629156 40 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)
Valhi, Inc.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
WC & OO
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware
- | | | |
|--------------------------|----|--------------------------|
| NUMBER OF
SHARES | 7 | SOLE VOTING POWER |
| | | -0- |
| BENEFICIALLY
OWNED BY | 8 | SHARED VOTING POWER |
| EACH | 9 | 40,609,631 |
| REPORTING
PERSON | 10 | SOLE DISPOSITIVE POWER |
| WITH | | -0- |
| | | SHARED DISPOSITIVE POWER |
| | | 40,609,631 |
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
40,609,631
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
83.6%
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO
-

CUSIP No. 629156 40 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)
TIMET Finance Management Company
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
WC & OO
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware
- | | | |
|--------------|----|--------------------------|
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | -0- |
| BENEFICIALLY | 8 | SHARED VOTING POWER |
| OWNED BY | | 40,609,631 |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING | | -0- |
| PERSON | 10 | SHARED DISPOSITIVE POWER |
| WITH | | 40,609,631 |
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
40,609,631
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
83.6%
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO
-

CUSIP No. 629156 40 7

1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)

Titanium Metals Corporation

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

Not applicable

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF

7

SOLE VOTING POWER

SHARES

-0-

BENEFICIALLY

8

SHARED VOTING POWER

OWNED BY

40,609,631

EACH

9

SOLE DISPOSITIVE POWER

REPORTING

-0-

PERSON

10

SHARED DISPOSITIVE POWER

WITH

40,609,631

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

40,609,631

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

83.6%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

CUSIP No. 629156 40 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)
Valhi Holding Company
 - 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
 - 3 SEC USE ONLY
 - 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
Not Applicable
 - 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)
 - 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF	7	SOLE VOTING POWER
SHARES		-0-
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		40,609,631
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		-0-
PERSON	10	SHARED DISPOSITIVE POWER
WITH		40,609,631
 - 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
40,609,631
 - 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
 - 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
83.6%
 - 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO
-

CUSIP No. 629156 40 7

1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)

Dixie Rice Agricultural Corporation, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

Not applicable

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Louisiana

NUMBER OF

7

SOLE VOTING POWER

SHARES

-0-

BENEFICIALLY

8

SHARED VOTING POWER

OWNED BY

40,609,631

EACH

9

SOLE DISPOSITIVE POWER

REPORTING

-0-

PERSON

10

SHARED DISPOSITIVE POWER

WITH

40,609,631

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

40,609,631

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

83.6%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

CUSIP No. 629156 40 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)
Contran Corporation
 - 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
 - 3 SEC USE ONLY
 - 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
Not applicable
 - 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)
 - 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF	7	SOLE VOTING POWER
SHARES		-0-
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		40,609,631
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		-0-
PERSON	10	SHARED DISPOSITIVE POWER
WITH		40,609,631
 - 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
40,609,631
 - 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)
 - 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
83.6%
 - 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO
-

CUSIP No. 629156 40 7

1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)

The Combined Master Retirement Trust

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

Not applicable

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Texas

NUMBER OF	7	SOLE VOTING POWER
SHARES		-0-
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		40,609,631
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		-0-
PERSON	10	SHARED DISPOSITIVE POWER
WITH		40,609,631

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
40,609,631

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

83.6%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

EP

CUSIP No. 629156 40 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)
Harold Simmons Foundation, Inc.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
Not applicable
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Texas

NUMBER OF	7	SOLE VOTING POWER
SHARES		-0-
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		40,609,631
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		-0-
PERSON	10	SHARED DISPOSITIVE POWER
WITH		40,609,631
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
40,609,631
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
83.6%
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO

CUSIP No. 629156 40 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)
Harold C. Simmons
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
PF and OO
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
USA
- | | | |
|--------------|----|--------------------------|
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | 739,600 |
| BENEFICIALLY | 8 | SHARED VOTING POWER |
| OWNED BY | | 40,879,406 |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING | | 739,600 |
| PERSON | 10 | SHARED DISPOSITIVE POWER |
| WITH | | 40,879,406 |
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
739,600
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
1.5%
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
IN
-

AMENDMENT NO. 70
TO SCHEDULE 13D

This statement on Schedule 13D is hereby amended and restated in its entirety as set forth below, except for Items 3 and 4, which are amended but not restated (collectively, this "Statement"). The Reporting Persons (as defined below) are filing this amendment as a result of the purchases of Shares (as defined below), which purchases have increased the percentage of outstanding Shares the Reporting Persons own.

Item 1. Security and Issuer.

This Statement relates to shares (the "Shares") of the common stock, par value \$0.125 per share, of NL Industries, Inc., a New Jersey corporation (the "Company"). The principal executive offices of the Company are located at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697.

Item 2. Identity and Background.

(a) This Statement is filed:

- by Valhi, Inc. ("Valhi") as a direct holder of Shares and as the indirect holder of Shares held directly by TIMET Finance Management Company ("TFMC");
- by virtue of the direct and indirect ownership of securities of Valhi, by TFMC, Titanium Metals Corporation ("TIMET"), Valhi Holding Company, ("VHC"), Dixie Rice Agricultural Corporation, Inc. ("Dixie Rice"), Contran Corporation ("Contran"), The Combined Master Retirement Trust (the "CMRT") and the Harold Simmons Foundation, Inc. (the "Foundation"); and
- by virtue of positions he holds with Contran and certain of the other entities (as reported on this Statement), by Harold C. Simmons (collectively, the "Reporting Persons").

By signing this Statement, each Reporting Person agrees that this Statement is filed on its or his behalf.

Valhi and TFMC are the direct holders of 83.1% and 0.5% of the 48,592,034 Shares outstanding as of January 18, 2008 according to information furnished by the Company (the "Outstanding Shares"). Together, Valhi and TFMC may be deemed to control the Company.

TIMET is the direct holder of 100% of the outstanding shares of common stock of TFMC and may be deemed to control TFMC. VHC, Annette C. Simmons, the CMRT, Harold C. Simmons, the Company, Valhi and the Foundation are the holders of approximately 26.6%, 11.6%, 8.4%, 3.8%, 0.8%, 0.5% and 0.2%, respectively, of the outstanding shares of common stock of TIMET. The Company's percentage ownership of TIMET common stock includes 0.3% directly held by a wholly owned subsidiary of the Company. Together VHC, Valhi, the Company, Harold C. Simmons and his spouse, Annette C. Simmons, may be deemed to control TIMET.

VHC, the Foundation, TFMC and the CMRT are the direct holders of approximately 92.8%, 0.9%, 0.3% and 0.1%, respectively, of the outstanding shares of common stock of Valhi. Together, VHC and TFMC may be deemed to control Valhi. Dixie Rice is the direct holder of 100% of the outstanding common stock of VHC and may be deemed to control VHC. Contran is the holder of 100% of the outstanding common stock of Dixie Rice and may be deemed to control Dixie Rice.

Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons (the "Trusts"), of which Mr. Simmons is the sole trustee, or held by Mr. Simmons or persons or other entities related to Mr. Simmons. As sole trustee of the Trusts, Mr. Simmons has the power to vote and direct the disposition of the shares of Contran stock held by the Trusts. Mr. Simmons, however, disclaims beneficial ownership of any shares of Contran stock that the Trusts hold.

The Foundation directly holds approximately 0.2% of the outstanding shares of TIMET common stock and 0.9% of the outstanding shares of Valhi common stock. The Foundation is a tax-exempt foundation organized for charitable purposes. Harold C. Simmons is the chairman of the board of the Foundation and may be deemed to control the Foundation.

The CMRT directly holds approximately 8.4% of the outstanding shares of TIMET common stock and 0.1% of the outstanding shares of Valhi common stock. Contran sponsors the CMRT to permit the collective investment by master trusts that maintain the assets of certain employee benefit plans Contran and related companies adopt. Mr. Simmons is the sole trustee of the CMRT and a member of the investment committee for the CMRT. Mr. Simmons is a participant in one or more of the employee benefit plans that invest through the CMRT.

Mr. Simmons is chairman of the board and chief executive officer of the Company and chairman of the board of Valhi, TIMET, VHC, Dixie Rice and Contran.

By virtue of the holding of the offices, the stock ownership and his service as trustee, all as described above, (a) Mr. Simmons may be deemed to control such entities and (b) Mr. Simmons and certain of such entities may be deemed to possess indirect beneficial ownership of the Shares directly held by certain of such other entities. However, Mr. Simmons disclaims beneficial ownership of the Shares beneficially owned, directly or indirectly, by any of such entities, except to the extent of his vested beneficial interest, if any, in the Shares held by the CMRT.

Annette C. Simmons is the wife of Harold C. Simmons and direct owner of 269,775 Shares, 21,167,875 shares of TIMET common stock and 43,400 shares of Valhi common stock. Mr. Simmons may be deemed to share indirect beneficial ownership of such securities. Mr. Simmons disclaims beneficial ownership of all securities that his spouse holds directly.

Mr. Harold C. Simmons is the direct owner of 739,600 Shares, 6,974,239 shares of TIMET common stock and 3,383 shares of Valhi common stock.

A trust of which Harold C. Simmons and his spouse are co-trustees and the beneficiaries of which are the grandchildren of his spouse is the direct holder of the direct holder of 17,432 shares of TIMET common stock and 36,500 shares of Valhi common stock (the "Grandchildren's Trust"). Mr. Simmons, as co-trustee of the Grandchildren's Trust, has the power to vote and direct the disposition of the Shares the Grandchildren's Trust directly holds. Mr. Simmons disclaims beneficial ownership of any Shares that the Grandchildren's Trust holds.

As already discussed, Valhi is the direct holder of approximately 83.1% of the outstanding common stock of the Company and may be deemed to control the Company. The Company and a subsidiary of the Company directly own 3,522,967 shares and 1,186,200 shares of Valhi common stock, respectively. Pursuant to Delaware law, the Company treats the shares of Valhi common stock that NL and its subsidiary own as treasury stock for voting purposes and for the purposes of this Statement are not deemed outstanding.

Certain information concerning the directors and executive officers of the Reporting Persons, including offices held by Mr. Simmons, is set forth on Schedule B attached hereto and incorporated herein by reference.

TFMC and TIMET became Reporting Persons as a result of TFMC's purchases of Valhi common stock on and after January 4, 2008.

(b) The business address of TFMC is 1007 Orange Street, Suite 1414, Wilmington, Delaware 19801. The principal office of Contran, the CMRT, the Foundation, TIMET, Valhi and VHC, are located at, and the business address of Harold C. Simmons is, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240. The principal business address of Dixie Rice is 600 Pasquiere Street, Gueydan, Louisiana 70542. The business addresses of the directors and executive officers of the Reporting Persons are set forth on Schedule B to this Statement and incorporated herein by reference.

(c) TFMC is principally engaged in implementing a comprehensive investment and cash management strategy for TIMET's U.S. based subsidiaries.

TIMET is principally engaged in the production of titanium metal products.

Valhi is engaged through other companies in the production of titanium dioxide pigments, manufacturing security products, furniture components and performance marine components and waste management.

In addition to activities engaged in through Valhi and TIMET and the other companies VHC may be deemed to control, as described above, and in addition to holding the securities described above, (i) Dixie Rice is engaged in land management, agriculture and oil and gas activities; and (ii) Contran is engaged through other companies in land management, agriculture and oil and gas activities and the production of, among other things, steel rod, wire and wire products.

The CMRT is a trust sponsored by Contran to permit the collective investment by master trusts that maintain the assets of certain employee benefit plans Contran and related companies adopt. The employee benefit plans funded by the trusts participating in the CMRT are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

The Foundation is a tax-exempt foundation organized for charitable purposes.

The present principal occupation or employment of the directors and executive officers of the Reporting Persons, including Harold C. Simmons, are set forth on Schedule B to this Statement and incorporated herein by reference.

(d) None of the Reporting Persons or, to the best knowledge of such persons, any of the persons named in Schedule B to this Statement, has been convicted in a criminal proceeding in the past five years (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons or, to the best knowledge of such persons, any person named in Schedule B to this Statement, was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Contran, TFMC, TIMET, Valhi and VHC are Delaware corporations. The Foundation is a Texas non-profit corporation. Dixie Rice is a Louisiana corporation. The CMRT is governed by the laws of the state of Texas, except as those laws are superseded by federal law. Harold C. Simmons and all the persons named on Schedule B to this Statement are citizens of the United States, except as otherwise indicated on such Schedule.

Item 3. Source and Amount of Funds or Other Consideration.

There is no change to the prior disclosure under this item except for the following.

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The total amount of funds Harold C. Simmons used to acquire the Shares purchased by it as reported in Item 5(c) was \$1,676,667.08 (including commissions). Mr. Simmons used his personal funds to acquire these Shares.

The Reporting Persons understand that the funds required by each person named in Schedule A to this Statement to acquire Shares were from such person's personal funds.

Item 4. Purpose of Transaction.

There is no change to the prior disclosure under this item except for the following.

Harold C. Simmons purchased the Shares reported in Item 5(c) of this amendment 70 to this Statement in order to increase his equity interest in the Company.

Depending upon their evaluation of the Company's business and prospects, and upon future developments (including, but not limited to, performance of the Shares in the market, availability of funds, alternative uses of funds, and money, stock market and general economic conditions), any of the Reporting Persons or other entities that may be deemed to be affiliated with Contran, other than the CMRT and the Foundation, may from time to time purchase Shares, and any of the Reporting Persons or other entities that may be deemed to be affiliated with Contran may from time to time dispose of all or a portion of the Shares held by such person, or cease buying or selling Shares. Any such additional purchases or sales of the Shares may be in open market or privately negotiated transactions or otherwise.

As described under Item 2 of this Statement, Harold C. Simmons may be deemed to control the Company.

The information included in Item 6 of this Statement is hereby incorporated herein by reference.

The Reporting Persons understand that prior purchases of Shares by persons named in Schedule B to this Statement (other than Harold C. Simmons) were made for the purpose of each such person's personal investment.

Certain of the persons named in Schedule B to this Statement, namely L. Andrew Fleck, Robert D. Graham, Tim C. Hafer, J. Mark Hollingsworth, Keith A. Johnson, William J. Lindquist, A. Andrew R. Louis, Kelly D. Luttmmer, Andrew B. Nace, Bobby D. O'Brien, Glenn R. Simmons, Harold C. Simmons, John A. St. Wrba, Gregory M. Swalwell and Steven L. Watson are directors or executive officers of the Company or perform services to the Company as employees of Contran and may acquire Shares from time to time pursuant to benefit plans that the Company sponsors or other compensation arrangements with the Company.

Except as described in this Item 4, none of the Reporting Persons nor, to the best knowledge of such persons, any other person named in Schedule B to this Statement has formulated any plans or proposals which relate to or would result in any matter required to be disclosed in response to paragraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) Valhi, Harold C. Simmons, his wife and TFMC are the direct beneficial owners of 40,387,531, 739,600, 269,775 and 222,100 Shares, respectively.

By virtue of the relationships described under Item 2 of this Statement:

(1) Valhi, TFMC, TIMET, VHC, Dixie Rice, Contran, the CMRT and the Foundation may each be deemed be the beneficial owner of the 40,609,631 Shares (approximately 83.6% of the Outstanding Shares) that Valhi and TFMC directly hold; and

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(2) Harold C. Simmons may be deemed to be the beneficial owner of the 41,619,006 Shares (approximately 85.6% of the Outstanding Shares) that VHC, TFMC, he and his wife directly hold.

Except for the 739,600 Shares that he holds directly, Mr. Simmons disclaims beneficial ownership of all Shares.

(b) By virtue of the relationships described in Item 2:

(1) Valhi, TFMC, TIMET, VHC, Dixie Rice, Contran, the CMRT and the Foundation may each be deemed to share the power to vote and direct the disposition of the 40,609,631 Shares (approximately 83.6% of the Outstanding Shares) that Valhi and TFMC directly hold;

(2) Harold C. Simmons may be deemed to share the power to vote and direct the disposition of 40,879,406 Shares (approximately 84.1% of the Outstanding Shares) that Valhi, TFMC and his wife directly hold; and

(3) Harold C. Simmons may be deemed to have sole power to vote and direct the disposition of 739,600 Shares (approximately 1.5% of the Outstanding Shares) that he directly holds.

The Reporting Persons understand, based on ownership filings with the U.S. Securities and Exchange Commission or upon information provided by the persons listed on Schedule B to this Statement, that such persons may be deemed to own personally and beneficially the Shares as indicated on Schedule C to this Statement.

(c) The table below sets forth transactions in the Shares by the Reporting Persons during the 60 days prior to January 18, 2008 and to the filing of this amendment no. 60 to the Statement. Harold C. Simmons was the only Reporting Person to have transactions in the Shares during the past 60 days. He executed all of such transactions, which were all purchases of Shares, on the New York Stock Exchange.

Date	Number of Shares	Approximate Price Per Share	
			(\$) (exclusive of commissions)
11/20/07	200		\$9.48
11/20/07	4,400		\$9.50
11/20/07	2,300		\$9.53
11/20/07	800		\$9.54
11/20/07	3,500		\$9.55
11/20/07	900		\$9.57
11/20/07	500		\$9.59
11/20/07	7,400		\$9.60
11/21/07	300		\$9.95
11/21/07	1,700		\$9.97
11/21/07	200		\$9.98
11/21/07	200		\$9.99
11/21/07	7,600		\$10.00
11/26/07	800		\$9.63
11/26/07	100		\$9.65
11/26/07	500		\$9.67
11/26/07	200		\$9.68
11/26/07	400		\$9.69
11/26/07	15,900		\$9.70
11/26/07	400		\$9.74
11/26/07	1,100		\$9.75

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11/26/07	400	\$9.67
11/26/07	200	\$9.66
12/18/07	400	\$9.79
12/18/07	200	\$9.78
12/18/07	100	\$9.80
12/18/07	300	\$9.85
12/18/07	100	\$9.89
12/18/07	700	\$9.90
12/18/07	100	\$9.95
12/18/07	200	\$9.98
12/18/07	3,300	\$9.99
12/18/07	300	\$9.93
01/09/08	500	\$8.83
01/09/08	1,100	\$8.84
01/09/08	100	\$8.85
01/09/08	400	\$8.87
01/09/08	400	\$8.88
01/09/08	300	\$8.89
01/09/08	200	\$8.81
01/09/08	3,400	\$8.97
01/09/08	1,300	\$8.94
01/09/08	1,000	\$8.92
01/09/08	500	\$8.93
01/09/08	700	\$8.96
01/09/08	700	\$8.98
01/09/08	800	\$8.99
01/09/08	14,400	\$9.00
01/09/08	5,300	\$8.95
01/09/08	200	\$8.78
01/09/08	600	\$8.76
01/09/08	8,100	\$8.85
01/10/08	5,100	\$9.50
01/11/08	10,000	\$9.75
01/17/08	100	\$9.49
01/17/08	10,300	\$9.50
01/17/08	100	\$9.48
01/17/08	200	\$9.58
01/17/08	200	\$9.55
01/17/08	100	\$9.56
01/17/08	500	\$9.60
01/17/08	400	\$9.67
01/17/08	2,000	\$9.68
01/17/08	3,900	\$9.70
01/17/08	100	\$9.63
01/17/08	2,200	\$9.72
01/17/08	100	\$9.66
01/17/08	100	\$9.73
01/17/08	9,100	\$9.75
01/17/08	100	\$9.69
01/17/08	100	\$9.66
01/17/08	300	\$9.71

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01/17/08	100	\$9.74
01/17/08	5,000	\$9.20
01/17/08	2,300	\$9.00
01/18/08	5,000	\$8.80
01/18/08	300	\$8.76
01/18/08	100	\$8.78
01/18/08	7,200	\$8.85
01/18/08	300	\$8.87
01/18/08	200	\$8.76
01/18/08	3,200	\$8.87
01/18/08	500	\$8.86
01/18/08	200	\$8.91
01/18/08	100	\$8.86
01/18/08	8,600	\$8.95
01/18/08	600	\$8.96
01/18/08	600	\$8.97
01/18/08	200	\$8.90
01/18/08	300	\$8.99
01/18/08	2,600	\$8.98

(d) Valhi, Harold C. Simmons, his wife and TFMC each has the right to receive and the power to direct the receipt of dividends from, and proceeds from the sale of, the Shares directly held by such entity or person.

(e) Tremont LLC ceased to be a reporting person under this Statement on January 1, 2005 when it ceased to own Shares. Dixie Holding Company ceased to be a reporting person under this Statement upon its dissolution on September 28, 2007. Valhi Group, Inc., National City Lines, Inc. and NOA, Inc. ceased to be reporting persons under this Statement upon their dissolutions effective December 31, 2007. Southwest Louisiana Land LLC, as the successor to Southwest Louisiana Land Company, Inc., a Louisiana corporation, ceased to be a reporting person under this Statement when Southwest Louisiana Land LLC ceased to own, directly or indirectly, shares of VHC common stock effective December 31, 2007.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

On October 29, 2004, Valhi entered into an Amended and Restated Credit Agreement (collectively, as subsequently amended from time to time, the “Amended and Restated Valhi Credit Facility”) with Comerica Bank, PlainsCapital Bank, Texas Capital Bank and U.S. Bank National Association. The Amended and Restated Valhi Credit Facility extended the revolving loans under the Credit Agreement dated as of November 6, 1998 among Valhi, the financial institutions from time to time that were a party thereto and Société Générale, Southwest Agency, as the administrative agent, issuing bank and arranger, as such agreement had been subsequently amended from time to time (the “Prior Credit Agreement”). As a result of Valhi entering into the Amended and Restated Valhi Credit Agreement, Valhi was released from its obligation to pledge Shares under the Prior Credit Agreement and had no further obligation to pledge Shares under the Amended and Restated Valhi Credit Facility.

The information included in Item 4 to this Statement is hereby incorporated herein by reference.

Other than as set forth above, none of the Reporting Persons or, to the best knowledge of such persons, any person named in Schedule B to this Statement has any contract, arrangement, understanding or relationship (legal or otherwise) with any person with respect to securities of the Company, including, but not limited to, transfer or voting of any such securities, finder’s fees, joint ventures, loans or option arrangements, puts or calls, guarantees of profits, division of profits or losses, or the giving or withholding of proxies.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: February 4, 2008

/s/ Harold C. Simons

Harold C. Simons

Signing in the capacities listed on Schedule A attached hereto and incorporated herein by reference.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: January 30, 2008

/s/ Steven L. Watson

Steven L. Watson

Signing in the capacities listed on Schedule A attached hereto and incorporated herein by reference.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: January 30, 2008

/s/ Gregory M. Swalwell

Gregory M. Swalwell

Signing in the capacities listed on Schedule A attached hereto and incorporated herein by reference.

SCHEDULE A

HAROLD C. SIMMONS, in his individual capacity and as trustee of THE COMBINED MASTER RETIREMENT TRUST.

STEVEN L. WATSON, as president, chief executive officer or vice president of each of:

CONTRAN CORPORATION
DIXIE RICE AGRICULTURAL CORPORATION, INC.
HAROLD SIMMONS FOUNDATION, INC.
TITANIUM METALS CORPORATION
VALHI HOLDING COMPANY
VALHI, INC.

GREGORY M. SWALWELL, as vice president of TIMET FINANCE MANAGEMENT COMPANY.

SCHEDULE B

The names of the directors and executive officers of Contran Corporation (“Contran”), Dixie Rice Agricultural Corporation, Inc. (“Dixie Rice”), the Harold Simmons Foundation, Inc. (the “Foundation”), TIMET Finance Management Company (“TFMC”), Titanium Metals Corporation (“TIMET”), Valhi Holding Company (“VHC”) and Valhi, Inc. (“Valhi”) and their present principal occupations are set forth below. Except as otherwise indicated, each such person is a citizen of the United States of America and the business address of each such person is 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240.

Name	Present Principal Occupation
T h o m a s E . B a r r y (1)	Vice president for executive affairs at Southern Methodist University and professor of marketing in the Edwin L. Cox School of Business at Southern Methodist University; and a director of Valhi.
J a m e s W Brown	Vice president and chief financial officer of TIMET.
K e i t h R . C o o g a n (2)	President and chief executive officer of Pomeroy IT Solutions, Inc., a technology and services solution provider; and a director of Kronos Worldwide, Inc., a subsidiary of Valhi (“Kronos Worldwide”), and TIMET.
N o r m a n S . E d e l c u p (3)	Mayor of Sunny Isles Beach, Florida; director of CompX International Inc. (“CompX”), a subsidiary of NL Industries, Inc. (the “Company”), and Valhi; and trustee of the Baron Funds, a mutual fund group.
C h a r l e s H . E n t r e k i n (4)	President-global operations and chief operating officer of TIMET.
L . A n d r e w Fleck	Vice president of Dixie Rice and vice president-real estate of Contran.
L i s a S i m m o n s Epstein	Director and president of the Foundation.
R o b e r t D Graham	Vice president of Contran, Dixie Rice, the Foundation, Valhi and VHC; executive vice president of TIMET; and vice president and general counsel of the Company and Kronos Worldwide.
Tim C. Hafer	Vice president and controller of the Company and Kronos Worldwide.

J Hollingsworth	M a r	kVice president and general counsel of Contran, Dixie Rice, Valhi and VHC; general counsel of the Foundation and CompX; trust counsel of The Combined Master Retirement Trust, a trust Contran sponsors that permits the collective investment by master trusts that maintain the assets of certain employee benefit plans Contran and related companies adopt (the "CMRT"); and acting general counsel of Keystone Consolidated Industries, Inc., a subsidiary of Contran ("Keystone").	
K e i t h Johnson	A	.Controller of the Foundation.	
W i l l i a m Lindquist	J	.Director and senior vice president of Contran and VHC; senior vice president of Dixie Rice and Valhi; and chief executive officer of Waste Control Specialists LLC, a subsidiary of Valhi.	
A . Louis	A n d r e w	R	.Secretary of the Company, CompX, Contran, Dixie Rice, Kronos Worldwide, TIMET, Valhi and VHC.
K e l l y Luttmer	l	D	.Vice president and tax director of the Company, CompX, Contran, Dixie Rice, Kronos Worldwide, TIMET, Valhi and VHC.
(5)	A n d r e w M c C o l l a m ,	J r	.Director of Dixie Rice; and a private investor.
(6)	W . H a y d e n M c I l r o y		Private investor primarily in real estate; and a director of Valhi and Cadco Systems, Inc., a manufacturer of emergency alert systems.
(7)	C e c i l H . M o o r e ,	J r	.Director of the Company and Kronos Worldwide; and a private investor.
(8)	T a n y a M . M u r r a y		Director of The Stewart Law Firm; and director, and secretary of TFMC.
A n d r e w Nace	d r e w	B	.Vice president and general counsel of TIMET.
B o b b y O'Brien	o b b y	D	.Vice president, chief financial officer and director of VHC; president of TIMET; vice president and chief financial officer of Contran, Dixie Rice and Valhi.

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G l e n n Simmons	R	.Vice chairman of the board of Contran, Dixie Rice, Valhi and VHC; chairman of the board of CompX and Keystone; and a director of the Company, Kronos Worldwide and TIMET.
H a r o l d Simmons	C	.Chairman of the board of Contran, Dixie Rice, the Foundation, TIMET, Valhi and VHC; chairman of the board and chief executive officer of the Company and Kronos Worldwide; and trustee and member of the investment committee of the CMRT.
R i c h a r d A . (9)	S m i t h	Vice president of Dixie Rice.
T h o m a s P . (10)	S t a f f o r d	Director of the Company and TIMET; chairman of the NASA Advisory Council Task Force on the International Space Station Program.
J o h n A . Wrba	S t	.Vice president and treasurer of the Company, Contran, Dixie Rice, Kronos Worldwide, TIMET, Valhi and VHC.
S c o t t Sullivan	E	.Vice president and controller of TIMET.
G r e g o r y Swalwell	M	.Vice president and controller of Contran, Valhi and VHC; vice president, finance and chief financial officer of the Company and Kronos Worldwide; vice president of Dixie Rice and TIMET; and director, vice president and treasurer of TFMC.
J . W a l t e r T u c k e r , (11)	J r	.President, treasurer and a director of Tucker & Branham, Inc., a mortgage banking, insurance and real estate company; a director of Valhi; and a member of the investment committee of the CMRT.
S t e v e n Watson	L	.Director and president of Contran, Dixie Rice, and VHC; director, president and chief executive officer of Valhi; director, vice president and secretary of the Foundation; vice chairman of Kronos Worldwide; vice chairman and chief executive officer of TIMET; and a director of the Company, CompX and Keystone.
T e r r y N . (12)	W o r r e l l	Director of the Company and TIMET; a private investor with Worrell Investments, Inc., a real estate investment company.

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J o a n L . Y o r i Vice president-client services of Stewart
(13) Management Company; and director and
president of TFMC.

P a u l J . Z u c c o n i A private investor and a director of TIMET.
(14)

(1) The principal business address for Dr. Barry is Southern Methodist University, Perkins Administration Bldg. #224, Dallas, Texas 75275.

(2) The principal business address for Mr. Coogan is 1020 Petersburg Road, Hebron, Kentucky 41048.

(3) The principal business address for Mr. Edelcup is 17395 North Bay Road, Suite 103, Sunny Isles Beach, Florida 33160.

(4) The principal business address for Mr. Entrekin is 224 Valley Creek Boulevard, Suite 200, Exton, Pennsylvania 19341.

(5) The principal business address for Mr. McCollam is 402 Canal Street, Houma, Louisiana 70360.

(6) The principal business address for Mr. McIlroy is 25 Highland Park Village, Suite 100-341, Dallas, Texas 75225.

(7) The address for Mr. Moore is 4444 Beverly Drive, Dallas, Texas 75205.

(8) The principal business address for Ms. Murray is Nemours Building, Suite 1400, 1007 Orange Street, Wilmington, Delaware 19801.

(9) The principal business address for Mr. Smith is 600 Pasquiere Street, Gueydan, Louisiana 70542-0010.

(10) The principal business address for Gen. Stafford (ret.) is Stafford Technology Inc., Suite 102, 4200 Perimeter Center, Oklahoma City, Oklahoma 73112.

(11) The principal business address for Mr. Tucker is 1950 Lee Road, Suite 219, Winter Park, Florida 32789.

(12) The address for Mr. Worrell is 6909 Vassar, Dallas, Texas 75205.

(13) The principal business address for Ms. Yori is Nemours Building, Suite 1410, 1007 Orange Street, Wilmington, Delaware 19801.

(14) The address for Mr. Zucconi is 2801 Mill Haven Court, Plano, Texas 75093.

SCHEDULE C

Based upon ownership filings with the Commission or upon information provided by the persons listed on Schedule B to this Statement, such persons may be deemed to personally beneficially own Shares, as outlined below:

Name	Shares Held	Stock Options Held (1)	Total
Thomas E. Barry	-0-	-0-	-0-
James W. Brown	-0-	-0-	-0-
Keith R. Coogan	-0-	-0-	-0-
Norman S. Edelcup	-0-	-0-	-0-
Charles H. Entrekin	-0-	-0-	-0-
L. Andrew Fleck	-0-	-0-	-0-
Lisa Simmons Epstein	-0-	-0-	-0-
Robert D. Graham	-0-	use standard pyrethroid insecticides. As part of this programme, around 6,000 nets were also purchased and distributed to high-risk areas such as orphanages, maternity clinics, and children and maternity wards at hospitals. The Noguchi Institute at the University of Ghana completed	

a baseline study
on parasite
prevalence study
at Obuasi, the
results of which
will be used to
measure the
success of the
spray campaign.

At Iduapriem,
there has been a
decrease in the
incidence of
malaria from
11.1% to 8.6%.

**MLTIFR at the
Ghana
operations:**

Obuasi
Iduapriem
2006
435
388
2005
1,477
416

Guinea: A
malaria
entomological
audit was
recently
undertaken at
Siguiiri in
Guinea, and an
appropriate
programme is
being developed
to combat the
disease. The
MLTIFR at this
operation
was 379 in the
third quarter of
2006. Continued
health education
and the provision
of clean water
at the mine are
being used in the
fight against
cholera.

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REGIONAL HEALTH

Mali: Management of malaria at Morila is based on information obtained from WHO and the use of external consultants. There has been a sharp decline in the incidence of cases of malaria in 2006 to 103 from 314 in 2005, largely attributable to the twice-yearly spraying of houses and the annual re-impregnation of mosquito nets with insecticide. This is an incidence of 1.2%. The actual cost for the year of the vector programme at Sadiola was \$90,365 (excluding treatment costs). The programme includes the following:

.
provision of malaria prophylaxis by medical centres to all expatriate employees;

.
spraying with a residual insecticide of all employee houses and the houses in villages housing mine employees;

.
annual re-impregnation with insecticide of all mosquito nets of employees and their dependants as well as those of residents in villages housing employees; and

.
treatment by staff at the medical centres of all cases of malaria diagnosed in employees and their dependants.

MLTIFR at the Mali operations:

Sadiola/Yatela

Morila

2006

46

66

2005

51

138

At Morila, there has been a marked improvement following the introduction of a new insecticide. The number of malaria cases declined from 425 in 2005 to 329 in 2006. The overall strategy here emphasises the use of prophylaxis by expatriates, information leaflets and an effective drug regimen. A two-year drug resistance study is currently under way on the use of pyrethroids and indications are that this is proving very effective. Integrated malaria control programmes have been successfully implemented at Sadiola, Yatela and Morila, and malaria incidence rates at these operations have declined over time.

Tanzania: The reported incidence of malaria at Geita during 2006 was 10.5%, which compares with 7.3% in 2005. Insecticide treated nets were distributed to employees and the community during the year, and a campaign for early and effective treatment using reliable anti-malarial medication was begun. This is in line with the national malaria policy in Tanzania. An integrated programme of malaria control, similar in content to that being conducted at Obuasi, and involving the mine concession area as well as Geita Town, has been developed and approved for implementation during 2007.

MLTIFR at the Tanzania operation:

Geita

2006

308

2005

194

Other principal health risks

Other regional health risks include cholera in Guinea (*See case study in Report to Society 2005,*

Anti cholera campaign at Siguiri benefits communities, page RH18), and a potential outbreak of avian flu (See case study on our website (www.aga-reports.com/06/avian-flu.htm) on AngloGold Ashanti establishes avian flu task force).

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REGIONAL HEALTH

5. Case studies

Two areas in which significant progress was made during 2006 are presented as case studies in this document:

.
the promotion of voluntary counselling and testing (VCT) in South Africa and the economic cost of AIDS. *(See case study on page 134); and*

.
the implementation of an integrated malaria campaign at Obuasi in Ghana. *(See page 122).*

Other case studies related to regional health threats that appear on our website are summarised as follows:

VCT programme at TauTona

Voluntary Counselling and Testing (VCT) clinic attendance at TauTona was 4,848 in 2006, more than double the target. TauTona now has the highest number of employees receiving anti-retroviral therapy (ART). A three-phase approach has been developed to control the spread of HIV/AIDS among employees at TauTona. However, many misconceptions and misunderstandings still exist, and the need for education and maintaining awareness remains. *(See our website for the case study at www.aga-reports.com/06/VCT-TauTona.htm).*

AngloGold Ashanti establishes avian flu task force

An avian flu task force has been established to develop and implement a strategy in preparation for a possible avian flu epidemic, which according to the World Health Organization, currently poses the single biggest global health threat at present. While this threat is real, its consequences are currently difficult to quantify. PWC has assisted the avian flu task group in formalising an Avian Flu Business Continuity Management process, initially for the South African operations, to ensure the orderly conduct of operations in the event of such a crisis. *(See case study at www.aga-reports.com/06/avian-flu.htm).*

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REGIONAL HEALTH

6. Objectives 2007

The following key objectives have been set for 2007:

HIV/AIDS

In South Africa:

- .
- to achieve VCT uptake of 60% at all business units;
- .
- to achieve a rate of 1 per educator to 50 employees;
- .
- to increase the number of Wellness Clinic patients by 25%; and
- .
- to increase the number of patients on ART by 25%.

Malaria

- .
- implement integrated malaria control programme at Geita;
- .
- obtain approval for funding of control programmes at Siguiru and Iduapriem; and
- .
- achieve a further reduction in malaria incidence of 25% at Obuasi and achieve community parasite prevalence of less than 50% in all samples.

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Developing skills and embracing
diversity – human resources

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HUMAN RESOURCES

2. Living our values

One of the group's core business principles relates to employees, namely:

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

Succession planning

and the retention of

skilled employees

Constructive labour relations and

minimisation of industrial action

Skills development in core discipline areas

Development and promotion of

women and, particularly in

South Africa, historically

disadvantaged South Africans

Promoting cultural diversity and

achieving workplaces that are

representative of the communities

in which we operate

2006/2007

1. Key issues

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HUMAN RESOURCES

AngloGold Ashanti as an employer – labour practice

1.
AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO). Accordingly, we seek to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour.
2.
AngloGold Ashanti is committed to creating workplaces free of harassment and unfair discrimination.
3.
As an international company, we face different challenges in different countries with regard to, for example, offering opportunities to citizens who may not have enjoyed equal opportunities in the past. In such cases, the company is committed to addressing the challenge in a manner appropriate to the local circumstances.
4.
We will seek to understand the different cultural dynamics in host communities and adapt work practices to accommodate this where doing so is possible and compatible with the principles expressed in this document.
5.
The company will promote the development of a workforce that reflects the international and local diversity of the organisation.
6.
The company will provide all employees with the opportunity to participate in training that will improve their workplace competency.
7.
The company is committed to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of the workplace.
8.
The company is committed to developing motivated, competent and experienced teams of employees through appropriate recruitment, retention and development initiatives. An emphasis is placed on the identification of potential talent, mentoring and personal development planning.
9.
Remuneration systems will reward both individual and team effort in a meaningful way.
10.
Guided by local circumstances, we shall continue to work together with stakeholders to ensure minimum standards for company-provided accommodation.
11.
The company assures access to affordable health care for employees and where possible, for their families.
12.
We are committed to prompt and supportive action in response to any major health threats in the regions in which we operate.

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HUMAN RESOURCES

3. Our scorecard

In our Report to Society 2005, we set a number of objectives that we wanted to achieve in 2006 and we report on these in our scorecard below.

Objectives 2006

Performance 2006

Alignment of employment practices throughout

Significant alignment of employment the group, while maintaining observance of practices was achieved during the year.

local laws, customs and conventions.

However, some work still remains.

Enhancing the company's localisation and

Good progress was made with the employment equity programmes, particularly implementation of the company's

at African operations, with a methodical focus

localisation and employment equity

on the skills transfer to, and career development

programmes, with specific emphasis

of, local citizens.

placed on skills retention. Further work

needs to be done.

Implementation of performance contracts for

This has been achieved to some degree,

each AngloGold Ashanti employee, either as an

particularly at the senior and middle

individual or as a member of a working team.

management levels. Further work is

required.

Establishment of an Employee Share Ownership

An ESOP for South African employees

Programme (ESOP) in South Africa, and

was approved by the shareholders in

examination of the feasibility of ESOPs or

December 2006 and is currently being

alternative structures or benefits aimed at

implemented. (*See case study on page*

aligning employee and company interests at

138). An ESOP is planned for the

company facilities elsewhere in the world.

Ghanaian operations and is being

considered in Namibia and Tanzania.

4. Review 2006

We report our performance in 2006 against our business principles.

Introduction

AngloGold Ashanti is a significant employer in the global gold mining industry. Of importance is the fact that many of its operations are situated in countries and regions where, in terms of the local economy, the company is a significant employer – such as in South Africa, Ghana and Tanzania.

AngloGold Ashanti employed 61,453 people in 2006 (calculated on a monthly average basis), made up of 46,407 (75.5%) permanent employees and 15,047 (24.5%) contractors and joint venture employees. In 2005, the group employed 63,993 people, comprising 47,848 employees and 16,145 contractors.

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HUMAN RESOURCES

Employees and contractors

Employees

Contractors

Total 2006

Total 2005

Variance (%)

Argentina

623

283

906

946

-4.2

Australia

111

368

479

393

21.9

Brazil

2,155

2,273

4,428

3,371

31.4

Ghana

6,509

2,935

9,443

10,180

-7.2

Guinea

1,541

1,167

2,708

1,978

36.9

Mali

506

967

1,473

1,309

12.5

Namibia

313

-

313

315

-0.6

South Africa

30,162

5,806

35,968

40,754

-11.7

Tanzania

2,043

1,177

3,220

2,280

41.2

USA

325

44

369

357

3.4

Other*

2,119

27

2,146

2,110

1.7

Total group

46,407

15,047

61,453

63,993

-4.0

* Includes corporate office and other non-gold producing subsidiaries.

Changes in employee numbers above reflect:

.

Go-ahead for Boddington project in Australia and change in shaft arrangements at Sunrise Dam;

.

Expansion at Cuiabá in Brazil;

.

Sale of Bibiani mine in Ghana, retrenchments at Obuasi (see below) and natural attrition; and

.

Full impact of transition to owner-mining in Tanzania.

In December 2006, AngloGold Ashanti announced a restructuring programme at the Obuasi mine in Ghana. The first phase will involve the retrenchment of 850 of the mine's 5,700 employees and 1,100 contract employees. The second phase will involve the retrenchment of some 1,154 additional people. The restructuring is intended to rightsize the cost structure at the mine in line with production of around 400,000 ounces per annum. Historically the mine was predominantly managed on a functional basis. However, after the initial re-engineering and re-structuring undertaken by AngloGold Ashanti over the past two years, the mine is now managed on a process basis which has reduced the labour complement and identified positions no longer needed. The retrenchments follow extensive consultation and communication with employees.

Management structure and governance

Four executive directors and 13 non-executive directors direct the AngloGold Ashanti board. The

board is chaired by non-executive chairman, Russell Edey, and supported by non-executive deputy chairman, James Motlatsi. The chief executive officer, Bobby Godsell, has been in that position since the inception of the company in 1998. The board structure and role is discussed in the Annual Report 2006 and in the Ethics and Governance section of the Report to Society 2006. The four executive directors are charged with the day-to-day running of the company (making up the executive committee (Exco), which is chaired by the CEO), and they are supported by the management committee. A member of the management committee is responsible for human resources and the central human resource development policies that guide and support the human resources practice within the group. Two chief operating officers and the management of the regions/countries are responsible for the management of the company. Policies are developed and procedures implemented that are relevant to the country and circumstances inherent within the region, complying with regional legislation and labour requirements, as well as region-specific imperatives.

24.5

75.5

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In the discussions that follow the company's performance as an employer is reported on. This performance is in line with the company's business principles, which are shown in orange below. The company reports independently on its compliance with the Mining Charter. This information may be found at www.anglogoldashanti.com

Business principle 1: AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization. Accordingly, we seek to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour. By virtue of its South African domicile, AngloGold Ashanti is subject to certain conventions signed by the South African government, including the human rights and social conventions of the ILO (ILO 29, 87, 98, 100, 105, 111, 128 and 138). South Africa's constitution, together with its associated laws, guarantees non-discrimination on the basis of race and other unfair grounds, freedom of association and the rights of children, among other basic human rights.

Certain ILO conventions (such as ILO Convention 128 dealing with child labour, and ILO Convention No 29 dealing with forced and compulsory labour) are also governed by law in South Africa, Argentina, Brazil, Australia, Namibia, Tanzania and the United States, and by law and various codes such as the Labour Code and Collective Agreement in Mali.

A wide range of agreements and policies is also in place at an operational level to ensure that human rights are protected. These include recognition and collective bargaining agreements, disciplinary, grievance and appeal procedures and non-discrimination agreements.

No breaches of fundamental rights conventions of the ILO were alleged or charges brought against the company in connection with these during 2006.

Freedom of association

In line with the group's upholding of human rights conventions, freedom of association is encouraged and collective bargaining structures are recognised in those regions where such structures commonly exist. In practice, this means they exist at all operations except CC&V in the United States and Sunrise Dam in Australia, where employees are not members of unions (as is common practice in these countries). Management/union relationships are governed by negotiated agreements in respect of most of the group's workforce, with 85.6% of the global workforce represented by recognised trade unions or catered for through collective bargaining processes. In South Africa, 97.8% of all employees are either represented by unions or catered for by the agency shop agreement. (This agreement exists across the lower level bargaining unit within the company. This means that non-union members contribute 0.75% of their monthly basic pay to a human and industrial relations fund, whereas union members contribute 1% of their monthly basic pay to this cause.) The four unions that are recognised are the National Union of Mineworkers (NUM), the United Association of South Africa (UASA), Solidarity and the South African Equity Workers' Association (SAEWA).

There were no significant disputes or strikes in South Africa during the period, although there were six incidents that led to brief work stoppages. These incidents were amicably resolved. Elsewhere, one strike took place at Cerro Vanguardia Argentina in April and May 2006 by some 200 employees. A total of nine working days were lost.

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Business principle 2: AngloGold Ashanti is committed to creating workplaces free of harassment and unfair discrimination.

Racial and sexual harassment and other forms of discrimination are prohibited by the company's business principles as well as by legislation in most of the countries where the operations are situated. Specific policies are in place at all AngloGold Ashanti's operations to protect the interests of employees. Representation of women at all levels is as follows:

6.2% of all permanent employees are women (2005: 6.1%);

women make up 5.9% of the board (2005: 5.9%).

Business principle 4: We will seek to understand the different cultural dynamics in host communities and adapt work practices to accommodate this where doing so is possible and compatible with the principles expressed in this document.

In Mali, expatriate and local employees attend cultural diversity courses, run by a local service provider. A report on Cultural Diversity in Ghana was commissioned by AngloGold Ashanti in 2006. Written by a local, Ghana-based academic and consultant, it is intended to be a guide for expatriate employees and contractors who are sent on assignment or transfer to Ghana, to sensitise them to local traditions, customs and other relevant issues. It is intended that similar documents will be produced for Tanzania and the DRC.

Business principle 3: As an international company, we face different challenges in different countries with regard to, for example, offering opportunities to citizens who may not have enjoyed equal opportunities in the past. In such cases, the company is committed to addressing the challenge in a manner appropriate to the local circumstances.

and

Business principle 5: The company will promote the development of a workforce that reflects the international and local diversity of the organisation.

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which aims to promote an organisational culture that recognises the diversity of the societies within which the company operates, and which affords all employees the development opportunities that will enable them to achieve optimal levels of career development during their employment with the company. The group's employment equity and equal opportunity programme covers employee development and retention, strategies to counteract losses, career development and the promotion of mobility in an environment that is free of unfair discrimination.

Employment equity and/or equal opportunity targets are set and their attainment is monitored by a board sub-committee, the Employment Equity and Skills Development Committee.

In South Africa the employment of historically disadvantaged South Africans (HDSAs) remains a particular priority. Employment targets and achievements are reported annually to the South African Department of Labour (DoL) in 1 August, and reporting will also be provided in terms of the Mining Charter from 2007. Based on the report provided to the DoL in South Africa, HDSAs comprise 26% of management (2005: 22%). (Managerial employees are defined as those in supervisory and management roles in Paterson job grades D-Lower and above). HDSAs make up 18% of the board (2005: 18%).

6.2

93.8

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Where possible, it is standard practice for AngloGold Ashanti to employ indigenous people, rather than expatriate employees, at all its African operations (apart from those in South Africa).

Foreign migrancy is reported in South Africa in line with the spirit of the Mining Charter. Foreign migrants are defined as employees drawn from outside the borders of South Africa but generally from countries within the Southern African Customs Union as well as Mozambique. Many other migrant workers originate from rural areas within South Africa. The percentage of foreign migrant employees (defined in this way) was 35.7% as at 31 December 2006 (2005: 36%).

AngloGold Ashanti has a group policy in place that encourages the employment of local employees and replacement of expatriate employees over time, through skills transfer programmes and career development of local citizens.

In 2006, progress was made:

in engaging with academic institutions, particularly in Ghana and Mali, for the development of middle management; and

in the development of middle and senior management to build their own competencies.

In particular, at operations in Ghana, Guinea, Namibia, Tanzania and Mali job vacancies, recruitment and separation rates rose significantly in 2006 in relation to previous years. Numerous factors have contributed to this. The expansion of the global mining industry resulted in competition for skilled employees, particularly in the technical disciplines during 2006 and this was compounded by the impending closure of Yatela and Morila, resulting in the loss of many employees.

All of these operations have localisation plans in place which have achieved varying degrees of success. The following principles underpin the region; strategy:

Localisation programmes are developed in accordance with the Company's Employment Equity Philosophy. (*See our website at www.anglogoldashanti.com*).

A commitment to the development of employees and the provision of employment opportunities are as stated in the company's values and business principles.

Localisation plans on all operations are scheduled to be reviewed during the course of 2007 with the emphasis being placed on the following: identification of potential, talent management, succession plans, and training and development plans. Progress reviews of the respective localisation plans will take place quarterly during technical visits to the mine by the regional executive teams. (*See case study on our website on Localisation programme in Tanzania – www.aga-reports.com/06/localisation.htm*).

Business principle 6: The company will provide all employees with the opportunity to participate in training that will improve their workplace competency.

AngloGold Ashanti's philosophy encompasses a wide range of training initiatives. In 2006, the company spent \$26.37 million on employee training and development, of which \$21.20 million – 4.64% of pay roll – was spent in the South Africa operations). In 2005, the employee training and development costs for South African-based operations amounted to \$23.2 million.

Business principle 7: The company is committed to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of the workplace.

It is the company's policy to provide Adult Basic Education and Training (ABET) to ensure that all employees are able to become literate and numerate. (All employees at the operations in Australia and the United States are literate, as are most employees in Argentina, Brazil and Ghana.)

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To be literate in a particular language, individuals should be able to use the language effectively to think, to acquire knowledge, to express their identity, feelings and ideas, and to interact with others. To be numerate, an individual should be able to develop the ability and confidence to think numerically in order to interpret and analyse critically everyday situations and to solve problems. For many years the company has afforded its employees the opportunity to become literate and obtain a qualification that will allow for greater career advancement opportunities. Currently, 19% of the South African workforce does not have a recognised qualification.

Business principle 8: The company is committed to developing motivated, competent and experienced teams of employees through appropriate recruitment, retention and development initiatives. An emphasis is placed on the identification of potential talent, mentoring and personal development planning.

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

The programme is aimed both at specific individuals, who have been identified through their career development plans, and groups of individuals with high potential, all of whom attend a range of management development programmes. Development plans form part of the greater performance management process within the group and are reviewed twice a year.

The group runs an Executive Development Programme (EDP), a Management Development Programme (MDP) and an Intermediate Management Development Programme (IMDP), where younger employees with management potential are identified and given an opportunity to develop their careers. Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to AngloGold Ashanti. In total, \$1.98 million was spent on providing bursaries and study assistance to employees and non-employees across the group in 2006.

The South African operations support students in full-time studies at universities and universities of technology (formerly technikons). The bursary scheme is open to employees (in-service bursary scheme) as well as to the general public or so-called 'off-the-street' candidates. The company currently supports 48 students in the respective schemes studying towards tertiary qualifications. In respect of the 48 students, 12 are employees while 36 are 'off-the-street' students. \$0.75 million (R5.12 million) was spent on this programme in 2006. (2005:\$1.7 million – R10.8 million)

A bursary scheme was implemented in Mali in 2004. Ten top school leavers started studying at the University of Pretoria, South Africa, in the disciplines of mining, engineering, metallurgy, environment and geology.

In the United States, the company offers scholarships to dependants of eligible employees to assist them with their college education. Some \$40,000 was spent on scholarships for children of employees in 2006. The company also provided reimbursement for tuition fees to employees wishing to pursue a university degree in a discipline related to their position in the company.

In Ghana, company bursaries are granted to the dependants of employees who have gained admission to government-approved secondary and tertiary educational institutions. This was undertaken at a cost to company of \$135,000 in 2006.

The Namibian bursary programme is open to all Namibians (not necessarily employees or their dependants). Bursaries are offered in the fields of geology, metallurgy chemical, mechanical and electrical engineering, human resources and accounting. Six bursaries were awarded by

Navachab mine in 2006 at a cost to the company of N\$330,000 (\$48.458). (2005: N\$400,000)

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In South America, the company has a scholarship programme which covers the cost of graduate and post-graduate courses at recognised universities, including language and technical mining courses, at a total cost in 2006 of \$567,000.

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Geita mine in Tanzania has an in-service bursary scheme to promote further educational development of employees. One employee has been sponsored to study at the University of the Witwatersrand in Johannesburg and another at Curtin University in Western Australia.

Training for life

AngloGold Ashanti aims to deliver training and development widely applicable and transferable – the broad spectrum of programmes ranges from basic literacy and numeracy, through to technical training as well as executive development at top business schools of international repute. Training for life equips employees or ex-employees with the skills to ensure their continued employability or ability to be self-employed when they are no longer employed by the company. This training is also given in preparation for career endings, both as a result of ill-health or as a result of mine closure. Employees who are retrenched are offered re-training in a skill that will assist them to remain economically active within their community.

Business principle 9: Remuneration systems will reward both individual and team effort in a meaningful way.

The company seeks to remunerate employees fairly at both an individual and a team level. Remuneration levels are set taking into account the market as well as economic and inflation indicators. There is generally an annual review or annual negotiations with the representative unions in respect of those employees covered by collective bargaining agreements.

In South Africa, in particular, by far the majority of remuneration elements, although focused on the individual, are the result of collective bargaining between management and the representative unions. This has given rise to standard rates of pay for the majority of employees (non-supervisory employees, miners and artisans) rather than pay scales in which employees are remunerated for their contribution, as is the case with management and officials. In addition to basic pay, various productivity and safety bonus schemes exist at most operations to both motivate and reward employees and can have a
AngloGold Ashanti Health

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significant impact on basic pay. As well as employee benefits that are legally mandated, the various regions offer health care benefits, pension and provident funds, company vehicles, housing, housing allowances or home ownership schemes, life assurance, tuition assistance, maternity benefits and subsidised canteens, among others.

Business principle 10: Guided by local circumstances, we shall continue to work together with stakeholders to ensure minimum standards for company-provided accommodation.

Mining operations are frequently situated in remote areas; in these cases employees are drawn from other regions (and sometimes other countries). Consequently, they do not have their homes in the area. The provision of company accommodation varies from region to region and is dependent on the availability of accommodation, the make-up of the workforce and the remoteness of the region. In major cities, such as Johannesburg, Denver and Perth, housing is readily available.

At Sunrise Dam, Australia, many employees operate on a fly-in, fly-out basis and accommodation is therefore provided during the period that employees are at work.

At Cerro Vanguardia, in Argentina, South America, many employees come from outside the immediate area of operation and they either stay in houses constructed by the company in nearby Puerto San Julian or in on-mine facilities.

At the Sadiola and Yatela mines in Mali, 90% of all employees are housed in company accommodation. Employees not housed in this accommodation receive a housing allowance in accordance with local labour agreements. The government facilitates loans for the purchase of land and housing in the Bamako area.

A housing loan scheme (for home ownership) is available for senior employees at Geita mine in Tanzania; other employees receive a housing allowance.

At Navachab in Namibia, 50% of employees are housed in company housing; the remainder of employees receive a housing allowance.

In South Africa a wide range of accommodation options are available to employees. These options vary from privately-owned houses to company-owned single accommodation residences.

The company provides a housing allowance to assist employees to acquire accommodation.

AngloGold Ashanti Health, a subsidiary of AngloGold Ashanti, provides health care to South African employees. The Vaal River and West Wits

areas both have a central hospital providing secondary, and to some extent tertiary level care, surrounded by a network of peripheral primary

health care and occupational health clinics. Health care activities which focus on care to employees in these areas and care to immediate

dependants, where appropriate, include preventive, occupational, and primary health care; hospital care and the management of trauma; injury

on duty; and of HIV/AIDS and tuberculosis. The two occupational health centres are each staffed by two doctors and some 30 support health

care practitioners each. The occupational health discipline performs the functions of screening prior to employment, evaluation of baseline

health status, surveillance during employment for purposes of early detection of disease (particularly high-risk diseases commonly associated

with the mining industry) and directing the management of diseases detected, including the workplace and compensation initiatives required.

Each hospital has about 300 beds with emergency rooms, operating theatres and multi-disciplinary intensive care units. Speciality disciplines

include internal medicine; general surgery; orthopaedic surgery; ear, nose and throat surgery; radiology; paediatrics; and obstetrics and

gynaecology. These clinical disciplines are supported by the allied clinical disciplines of physiotherapy, occupational therapy and clinical

psychology, which together ensure comprehensive patient care and rehabilitation. Access to health care is provided to all employees and, in

certain circumstances, to their families. All employees not covered by formal medical scheme arrangements have access to health care at

company facilities.

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Historically, the South African mining industry has drawn a large percentage of its workforce from countries around South Africa – Lesotho, Mozambique, Swaziland and Botswana – as well as from rural areas within South Africa, such as the Eastern Cape, KwaZulu-Natal and Mpumalanga. The majority of these employees prefer to retain their homes in their country or region of origin and to return to their homes during weekends, annual leave periods and at the end of their employment. These employees are accommodated in single accommodation residences which comprise mainly communal rooms (accommodating between four to eight persons per room), catering facilities, visiting families' units and entertainment and recreational facilities.

A programme is in place to convert the communal rooms into single room accommodation. To date 1,031 single rooms have been created and the plan for 2007 is to create a further 572 single rooms. AngloGold Ashanti also plans to redevelop under-utilised residences into family accommodation and some 86 family units have been completed. A further 127 family units will be developed in 2007.

Meals that are provided in the residence comply with international nutritional standards and are monitored by an independent dietician on a monthly basis.

Business principle 11: The company assures access to affordable health care for employees and where possible, for their families.

Health care provision and acceptable levels of care are determined by, among other factors, the existing infrastructure in the areas in which the employees are located. For the distant communities with which AngloGold Ashanti is associated, the focus is on facilitating access to basic care.

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In South Africa, health care is largely provided by AngloGold Ashanti Health. (See box on previous page).

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In Argentina and Brazil health care is provided by an external service provider to employees and their families.

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The Malian operations have on-site mine clinics that are registered with the national health authorities and provide health care for all employees and registered dependants.

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In Tanzania health care is provided for employees and their dependants at an on-site occupational health clinic, which was recently upgraded, and local health care facilities. The mine supports the upgrading of the local Geita hospital and offers technical support to its staff.

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Employees at the Navachab mine in Namibia are members of a medical scheme to which the company contributes, and employees are entitled to private health care as part of this scheme. An on-mine clinic provides primary health care and occupational health services.

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Health care services are provided to the employee, his or her spouse and up to six dependants at the Edwin Cade Memorial Hospital at Obuasi in Ghana, while the Iduapriem and Bibiani mines in Ghana and the Siguirri mine in Guinea each has a 24-hour clinic on site for employees and their dependants. In Australia, health care is provided by the national government-run health system and additional employee-funded health insurance is in place. On-site nurses are employed and other health care professionals are contracted to provide a level of care.

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In the United States, access to health care for employees is provided through a self-insured medical plan administered by a third-party administrator.

Business principle 12: We are committed to prompt and supportive action in response to any

major health threats in the regions in which we operate.
See the Regional Health section on page 50.

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5. Case studies

The implementation of an Employee Share Ownership Programme (ESOP) at the South African operations in late 2006 represented the achievement of a significant objective for the company.

This is reported on more fully in a case study on page 138 of this report.

Other case studies that discuss the various challenges and measures to address these at the various operations around the world may be found on our website. Summaries appear below.

Localisation programme in Tanzania

AngloGold Ashanti is moving towards a formal localisation plan, which aims to prepare Tanzanian nationals with the requisite skills at its Geita gold mine.

This is with a view to downsizing its expatriate complement. Training and development programmes are in place, with particular emphasis on the mining engineering discipline. It is anticipated that by 2009 the mine will reduce its current expat complement, currently standing at 6.5% of the total workforce, to 5%, the prescribed national norm in Tanzania. (*See case study at www.aga-reports.com/06/localisation.htm*).

Reducing labour turnover in Australia

This case study looks into the difficulty of obtaining and retaining skilled labour in Western Australia, particularly within the resource sector, and how AngloGold Ashanti Australia has changed its work roster system to tackle this problem. (*See case study – www.aga-reports.com/06/labour-SDGM.htm*).

Strike points the way for new climate of co-operation at Cerro Vanguardia

A strike involving some 200 employees and which resulted in two days work being lost in April and a further week being lost in May at the Cerro Vanguardia (CVSA) mine in Argentina has resulted in increased understanding and interaction between management and employees.

(*See www.aga-reports.com/06/strike-CVSA.htm*).

6. Objectives 2007

The following objectives have been set for 2007:

- alignment of employment practices and, in particular, enhancing the company's localisation and employment practices, and

- implementing performance contracts at all levels;

- adoption and implementation of an ESOP in Ghana; progress discussions on an ESOP in Namibia and Tanzania;

- roll-out of the Executive Development Programme. This is a collaborative exercise between the Fundação Dom Cabral (FDC) in

- Brazil, the University of Cape Town Graduate School of Business and AngloGold Ashanti);

- roll-out of the Global Human Resources Systems Project to all operations. The system will contain all policies, procedures and

- administration, information and will ensure a common standard across the group;

- development of opportunities to enhance diversity within the company; and

- enhancement internal capability to decrease the use of external consultants across disciplines, through short and medium global

work assignments.

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Good stewardship – environment

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Contents

2. Living our values

AngloGold Ashanti is committed to working in an environmentally responsible way. One of our core values relates to our relationships with and the impact we have on communities in which we do business, namely:

We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there.

Our business principle 'AngloGold Ashanti and the environment' serves as our group environmental policy; it guides the way we do business and enables us to live our values, specifically relating to our environmental impact.

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ENVIRONMENT

A b o u t I S O 1 4 0 0 1

Sound management of cyanide and implementation of Cyanide Code by 2008

Efficient use of resources, including water and energy

Achieving and maintaining ISO14001 conformance and certification at all operations

Dealing with climate change

Continued development of corporate environmental guidelines

Timeous reporting and management of environmental incidents

Mine closure planning

Land management and

biodiversity issues

2006/2007

1. Key issues

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ISO14001: The International Standards Organization (ISO) is a voluntary, not-for-profit network of national standards institutes from 146 countries, with a central secretariat in Geneva. ISO14001 focuses on environmental management systems and was first published in 1996.

AngloGold Ashanti and the environment

1.
We recognise that the long-term sustainability of our business is dependent upon good stewardship in both the protection of the environment and the efficient management of the exploration and extraction of mineral resources.
2.
We will comply with all applicable environmental laws, regulations and requirements.
3.
We are committed to establishing and maintaining management systems to identify, monitor and control the environmental aspects of our activities.
4.
The company will ensure that financial resources are available to meet its reclamation and environmental obligations.
5.
The company will ensure that its employees and contractors are aware of this policy as well as their relevant responsibilities.
6.
We will conduct audits to evaluate the effectiveness of our environmental management systems.
7.
We are committed to communicating and consulting with interested and affected parties on environmental aspects of our activities and to making this policy available to the public.
8.
We will work to continually improve our environmental performance and prevent pollution from our operations.
9.
The company will participate in debate on environmental matters at international, national and local levels.

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3. Our scorecard

In our Report to Society 2005, we set a number of objectives that we wanted to achieve in 2006 and we report on these in our scorecard below.

Objectives 2006

Performance 2006

Achieve ISO14001 certification at all

By the end of December 2006,

operating mines by the end of December 2006.

certification of conformance to the

ISO14001:2004 standard was achieved or

maintained by 19 out of 21 operations, as

well as a number of ancillary support

services.

Develop a series of environmental guidelines

Five environmental guidelines have been

to direct and continue to improve

drafted, for air quality, water

environmental performance across the company.

management, land management,

chemical usage and waste management.

It is expected that these will be adopted

in 2007. Other guidelines will continue to

be developed such as incident reporting,

biodiversity and mine closure planning.

Establish targets for a reduction in

Targets have been set at an operational

water use, energy consumption and

level and vary from site to site

carbon emissions.

depending on specific operational

conditions and circumstances.

Establishing targets is a key element of

the implementation of ISO14001.

Continue to improve environmental data

Progress that has been made is evident

gathering systems in accordance with

in the detailed GRI matrix that may be

GRI reporting requirements.

found on our website at

www.aga-reports.com/GRI.htm. Further

development and refinement of our

systems are required to provide

comparable data generation and

seamless data flow. The process of

aligning data gathering systems thus

remains a priority.

Formally integrate biodiversity considerations

The South African operations have

in the environmental management completed Phase 1 of a biodiversity programmes of the company. assessment and Phase 2 is under way.

(See case study

www.aga-reports.com/06/biodiversity.htm).

Brazil has established a 729 hectare private natural forest reserve to conserve Atlantic Forest (see page 100). In Australia, specialist studies have commenced on the Tropicana Lease. Where relevant, biodiversity is included as an element of the ISO14001 environmental management system implemented within the company. The ICMM's Good Practice Guidelines need to be more widely rolled out within the organisation.

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Objectives 2006

Performance 2006

Participate in the ICMM's mine closure

AngloGold Ashanti continues to

project and review the company's

participate in this project aimed at

processes on the basis of emerging

understanding and improving current

good practice.

environmental and social practices

related to mine closure. A group-wide

review of mine closure planning will be

undertaken in 2007.

Maintain the environmental incident

Reporting system has been maintained.

reporting system.

4. Review 2006

We report our performance in 2006 against our business principles.

Business principle 1: We recognise that the long-term sustainability of our business is dependent upon good stewardship in both the protection of the environment and the efficient management of the exploration and extraction of mineral resources.

Environmental policy and strategy within AngloGold Ashanti is overseen by the Board Committee on Safety, Health and Sustainable Development, which meets on a quarterly basis. The committee comprises three non-executive directors: Bill Nairn (chairman), James Motlatsi and Simon Thompson; as well as chief executive officer Bobby Godsell and chief operating officers, Neville Nicolau and Roberto Carvalho Silva. Members of management are invited to participate in these meetings.

During the year, the board committee considered and reviewed the company's environmental policy and – apart from a number of minor changes in wording – endorsed it as remaining appropriate to the company. Where there are site-specific environmental policies, directing each operation in accordance with local conditions and regulations, these are required to be consistent with the company's environmental policy.

The heads of the environmental discipline in each of the company's various regions around the world participate in an Environmental Steering Committee, which identifies and debates critical environmental issues facing the company, and develops appropriate company responses to these challenges. An in-house environmental workshop, which drew 47 environmental professionals from across the group, together with invited specialists, was held in September 2006 in South Africa. These meetings are a crucial means of obtaining information about the environmental performance of the operations, sharing good practice experiences across the group, strengthening professional support networks and improving communication and awareness of environmental issues within the company.

At an operational level, management of environmental issues and compliance with company policy and government regulations is largely a line function. Line management is, in turn, supported by on-site environmental professionals, who ensure that the company fulfils its obligations to act in an environmentally responsible manner, while at the same time achieving efficient and effective management of its mineral resources.

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The company faces a wide range of environmental challenges, and not purely of an operational nature. At the global level, and particularly in North America, concerns about the environmental impact of mining need to be addressed through responsible mining practices and engagement. Government regulation of the mining industry continues to increase in response to public sentiment in the various jurisdictions. Financial institutions, particularly those that are signatory to the Equator Principles, have, with the recent revision of the International Finance Corporation's Safeguard Policies, strengthened their requirements around loan financing. There are also numerous voluntary international initiatives aimed at addressing issues such as climate change, biodiversity, preventing pollution, securing human rights and ultimately, achieving sustainable development. AngloGold Ashanti is carefully considering these initiatives and formulating company responses including those initiatives in which it chooses to become involved. *(See the Ethics and Governance Section on page 22).*

The nature of the challenges facing the company differs from site to site, and varies through the different stages of the gold production process. In accordance with an ISO14001 requirement, each site has an Aspects Register which defines its main environmental aspects and associated risks. The company's environmental priorities are reflected in the corporate environmental objectives for 2007. Business principle 2: We will comply with all applicable environmental laws, regulations and requirements. While the group's business principles and environmental policy guide the way in which we identify, manage and mitigate the impact that we have on the environment, all operations are naturally subject to the environmental laws, rules and regulations of the various countries in which they operate. Where these laws are not well-developed, or indeed do not exist, our operations are also guided by the company's business principles, environmental policy, environmental guidelines and good practice. The company is committed to assisting governments at both a national and local level in developing legislation that is appropriate and effective. *(See case study: Improvements in environmental incident reporting system in Mali, – www.aga-reports.com/06/incident-reporting.htm).*

The group-wide implementation of ISO14001 carries with it an obligation to maintain a legal register which identifies all the laws, regulations and other obligations with which an operation is expected to comply and requires that this information is readily available to operating staff. From a corporate perspective, this assists in providing assurance that the operations are meeting their obligations.

Cyanide Code

The code is a voluntary industry initiative developed under the auspices of the United Nations Environment Programme (UNEP) and the ICMM to:

- promote responsible management of cyanide used in gold mining;

- enhance the protection of human health; and

- reduce the potential for environmental impacts.

See www.cyanidecode.org for further information

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No fines were recorded during the year in respect of environmental issues as defined by our Board reporting requirements. In addition, a number of environmental licences and permits were granted with none being retracted on the basis of environmental performance.

In Brazil, the legal action filed by the Nova Lima District Attorney against Morro Velho (the forerunner of AngloGold Ashanti Mineração) concerning the health impact of arsenic on communities living close to old tailings deposits continues. The preliminary report confirmed no evidence of contamination of the Nova Lima population being attributable to the old tailings deposits. Three of the six old tailings deposits in question have already been rehabilitated and work continues on the other three. (*See case study: Rehabilitation of old tailings deposits at Nova Lima, Report to Society 2004.*)

Business principle 3: We are committed to establishing and maintaining management systems to identify, monitor and control the environmental aspects of our activities.

and

Business principle 6: We will conduct audits to evaluate the effectiveness of our environmental management systems.

Implementing ISO14001

In March 2005, AngloGold Ashanti's Executive Committee took a decision that all AngloGold Ashanti operating mines (that is, those not in closure mode or due for closure) should, by December 2006, hold certification to the ISO14001 International Environmental Management System standard. By the end of December 2006, AngloGold Ashanti had achieved ISO14001 certification for 19 of its 21 operations, that is, excluding Navachab in Namibia and Yatela in Mali. Navachab mine is expected to be certified by the end of March 2007 and Yatela mine, which was previously scheduled for closure but whose life has now been extended, will seek certification by December 2007.

The ISO14001 certification is a significant advance in the company's environmental management because it assures, both from corporate governance and from a public perspective, that:

.
each operation maintains a legal register which identifies all of the law, regulations and other obligations with which the operation is expected to comply, and that this information is readily available to operating staff;

.
each operation maintains an Aspects Register which identifies the significant environmental aspects of its activities and their associated risks;

.
plans are in place to address these environmental priorities and operational risks;

.
resources and responsibilities have been assigned to managing these plans;

.
objectives and targets have been set and will be regularly monitored; and

.
a system is in place which can be continually improved, to ensure better environmental performance.

AngloGold Ashanti recognises that certification does not necessarily guarantee good operational performance and that the challenge will now be to ensure that the system helps deliver the required on-the-ground results. In addition, the system can be subject to independent assurance for improved corporate governance and other purposes. (*See case study: Implementing ISO14001 at AngloGold Ashanti, page 142.*)

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Implementing the Cyanide Code

AngloGold Ashanti was party to the development of the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold and was one of the first signatories to the code in November 2005. (*See box on page 92*). Companies that are signatories to the code must have their operations audited by an independent third party to demonstrate their compliance with the code.

The International Cyanide Management Institute (ICMI), which will guide and manage the implementation of the code, was formed during the year. AngloGold Ashanti is represented both on the organisation's board and on its Industry Advisory Group.

Environmental risk management and incident reporting

AngloGold Ashanti's environmental professionals participate in incident investigation and risk management processes at a group and operational level. Key environmental risks are identified as part of the company's overall risk profile and are reported accordingly. (*See Annual Report 2006: Risk management on pages 107 to 123*).

AngloGold Ashanti's incident reporting protocol enables the company to identify and to manage the risks and impacts of environmental incidents, as well as their associated costs. Operations provide the appropriate level of information necessary to advise management and the board of the nature and occurrence of important incidents and developments. In line with this protocol, a major environmental incident report must be made within 24 hours to the corporate office. A summary of reportable incidents and major developments within each region is presented at the quarterly Safety, Health and Sustainable Development Board Committee meetings.

An environmental incident is defined as 'an event, action or non-conformance with a procedure that results, or has the potential to result, in an adverse impact on the surrounding environment; or any event, action or occurrence which is contrary to the AngloGold Ashanti business principles'. Major incidents are reported to the Board. A major incident is defined as one which could affect the company's reputation or which results in a cost to the company exceeding \$100,000 including fines, compensation, clean-up, loss of production, anticipated litigation costs, etc.

The number of environmental incidents reported to the board during the year was at a similar level to 2005. The implementation of ISO14001 has led to increased scrutiny and awareness of incidents at an operational level.

What are environmental incidents?

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Environmental incident report 2006

Operation

Date and nature of incident

Action taken

Ghana

Obuasi

Coral Snake rock dump material

Immediate clean-up was

was eroded as result of heavy rain,

undertaken. Final closure

flooding Ahansowodea on 24 April 2006.

design for this facility has been

moved forward.

On 3 October 2006, slurry spillage

A pipe replacement

occurred at Aboagyekrom, a suburb

programme was instituted

in Obuasi, with negative impact on

which includes regular

the environment and affected property.

inspections of pipeline wear.

The communication between

dam operators and the Tailings

Treatment Plant personnel was

improved.

On 20 November 2006 an incident

Regular checks along the

occurred as a result of galamsey

length of pipelines were

(artisanal miners) activities when a

instituted and security around

tailings pipe was deliberately punctured,

tailings facilities strengthened.

causing the contents to spill into the

environment. The spillage affected land,

vegetation and the Nyam River.

Guinea

Siguiri

On 10 August 2006 a CIP tank

The spill was detoxified with

overflowed, resulting in about

hydrogen peroxide and

3,500m

3

of slurry overflowing the

cleaned up. No injuries or

bund and being released to the

faunal fatalities occurred.

surrounding environment.

.

matters which, by law, must be reported to government agencies;

.

matters which, by law, are subject to fines and/or penalties;

.

environmental impacts which are, by their very nature, either extensive or likely to have long-term effects;

.

cyanide-related incidents;

.

tailings dam failures;

.

spillages or leakages with impact beyond the company's designated containment areas – of tailings materials, hydro carbons, acids and other chemicals;

.

emissions beyond permitted levels, for example, atmospheric and effluent releases;

.

dust emissions which may impact on the company's reputation; and

.

wildlife mortalities and land clearing activities which may impact on the company's reputation.

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Environmental incident reporting (continued)

Operation

Date and nature of incident

Action taken

South Africa

TauTona Mine

Three incidents occurred (15 February,

Changes have been made to

16 February and 11 March 2006) on

condenser tubes at all

surface and underground resulting in

refrigeration plants to ensure

the release of 12,300kg of refrigerant

that this does not occur

R134a (a greenhouse gas) after the

again.

failure of condenser tubes.

The 1A refrigerant plant tripped on low

Extensive repairs have been

evaporator pressure resulting in

undertaken.

approximately 1,550kg of R134a

refrigerant being discharged into the

atmosphere.

Mine Services

On 14 November and

Samples of discharged water

(West Wits)

20 December 2006, respectively,

were taken and analysed to

the North Boundary Dam

determine water quality.

overflowed, due to heavy rainfall in

Subsequently, the dam

the catchment area and discharged

operating philosophy was

the water into the Wonderfonteinspruit,

reviewed and opportunities for

via the Blyvooruitzicht Canal.

minimising water levels are

being explored, including

de-silting to restore the full

retention capacity and

pumping of water to an

alternate storage.

Metallurgy

Five incidents occurred (10 and

A R40 million project to

– Vaal River

24 January; and 1, 23 and
increase the capacity of
27 February 2006) when the
storage dams in the area has
Bokkamp Dam, a process water
begun and will be completed
storage and return water dam
in 2008. (*See case study:*
overflowed towards the Vaal River
R40 million dam being
after heavy rainfall.

constructed to avoid
contamination of Vaal River

www.aga-
reports.com/06/Bokkamp.htm).

Ambient air quality monitoring station
Mechanical modifications to
near the East Gold Acid and Flotation
the stripper resulted in drastic
(EGAF) plant recorded sulphur dioxide
reduction in sulphur dioxide
concentration in excess of the SANS
emissions. After the June
daily average guideline in January and
incident, an on-line stack
again in June 2006.

emission monitor was installed
for proactive emissions'
management during future
plant shutdown and startup
operations. (*See case study:*
Tenfold reduction in SO

2
emissions at Vaal River Gold

Acid Plant www.aga-
reports.com/06/SO2-
emissions.htm).

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Environmental incident reporting (continued)

Operation

Date and nature of incident

Action taken

In October 2006 the daily average of

Total plant emissions

SO

2

emissions from the EGAF plant,

have been significantly

as measured by the in-line stack

reduced following the

analyser, exceeded the Registration

re-engineering of the weak

Certificate's stack emission limit of

acid stripper and resultant

40g/s on two occasions, and again

improved SO

2

removal from

on one occasion in December 2006.

calcine water. With these

(The certificate allows for total

improvements, the operation

emissions of 55g/s – 40g/s for stack

achieved the Registration

emissions and 15g/s for fugitive

Certificate's average 24-hour

emissions over a 24 hour period.)

period limit of 55g/s for total

emissions.

On 1 February 2006, AEL and Queen

Control mechanisms were

Mary return process water storage

investigated and have been

dams overflowed towards the Vaal River

implemented.

and Schoonspruit after heavy rainfall

over a period of two weeks.

Ergo

Severe erosion damage, after heavy

Alternative operation

rainfall, to construction works on side

procedures have been

slopes of Daggafontein and Brakpan

implemented to finalise these

tailings facilities on 7 January,

earthworks.

12 February and 20 March 2006.

Excessive dust blew off the Brakpan
The 540mt facility is being
Tailings Storage Facility (TSF) into the
rehabilitated for final closure
neighbouring community because
according to a detailed,
of strong winds (21 May 2006).
approved closure plan.

15 December 2006 – A densitometer
After notifying the police, the
(an instrument used to measure slurry
Department of Health and
densities), was stolen from a radiation
relevant authorities, company
store at the Salvage Yard, Ergo.
representatives visited local
The densitometer contains a
scrap dealers to request their
radioactive source as it uses
assistance in tracing the items
radiation in its measurements and as
and discuss the potential
such, could constitute a health threat
risks of radiation exposure
if not properly disposed of.
from incorrect handling of
the equipment.

Sustainable

A large fire took place in a vacant area

Future timing of annual

Development

adjacent to the Mispah TSF

controlled fire break burning

Operations

threatening the TSF vegetation

programmes have been

on 1 June 2006.

revised.

Mali

Sadiola

A slurry pipeline leak resulted in an

The plant was immediately

area of approximately 20m

2

being

stopped, the spill cleaned up

covered with tailings outside of the

and deposited on the TSF.

tailings facility fence.

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Business principle 4: The company will ensure that financial resources are available to meet its reclamation and environmental obligations.

In line with its business principle and in terms of host country legislation, AngloGold Ashanti provides for rehabilitation and final closure of its operations during the operating life of the mine. (Rehabilitation refers to the process of reclaiming mined land to a pre-determined, post-mining use.) While final closure costs may only be fully determined at the time of closure, as at 31 December 2006 the total estimated liability amounted to \$482.5 million (2005: \$337.7 million). Depending on the laws of the various countries in which it operates, the company may or may not be required to provide assurance that these obligations will be met. The means by which this assurance is provided differs. For example in South Africa, the company maintains a Rehabilitation Trust Fund; in Ghana, a cash deposit is required and in the US, various reclamation bonds and letters of credit used are provided.

At the international level, mine closure planning remains a focal area of the ICMM's work programme. The recently established project on 'integrated mine closure' addresses the integration of social, economic and environmental aspects in the closure process and will seek to develop good practice guidance around these issues. AngloGold Ashanti is participating in this process. The methodologies that are currently employed on the various sites have not been uniform owing to varying jurisdictional requirements and site-specific closure planning practices. Closure plans are usually developed in advance of any mining being undertaken and are considered as part of the economic feasibility of any project. However, for many of AngloGold Ashanti's older operations, closure plans had to be specifically developed. All of our operations now have closure plans which are reviewed and updated on a regular basis to take cognisance of operational conditions and developments, legislative requirements, international protocols and technological developments and advances in good practices. Our auditors have increasingly sought the advice of independent consultants to ensure that we have properly identified our overall liabilities for closure. Over time we intend to develop a more uniform approach to closure planning and accounting and audit all operations for conformance.

Because of international accounting practices and reporting requirements, the manner in which these liabilities have been provided differs from the way in which it was reported in the 2005 report. Long-term environmental closure obligations comprising decommissioning and restoration are based on the group's environmental management plans, in compliance with the current environmental and regulatory requirements. The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced. The provision for restoration represents the cost of restoring site damage after the commencement of production.

Business principle 5: The company will ensure that its employees and contractors are aware of this policy as well as their relevant responsibilities.

Historically, training and awareness has been undertaken by including environmental issues in site-based induction programmes, and regular communication activities such as posters, newsletters, intranet sites, etc. However, ISO14001 requires a much more considered approach. Employees who perform tasks that have the potential to cause a significant environmental impact are required to be competent on the basis of appropriate education, training and/or experience. The operation is required to demonstrate, through the presence of records, that it has identified its significant environmental aspects, and assigned roles and responsibilities in managing these. It also has to show that it has provided the necessary training and awareness, not only to prevent

2006
Rehabilitation
Decommissioning
Total
2005
Region
(\$ million)
(\$ million)
(\$ million)
(\$ million)
Argentina
6.7
9.3
16.0
8.8
Cerro Vanguardia
6.7
9.3
16.0
Australia
63.7
6.7
70.4
32.7
Sunrise Dam
26.6
5.3
Boddington*
37.1
1.4
Brazil
8.6
26.8
35.4
12.5
AngloGold Ashanti Brasil Mineração
7.5
22.6
30.1
Serra Grande
1.1
4.2
5.3
Corporate
2.1
0.0
2.1
-
Corporate
2.1
0.0

2.1
Ghana**
20.4
24.6
45.0
47.1
Iduapriem
4.9
10.1
15.0
Obuasi
13.5
14.5
28.0
Bibiani
0
0
0
Cluff Resources (Ghana)
2.0
0.0
2.0
Guinea
15.1
13.3
28.4
8.5
Siguir
15.1
13.3
Mali
7.00
10.2
17.2
13.4
Morila
2.9
2.3
5.2
Sadiola
2.9
3.0
5.9
Yatela
1.2
4.9
6.1
Namibia
3.0
1.7
4.7

3.0
 Navachab
 3.0
 1.7
 South Africa
 58.5
 96.8
 155.3
 145.3
 Great Nologwa
 2.6
 15.3
 17.9
 Kopanang
 3.1
 18.6 21.7
 Tau Lekoa
 1.2
 6.6
 7.8
 Moab Khotsong
 3.6
 15.7
 19.3
 TauTona
 3.3
 13.7
 17.0
 Savuka
 0.5
 4.9
 5.4
 Mponeng
 2.0
 13.8
 15.8
 Legacy Projects – VR
 9.1
 7.2
 16.3
 Legacy Projects – WW
 1.2
 0.9
 2.1
 Ergo
 31.9
 0.1
 32.0
 Tanzania
 22.5
 34.3

56.8	
44.1	
Geita	
22.5	
34.3	
56.8	
USA	
48.1	
3.0	
51.1	
22.3	
CC&V	
48.1	
3.0	
Total	
255.7	
226.7	
482.4	337.7

* The Boddington operation was re-opened during the year

** The Bibiani mine in Ghana was sold during the year

Decommissioning costs are provided for at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. When this provision gives access to future economic benefits, an asset is recognised and included within mining infrastructure. The unwinding of the decommissioning obligation is included in the income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. Gains from the expected disposal of assets are not taken into account when determining the provision.

Gross restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. Restoration costs (anticipated) are accrued and expensed over the operating life of each mine using the units-of-production method based on estimated proved and probable mineral reserves. Expenditure (actual) on ongoing restoration costs is brought to account when incurred. Increases in the provision are charged to the income statement as a cost of production.

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Rehabilitation and decommissioning liabilities

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incidents, but to illustrate the benefits of improved personal performance. Contractors are generally required to undergo site-specific induction and refresher training. In line with the company's implementation of ISO14001, a far more comprehensive approach to training has thus been developed at an operational level.

Business principle 7: We are committed to communicating and consulting with interested and affected parties on environmental aspects of our activities and to making this policy available to the public.

C y a n i d e C o d e

The code is a voluntary industry initiative developed under the auspices of the United Nations Environment Programme (UNEP) and the International Council of Mining and Metals (ICMM) to:

.
promote responsible management of cyanide used in gold mining;

.
enhance the protection of human health; and

.
reduce the potential for environmental impacts.

See www.cyanidecode.org for further information

Cyanide Workshop steers and supports Code implementation at AngloGold Ashanti

In November 2006, AngloGold Ashanti hosted a Cyanide Workshop which was attended by cyanide code champions (senior metallurgists) and other staff from across the world. Also in attendance were prominent industry representatives including cyanide auditors, producers, suppliers and an ICMI Board member. The purpose of the meeting was to review progress in implementing the code, confirm the schedule for certification of the company's operations and deliberate technical difficulties associated with compliance. The meeting was addressed by senior executives of the company, including the CEO, indicating the commitment by the company to comply with the Code.

Examples of the issues and challenges discussed include:

.
results of research undertaken by Australian Centre for Mineral Extension and Research (ACMER) (*See Report to Society 2005*) in Australia and Mali with regards to the protection of wildlife around tailings dams;

.
difficulties associated with cyanide monitoring in a hyper-saline environment;

.
the availability of independent ICMI auditors;

.
problems associated with the formation of ponds on heap leach areas;

.
the transport of cyanide and certification of transport companies;

.
plans to reduce residue weak acid dissociable (WAD) cyanide to below 50 ppm;

.
mine closure planning and the requirements of the code in this respect; and

.
community consultation, emergency response planning and procedures.

AngloGold Ashanti's anticipated cyanide code certification schedule is shown alongside.

Feedback from the delegates during and at the end of the workshop was positive. In particular, the regional cyanide champions were afforded an opportunity to establish networks and contacts within the group, with suppliers, auditors and the ICMI. Importantly the cyanide champions were

able to benchmark their regions against the other regions within the company and identify innovations to take back and implement at their own operations.

Mine

Audit date/Proposed
cyanide code audit
date

July 2007 Australia – Sunrise

Dam

Q1, 2007

South Africa –

Mponeng, Savuka,

Kopanang, Great

Noligwa, East Gold

Plant

US – CC&V

Q3, 2007

Brazil – Queiroz Plant,

Corrego do Sitio,

Serra Grande

Argentina – Cerro

Vanguardia

Q4, 2007

Mali – Sadiola, Yatela,

Morila

Q1, 2008

Tanzania – Geita

Namibia – Navachab

Q3, 2008

Ghana – Iduapriem

Guinea – Siguir

Q4, 2008

Ghana – Obuasi

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Communication and consultation with interested and affected parties is an integral part of the way in which we do business. This process is frequently mandated by local legislation. *AngloGold Ashanti's approach is documented largely in the community section of this report on page 102.*

In respect of environmental issues specifically, much communication is carried out through official regulatory channels, supported by participation in a variety of local and regional forums. Apart from involvement in bodies such as the Chamber of Mines of South Africa, the Minerals Council of Australia and the National Mining Association in the United States, a number of our operations – particularly in Africa – have initiated annual stakeholder forums which provide an opportunity for communities to raise issues of concern and promote ongoing dialogue.

Business principle 8: We will work to continually improve our environmental performance and prevent pollution from our operations.

Key indicators of environmental performance for AngloGold Ashanti are:

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

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

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

These and other issues have been considered by the Board Sub-committee, as well as executive and operational management.

Cyanide

The use of cyanide is a key component of the gold recovery process. While AngloGold Ashanti is aware of the possible negative impacts of cyanide, the company believes that responsible use is an important component in achieving the viability of orebodies and in sustaining gold mining operations. (*See section on Implementing the cyanide code on pages 87 and 96*).

While it may be argued that the more cyanide is used, the greater the risk of environmental harm, this is overly simplistic. The efficiency with which cyanide is used, measured against ounces of gold produced, is also an imperfect measure as different ore types require varying concentrations of cyanide for optimal recovery. Nonetheless, this information is provided in the table overleaf.

Total cyanide use decreased by 8.8% in 2006 to 28,319,714kg (2005: 31,059,555kg; 2004: 32,211,096kg).

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Cyanide usage

Operation

*Efficiency cyanide usage

Usage (kg)

per ounce of production (kg/oz)

2006

2005

2006

2005

Argentina

Cerro Vanguardia

533,333

560,000

2.30

2.46

Australia

Sunrise Dam

1,720,074

1,671,651

3.70

3.67

Brazil

AngloGold Ashanti

1

377,000

1,071,000

1.56

4.28

Mineraçao

Serra Grande

280,000

288,500

1.44

1.50

Ghana

Obuasi

4,924,014

4,047,000

12.72

10.35

Iduapriem

1,128,000

1,378,000

5.75

6.72

Guinea

Siguiri

2

1,461,000	
3,354,000	
4.85	
11.61	
Mali	
Morila	
2,324,000	
2,082,000	
4.49	
3.18	
Sadiola	
3	
2,848,800	
5,369,000	
5.70	
12.15	
Yatela	
964,000	
846,000	
2.73	
3.45	
Namibia	
Navachab	908,000
814,441	
10.56	
10.05	
South Africa	
West Wits	
1,477,355	
1,311,609	
1.27	
1.15	
Vaal River	
3,845,447	
3,773,248	
2.76	
2.46	
Tanzania	
Geita	2,965,870
2,497,400	
9.63	
4.07	
USA	
CC&V	2,562,821
1,995,806	
9.06	
6.05	
Group	
28,319,714	
31,059,555	
4.26	

4.33

(1)

Reduction in consumption was the result of changeover from ultra-fine milling process to sulphide roasting process for sulphide gold recovery.

(2)

Reduction in consumption is attributed to changeover from heap leaching gold processing to CIL and a change in pH control philosophy.

(3)

Reduction in consumption attributed to a significant decrease in the ratio of sulphide ore processed.

* Based on 100% of production.

AngloGold Ashanti focuses much attention on preventing pollution by managing the concentration of residual cyanide in waste streams. Compliance with the Cyanide Code provides a comprehensive assurance of good management and acceptable mitigation of risk.

Efficient use of resources, including water and energy

The mining industry by its very nature is a significant user of natural resources and commodities and the consumption of fuel, electricity and water can significantly affect the total cost of mining. AngloGold Ashanti has plans in place to improve the efficient use of resources and our over-arching philosophy is that this optimisation is best managed at site level where staff understand the requirements of the

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operation and can identify needs and reduce wastage. Thus, environmental targets are also established by the individual mines to reflect the priorities and risks unique to each operating unit. Owing to variations in site conditions, as well as mining and treatment processes, resource use efficiencies differ greatly between operations and it is therefore difficult to establish any meaningful company-wide benchmarks.

Water management

Water management and the prevention of pollution (particularly groundwater seepage) remain key concerns across all operations, although the issues are very region specific (for example, issues in high rainfall areas are very different to those in arid areas). There are two main themes in water management: water consumption and water quality (which includes issues such as acid rock drainage and discharges from tailings dams).

Some of the most significant water management issues within the company are:

In South Africa, apart from improving and maintaining compliance with water permit conditions, water quality improvements are being driven by the impending Waste Discharge Charge System (WDCS). The WDCS is a pricing strategy designed by the Department of Water and Forestry to improve national water use efficiencies and financially penalise the dischargers of poor-quality water. A number of water quality management challenges are being addressed by AngloGold Ashanti's South African operations, perhaps the most significant of which is the separation of clean and dirty water catchments on our older sites, some which date back almost 50 years. This often entails a macro scale redesign of drainage infrastructure that was built when water quality requirements were lax when compared to today's stringent standards (*See case study: R40 million dam being constructed to avoid contamination of Vaal River – www.aga-reports.com/06/TSF-upgrade.htm*). A second but equally important water quality challenge is the management of groundwater seepage from tailings facilities, where short and long-term engineered solutions, including phytoremediation, are being investigated. (*See case study – Report to Society 2004*).

Recent media attention has focused on the state of the Wonderfonteinspruit, which flows from the north of AngloGold Ashanti's West Wits operations, towards Potchefstroom. The issue is contamination of the water resource, with specific focus on radioactive sediment which has been deposited in the watercourse over an extended period of time by a number of mining companies, including abandoned and closed mines. Naturally-occurring rock in this region contains uranium and other radioactive isotopes. The catchment area includes the workings of a number of mining companies, all with waste rock dumps, tailings dam and associated plant infrastructure. The extent of damage to the stream has yet to be properly quantified, and a number of mining companies – including AngloGold Ashanti – have agreed to form and participate in an action group to address the various issues raised by the community and others. AngloGold Ashanti has in recent years reduced the amount of overflow from the North Boundary Dam during periods of high rainfall into the Wonderfonteinspruit and has – over the past seven years – spent around R7 million on a stormwater separation system to do this. This system includes the construction of a stormwater channel which diverts rainwater falling in the nearby West Wits Village and allowing it to flow directly to the Wonderfonteinspruit. A further project, currently in progress, will increase the process water storage capacity by using the thickener tanks at a redundant West Wits process plant.

At Obuasi, water-related issues were identified as highly significant in the strategic review of the operation completed towards the end of 2005. Management of discharges from the tailings dams and stormwater control around the plants will be among the most important

elements in the implementation of the environmental management system. *(See case study:*

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Social and environmental legacies at Obuasi on page 128).

.
In Brazil, water quality monitoring results show that the clean-up of old arsenic bearing tailings materials – an ongoing project – has resulted in a significant improvement in riverine water quality. *(See case study: Report to Society 2005).*

.
In Colorado, proposed legislative changes will significantly restrict water quality requirements which may result in the need to introduce water treatment process plants and with it, an increase in associated mining costs.

Total fresh water usage at AngloGold Ashanti operations in 2006 amounted to 79,653,998m³. (2005: 81,805,608m³ ; 2004: 90,363,232m³).

AngloGold Ashanti has, as a member of the ICMM, committed to the ICMM's position on climate change. This position states that ICMM members:

.
Recognise the significance of climate change as a global issue, requiring a global response;

.
Have made progress in improving energy efficiency at their operations to reduce greenhouse gas (GHG) emissions;

.
Recognise scientific evidence which shows that to protect the global climate system, sustained reductions in GHG are necessary.

.
Recognise the need for clean, reliable and affordable energy for sustainable development, particularly for economic development and improving social welfare in developing countries;

.
Will:

– Continue to meet or exceed government standards;

–
Monitor and report GHG emissions consistent with international standards and through the Global Reporting Initiative (GRI);

– Reduce GHG emissions as measured in absolute terms or per unit of production or through improved energy efficiency.

AngloGold Ashanti has appointed an in-house working group to consider climate change taking into consideration the moral/environmental, economic, political, reputational and practical considerations of this issue.

The issue was also debated at the 2006 Environmental Workshop and we are looking to the

development of a way forward for, firstly, collection of GHG emissions data and then, secondly, a plan of action to reduce GHG emissions.

Climate change

AngloGold Ashanti

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The following table reports on the efficiency of fresh water usage by AngloGold Ashanti in 2006:

Fresh water usage

Operation

*Efficiency – water usage

Usage (m

3

) per annum

per ounce of production

(m

3

/oz)

2006	2005
------	------

2006	
------	--

2005	
------	--

Argentina

Cerro Vanguardia

939,647

4

964,307

4.05

4.23

Australia

Sunrise Dam

2,254,970

5

2,319,654

4.85

5.10

Brazil

AngloGold Ashanti

3,371,455

3,827,904

13.93

15.31

Mineraçao

Serra Grande

367,920

388,944

1.90

2.03

Ghana

Obuasi

13,620,000

15,670,000

35.19

40.08

Iduapriem

6

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100,000	
100,000	
0.51	
0.49	
Guinea	
Siguiri	2,939,059
3,717,191	
9.76	
12.86	
Mali	
Morila	
2,240,689	
2,236,373	
4.33	
3.41	
Sadiola	
8,508,907	
6,543,000	
17.02	
14.80	
Yatela	
12,894,880	
12,079,736	
36.53	
49.30	
Namibia	
Navachab	938,000
1,031,554	
10.91	
12.74	
South Africa	
West Wits	
8,530,177	
8,200,289	
7.36	
7.19	
Vaal River	
18,567,997	
18,884,489	
13.32	
12.30	
Tanzania	
Geita	2,348,666
4,268,816	
7.63	
6.96	
USA	
CC&V	2,031,631
1,573,411	
7.18	
4.77	

Group

79,653,998

81,805,668

11.97

11.42

(4)

Correction to previously published 2005 data, where a number of recycle streams were included.

(5)

Correction to previously published 2005 data, where CTD recycled water was included.

(6)

Estimate of annual groundwater abstraction, nil abstraction from other sources.

* Based on 100% of production

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Energy management

AngloGold Ashanti's mining activities require significant amounts of energy, which is drawn from a variety of sources, but which are predominantly fossil-fuel generated. Given both the cost, and greenhouse gas emissions, it is in the company's best interests to both minimise and ensure the most efficient use of energy that is used.

AngloGold Ashanti has been monitoring the debate around the renewable energy market, including the use and trading of renewable energy certificates. The company does not envisage conventional energy sources being wholly replaced with renewable energy sources, it is involved in the generation of some of its own renewable energy. These renewable energy options include down-shaft generators in the deep South African mines (*See Report to Society 2005*) and hydro-electric facilities in Brazil. (*See case study: Hydro-electric power generation in Brazil – www.aga-reports.com/06/hydro-electric.htm*).

Alternative energy sources explored in 2006 include the use of wind power generation, as well as the conversion of the powerhouse to LNG at Sunrise Dam in Australia (*See case study: Wind power at Sunrise Dam – www.aga-reports.com/06/SDGM-windpower.htm*). Some wind-powered options have also been investigated at CC&V in Colorado. On an experimental basis, the company is also investigating the possible use of biodiesel fuels as alternatives to conventional petroleum sources. AngloGold Ashanti's total energy consumption from all sources was 29,798,654GJ in 2006. (2005: 28,210,286GJ and 2004: 31,203,528GJ.)

Efforts to control dust emissions from the Vaal River sulphur paydam, which is being reclaimed to recover pyrite and gold, have been subject to further scrutiny during 2006. (*See case study in Report to Society 2005: Dust management at Vaal River.*)

The binding agent ligno-sulphonate, which was sprayed on the surface of the dam during 2005, was found to be ineffective during the rainy season because it is water-soluble. Further research was carried out during 2006 on a number of alternative dust suppressants, the most effective of which was determined to be ridge ploughing. Instead of using ligno-sulphonate which dissolved in the heavy rains, contour ridge ploughing is now being used to create ridged mounds on the flat surface of the dam, thereby also making it less susceptible to wind disturbance.

In respect of dust suppression on the paydam's road surfaces, trials were carried out during 2006 on the use of waste ash from the boilers at the South Uranium Plant. The study revealed that the ash becomes hard when water is applied to its surface, making it an ideal road cladding substance. Following analysis, it has subsequently been approved by the Nuclear Energy Corporation of South Africa (NECSA) and accredited laboratories as an environmentally safe dust suppression agent. Ash has already been deposited at the sulphur paydam, ready for application in 2007.

With regards to monitoring, single dust buckets to monitor emissions have been increased from 17 to 23 and two more wind directional buckets (to ascertain from which direction the dust emanates), have been installed, bringing their total to six. These monitoring mechanisms will be key in determining the dust contribution from mines to the north and east of the paydam – although the extent of this can only be confirmed after monitoring over an entire seasonal cycle has been completed.

Dust management at
Vaal River Sulphur Paydam

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The following table reports on the efficiency of energy usage by AngloGold Ashanti:

Total energy usage

Operation

Energy

*Efficiency – energy usage

usage (GJ)

per ounce of production

(oz)

2006

2005

2006

2005

Argentina

Cerro Vanguardia

208,599

215,718

0.90

0.95

Australia

Sunrise Dam

2,275,396

2,149,981

4.89

4.73

Brazil

AngloGold Ashanti

499,693

501,401

2.06

2.01

Mineraçao

Serra Grande

221,004

205,903

1.14

1.07

Ghana

Obuasi

1,945,707

1,891,882

5.03

4.84

Iduapriem

286,007

354,783

1.46

1.73

Guinea

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Siguiri	1,959,489
7	
1,995,135	
6.51	
6.90	
Mali	
Morila	
2,382,446	
2,494,728	
4.60	
3.81	
Sadiola	
1,014,217	
887,232	
4.14	
2.01	
Yatela	
8	
1,303,928	
449,771	
3.69	
1.84	
Namibia	
Navachab	235,961
183,284	
2.74	
2.26	
South Africa	
West Wits	
6,203,944	
6,322,597	
5.35	
5.55	
Vaal River	
7,424,668	
7,329,634	
5.33	
4.78	
Tanzania	
Geita	2,538,335
1,899,936	
8.24	
3.10	
USA	
CC&V	
9	
1,299,258	
1,328,301	
4.59	
4.03	
Group	

29,798,654

28,210,286

4.48

3.94

* Based on 100% of production.

* Includes non-product uses on site such as mine accommodation and laboratories, but excludes Ergo, corporate offices and exploration activities.

(7)

Correction to previously published 2005 data, where fuel used for mobile equipment was excluded.

(8)

Increase on 2005 attributed to pit deepening and expansion activities.

(9)

Includes energy derived from secondary use of spent oils that were burnt for heating.

Greenhouse gas emissions and global warming

Climate change has become an increasingly contentious issue globally. A position has been rigorously debated within the ICMC and by virtue of its membership, AngloGold Ashanti is party to and supportive of this position. (*See page 96*). The issue continues to be discussed at the highest levels within the company, while at the same time operations are seeking to improve energy efficiencies to curb our contribution to carbon emissions. The company has also participated in discussions around the development of the carbon market and is considering ways in which it could meaningfully participate.

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Biodiversity

The threat to biodiversity as a result of habitat destruction and other human related causes has been a high profile international environmental issue for many years. Through the ICMM we have been engaged in a formal dialogue with the IUCN (World Conservation Union). A significant output from this dialogue has been the recent publication of 'Good Practice Guidance for Mining and Biodiversity'. The best practice guidance is designed to integrate biodiversity considerations through all stages of the mining lifecycle, from exploration, through environmental impact assessments (EIAs), to operations and eventually rehabilitation and closure. To date, most of our corporate efforts have been focused on the development of this material in a practical form.

Biodiversity has not been a priority issue for our operations although potentially this could directly affect our future access to land and to capital. The global conservation estate has now grown to cover some 13% of the world's land surface and 0.5% of the world's oceans; much of this in remote wilderness areas which are of direct interest to minerals exploration.

Since its inception, the ICMM has been pursuing a course of open and constructive dialogue with the IUCN. After consultation with its membership, and as a demonstration of good faith immediately prior to the World Parks Congress (in September 2003), the ICMM made a public statement acknowledging that there may be special areas within the world that may be considered 'off limits' to mineral development included a commitment not to mine or explore in existing World Heritage Sites. In June 2005, our exploration staff completed an exercise comparing our current exploration and mining leases with the UNEP_WCMC's (World Conservation Monitoring Centre) database of protected areas. A number of areas of overlap were identified.

There are no overlaps between our exploration projects and existing World Heritage Sites, but the Asacha joint venture project in Kamchatka, Russia borders on a World Heritage Site. There are also some overlaps with IUCN listed protected areas, particularly in Colombia and Tanzania. In Ghana, the issue of mining in protected forest reserves remains a sensitive issue. In Brazil, the status of the Atlantic Forest ecosystems, where the majority of our South American mines are located, continues to be a significant concern. In 2006, 34 hectares of Atlantic Forest were affected by mining activities, including those of the Cuiabá Expansion project for the establishment of a new tailings storage dam. This land clearing process was compensated by the creation of a natural reserve (RPPN – Private Natural Forest Reserve) totalling 729 hectares on Cuiabá mine property. The area consists of Atlantic Forest in an excellent state of preservation. This supplements the companies' existing contributions to areas such as the Mata Samuel de Paula reserve at Nova Lima (*see case study: Preserving natural forests – Mata Samuel de Paula reserve at Nova Lima*). In the USA and Australian operations, our focus has been assessing the possible occurrence of rare and endangered species on our mining leases.

In the course of the ICMM – IUCN dialogue, the mining industry has been working to improve its relationship with the international conservation community, seeking to reduce the number of land disputes and demonstrating that it is capable of carrying out its business in a responsible manner and contribute positively to the conservation of the world's biodiversity. The 'Good Practice Guidance for Mining and Biodiversity' details how this is possible. While AngloGold Ashanti has done some work in the area, it acknowledges that still more needs to be done and will – during

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2007 – be seeking to work, in partnership with respected conservation organisations, on a strategy to help us roll out further programmes at our operations. The emphasis of these efforts needs to lie at the local operational level where tangible results can be achieved.

Business principle 9: The company will participate in debate on environmental matters at international, national and local levels.

AngloGold Ashanti is committed to participating in the debate on environmental matters at an international, national and local level. The group actively participates in the ICMM and the Global Reporting Initiative (GRI) of which it is an organisational stakeholder. *(See the section on Ethics and Governance on page 20 for further information.)*

Andrew Mackenzie is the company's representative on the Environmental Stewardship and Biodiversity Working Group of the ICMM. The environmental stewardship work programme is aimed at enhancing the industry's environmental performance. Because of the nature of the mining and minerals industry, much of its work is carried out in parts of the world which boast rich natural resources and are often environmentally sensitive. We have a duty of care to ensure our industry behaves in a sustainable way, to ensure we continue to reap the benefits of the earth's wealth without damaging its sensitive ecosystems. Alongside this aim is the need to work effectively with governments and local communities in order to make sure that environmental criteria do not restrict future access to mineral and metals wealth. In line with the Sustainable Development Framework, ICMM's members are obliged to contribute to the conservation of biodiversity and integrated approaches to land use planning as well as respect legally designated protected areas. The taskforce is currently working on projects in the following areas:

.
biodiversity good practice and offsets;

.
integrated mine closure planning;

.
financial assurance;

.
land use planning;

.
IFC/World Bank Environment, Health and Safety Guidelines; and

.
IUCN protected areas system review.

5. Case studies

Sunrise Dam invests in wind power

This case study details the implementation of a wind-powered pump at Sunrise Dam, the effects it has had on the operation and the future possibilities and relevance for this method of power in the surrounding areas. *(See www.aga-reports.com/06/SDGM-windpower.htm).*

LNG-fuelled power generation at Sunrise Dam

This case study reviews the transition of Sunrise Dam's reliance on diesel-powered electricity to LNG as a cost-effective and environmentally-friendly alternative. *(See www.aga-reports.com/06/LNG-SDGM.htm).*

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R40 million dam being constructed to avoid contamination of Vaal River

Remedial action is under way to contain spillages from the Bokkamp Dam, a return water dam that receives water from the West Complex tailings storage facility at the Vaal River operations in South Africa. Much of the spillage flows into the Vaal River resulting in a breach of environmental legislation. A new storm water containment dam is now in the process of construction in order to accommodate excess water from the Bokkamp Dam. (See www.aga-reports.com/06/Bokkamp/htm).

Tenfold reduction in SO

2

emissions at Vaal River Gold Acid Plant

Sulphur dioxide (SO

2

) emissions have been substantially reduced at Vaal River's East Gold Acid Flotation (EGAF) plant, which produces sulphuric acid for the uranium leach process. This has been achieved mainly through improved efficiencies of the weak acid SO

2

stripper tower, coupled with stricter control of plant emissions by way of a permanent stack monitor and a rigorous internal management procedure. The reduced emissions resulted in the awarding of a permanent registration certificate from the North West Chief Pollution Officer in 2006. (See www.aga-reports.com/06/SO2-emission.htm).

Biodiversity assessment in SA

AngloGold Ashanti's biodiversity assessment, which started in 2005 with a desktop study, entered its second phase in 2006 when the data collected the previous year underwent a verification process. Expert teams made field trips in and around the Vaal River and West Wits operations to identify fauna and flora species at the various biodiversity management units, with a view to implementing a more rigorous management and monitoring programme. (See www.aga-reports.com/06/biodiversity.htm).

Improvements in environmental incident reporting system in Mali

A more streamlined environmental incident reporting system has been established at AngloGold Ashanti's Sadiola and Yatela mining operations in Mali, in collaboration with the company's joint venture partners. Following a meeting between the environmental departments of both operations and other key stakeholders, a blueprint for a more cost and time efficient environmental incident reporting system was agreed on. (See www.aga-reports.com/06/incident-reporting.htm).

CC&V receives State of Colorado recognition

The State of Colorado's Department of Public Health and Environment recently recognised CC&V's accomplishment in protecting the environment with a Bronze Achiever award in its Environmental Leadership Programme. (See www.aga-reports.com/06/CC&V-award.htm).

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CC&V Gold Mining Company evaluates wind power

Cripple Creek & Victor Gold Mining Company's Cresson Mine, situated in the State of Colorado, United States of America, is currently investigating various forms of alternative energy including biodiesel and wind power.

(See www.aga-reports.com/06/CC&V-windpower.htm).

The use of hydro-electric power in Brazil

Hydro-electric power, widely accepted as environmentally friendly because of its lack of emissions of greenhouse gases and other pollutants, has been in use at AngloGold Ashanti's Brazilian operations since 1900. The three dams which provide the water for the system also offer an attractive environment for a range of sporting activities for the local community. (See www.aga-reports.com/06/hydro-electric.htm).

6. Objectives

The following objectives have been set for 2007:

- .
- To complete certification of all outstanding operations to the ISO14001 standard, and to extend the ISO14001 certification requirement to exploration activities so that these are certified by the end of December 2007.
- .
- To continue the development and implementation of a series of environmental guidelines to direct and improve the company's environmental performance.
- .
- To test, in association with appropriate external organisations, the use of the ICMM's Good Practice Guidelines in promoting the management of biodiversity-related issues within the company from exploration, through operation to closure.
- .
- To improve mine closure planning practices, through a review of current processes, comparison with international good practice and development of an appropriate guideline.
- .
- To continue to improve environmental data-gathering systems, and to produce this data in such a way as to allow meaningful comparison across the company's operations, and facilitate the setting of targets, corrective management action and reporting of environmental performance across the company.
- .
- To extend the use of geographical information systems (GIS) across the African region as a way in which to support the improvement of environmental performance.
- .
- To develop a system that will recognise and reward environmental performance within the organisation.

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Better off because we were there

– community

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2. Living our values

One of our values relates to the communities in which we do business, namely:

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

Our business principles, 'AngloGold Ashanti and the community', guide the way we do business and enable us to live our values.

Increasing local economic
development in host communities

Compliance with the South African Mining
Charter, particularly with regard to relationships
with host communities and labour-sending areas

Ongoing development and implementation
of community and social development
management system

Engaging with communities and
interested parties and jointly
resolving legacy issues where
this is required

Managing relationships and
the impacts of artisanal and
small-scale mining, including
human rights considerations

2006/2007

Managing compensation issues
and potential resettlement

1. Key issues

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AngloGold Ashanti and the community

1.
AngloGold Ashanti's aim is to have a positive impact on the people, cultures and communities in which it operates. Accordingly, AngloGold Ashanti will be respectful of local and indigenous people, their values, traditions, culture and the environment.
2.
We will strive to ensure that surrounding communities are informed timeously of, and where possible, are involved in developments which affect them, throughout the lifecycle of our operations.
3.
We will undertake social investment initiatives in the areas of need where we can make a practical and meaningful contribution. In particular, we will contribute to those areas of education and health care which are relevant to our business activities, and those most likely to be sustainable once our operations have come to a conclusion in that community.
4.
The company will encourage its employees to make themselves available for participatory and leadership roles in the community.
5.
We will seek to acquire and use land in a way which promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, we will abide by appropriate guidelines for resettlement, where they exist, and in any event will work with the local communities to develop workable plans for any resettlement which may be necessary.
6.
We will strive to contribute to the sustainable economic development of host communities through procurement activities; the contribution of redundant assets to the community; assistance in the establishment and growth of small- to medium-sized sustainable enterprises; and the outsourcing of goods and services from local vendors where appropriate.

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3. Our scorecard

In our Report to Society 2005, we set a number of objectives that we wanted to achieve in 2006 and we report on these in our scorecard below.

Objectives 2006

Performance 2006

Further refinement of social and community

A web-based management system has development performance. A community been rolled out to all operations via a and social development management series of workshops, operational visits system is being rolled out across the global and meetings with key staff. The system operations and it is anticipated that it will take currently comprises a Stakeholder a further 18 months to two years to Engagement and Integrated implement fully.

Development Action Plan.

Development of a common auditable base

A key component of the management for reporting. It is the intention that social system is its common auditable base. investment spending will be assured for 2006.

Audit protocols have been developed for the two core modules of stakeholder engagement and integrated development planning. Social investment spending for 2006 has been assured.

Addressing issues arising from small-scale

An external baseline study of artisanal and artisanal mining, including human and small-scale mining, including human rights concerns.

rights concerns, was undertaken in the Democratic Republic of Congo (DRC). A similar review is also under way in Ghana and Guinea. The company is seeking to work with governments, other companies and interested parties in promoting a regulatory environment which allows for the orderly development and control of artisanal and small-scale mining in ways which complement large scale commercial mining. See case study on page 124.

Increased emphasis on economic development

The Management System's Integrated

activities, including setting of targets.
Development Planning module
specifically emphasises local economic
development parameters. The local
procurement programmes in place in
South Africa are being extended to
Ghana in particular.

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4. Review 2006

Management and governance

Community-related matters are addressed at board level, under the auspices of the Safety, Health and Sustainable Development Committee which has within its remit the evaluation of social, economic, environmental and health impacts of the company's operations on local communities.

The committee comprises four non-executive directors – Bill Nairn (chairman), James Motlatsi and Simon Thompson – as well as two executive directors, Bobby Godsell (CEO) and Neville Nicolau (COO Africa).

AngloGold Ashanti is committed to engaging with non-governmental organisations (NGOs) and other stakeholders on issues of mutual concern. A number of meetings have been held with NGOs during the year and, where appropriate, joint monitoring and investigation processes are being put in place to deal with both legacy issues and ongoing stakeholder concerns at Obuasi and in the DRC.

AngloGold Ashanti has developed a Human Rights policy which it has asked several external parties to comment on prior to approval by its executive committee. It is expected that this policy will be implemented in a phased approach by the end of 2007. In addition, the company has applied to become a signatory to the Voluntary Principles on Security and Human Rights. (*See Ethics and governance section on page 26*)

The discussion that follows reports on the company's community-related performance in line with the company's business principles (in orange below).

AngloGold Ashanti and the community

Business principle 1: AngloGold Ashanti's aim is to have a positive impact on the people, cultures and communities in which it operates. Accordingly, AngloGold Ashanti will be respectful of local and indigenous people, their values, traditions, culture and the environment.

As exploration and mining activities frequently occur in areas that are remote or regions where there is very little other economic activity, their relative impact is often heightened. The potential impact of exploration and mining activities needs therefore to be considered at the exploration stage, before any activities begin, right through the operations' operating lives, to eventual closure and thereafter. A range of potential impacts and mitigating measures are identified during the environmental and social impact assessment, and mitigating measures are then incorporated into the Environmental Management Plans (EMPs) over operations' life of mine. These are discussed further in the Environmental section of this document on page 78.

In addition to the guidance provided by the company's values and business principles, the group's relationships with communities are often guided by operation or region-specific community policies where they exist. To inform and complement these, a company-wide management system, comprising guidance notes and toolkits are being developed and rolled out.

The South African socio-political landscape is governed by a range of legislation; the most important to the mining sector being the Mineral and Petroleum Resources Development Act (MPRDA) which requires that all mining operations submit and adhere to a Social and Labour Plan as a prerequisite to the granting of new order mining rights and report their compliance with the MPRDA in accordance with the Mining Charter. In addition to specific human resources-related

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COMMUNITY

issues, the Charter requires mining companies to engage with local communities in which the company's operations are situated and from which it draws its workforce. AngloGold Ashanti was granted these conversions in respect of all of its operations in August 2005 and will report on its compliance with the Mining Charter in 2007. This report may be accessed at

www.anglogoldashanti.com

Artisanal and small-scale mining remains a significant challenge for the company. Currently baseline audits and action plans are being put in place at all mines and exploration sites where this is a material issue and interventions are most advanced at Geita in Tanzania. Other sites that are materially affected are Obuasi, Siguiri and exploration areas in the DRC and Colombia. (*See case study on page 124*).

AngloGold Ashanti is mindful that there are specific considerations that need to be taken into account regarding out interaction with indigenous peoples. The company is also involved in this dialogue via the International Council on Mining and Metals and supports the Council's draft position statement on indigenous peoples (www.icmm/news/1054Drafthighlevelpositionstatement-FINAL.pdf)

Business principle 2: We will strive to ensure that surrounding communities are informed timeously of, and where possible, are involved in developments which affect them, throughout the life cycle of our operations.

The necessity for, and the process of, informing communities timeously of any developments, and maintaining their involvement throughout the operational life cycle, are enshrined in the law of many of the countries in which the group operates. This communication becomes especially important as operations, or portions of operations either gear up to full production or approach the end of their economic lives. These processes have now been formalised with the rollout of the Stakeholder Engagement Action Plan guidance note and accompanying resources and tools.

An example of this is the public consultation and disclosure programme developed at Sadiola and Yatela in accordance with IFC guidelines, which is being implemented to good effect. (*See case study in the Report to Society 2004, page 124*).

Business principle 3: We will undertake social investment initiatives in the areas of need where we can make a practical and meaningful contribution. In particular, we will contribute to those areas of education and health care which are relevant to our business activities, and those most likely to be sustainable once our operations have come to a conclusion in that community.

The group spent \$7.75 million on corporate social investment in 2006 (2005: \$8.19). Corporate social investment expenditure is defined as the voluntary investment of funds in the broader community, through programmes, which span a range of development and maintenance activities seeking to complement the work of government, non-government (NGOs) and community-based organisations (CBOs), where the target beneficiaries are external to the company. Corporate social investment specifically excludes those activities which the company is legally obliged to undertake or where the purpose is primarily commercial, for example marketing, employee benefits or marketing activities.

The vehicles for corporate social investment differ from region to region, and operation to operation, and are in line with the specific needs indicated by communities, for example, the AngloGold Ashanti Fund in South Africa (where most of the company's employees are based). *See*

Corporate social investment
expenditure on an attributable
production basis (\$000)

2006 2005

Argentina

234

267

Cerro Vanguardia (92.5%)
234
267
Brazil
1,321
754
Serra Grande
629
137
AngloGold Ashanti Brasil
Mineraça
~
o
692
617
Australia
249
88
Sunrise Dam
249
88
Ghana
716
721
Iduapriem (85%)
432
358
Obuasi
128 266
Bibiani
156
97
Guinea
308
552
Siguirí (85%)
308
552
Mali
249
335
Morila (40%)
39
97
Sadiola (38%) and
Yatela (40%)
210
238
Namibia
787
470

Navachab	
787	
470	
South Africa	
3,132	4,150
Ashanti Fund	
3,025	3,963
and other corporate	
donations	
South Africa operations	
107	
187	
Tanzania	
478	
680	
Geita	
478	
680	
USA	
190	
172	
CC&V	
190	
172	
DRC	
84	
—	
Exploration	
84	
—	
Total:	
7,748	8,189

*The figure for Siguiri includes the amount paid to the Prefectural Council for the development of Siguiri as part of a legally binding 0.4% revenue agreement.

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case study on the AngloGold Ashanti Fund www.aga-reports.com/06/AGA-Fund.htm. These processes have now been formalised with the rollout of the Integrated Development Action Plan guidance note and accompanying resources and tools.

The AngloGold Ashanti Fund and Trust were managed by Tshikululu Social Investments, a specialist corporate donor support agency, for over eight years up until the end of December 2006. As a result of changes to AngloGold Ashanti's corporate social investment strategy and its focus, it has been agreed between the company and TSI that, in future, it will be optimal for AngloGold Ashanti to manage its own CSI delivery. Great care has been taken in planning the handover to limit disruption to historic and potential beneficiaries of the AngloGold Ashanti Fund and Trust.

Business principle 4: The company will encourage its employees to make themselves available for participatory and leadership roles in the community.

The following operation and country-specific programmes are in place:

.
A long-standing volunteer programme exists at CC&V in the United States, where employees are encouraged to be involved in the community through volunteer service. Employees are rewarded with one hour of paid time off for every three hours volunteered for participation in community groups, and one hour off for every two hours volunteered for positions in government, such as serving on the City Council or Planning Commission.

.
In South Africa, 49 employees at the corporate office participated in the 'give-as-you-earn' and matched volunteerism programme called Hearts of Gold. In total, corporate office employees volunteered 259 hours in their private capacity. During 2007 the programme will be rolled out to two South African pilot mine sites.

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In Brazil, volunteer time was donated by employees through the 'Holding Hands' programme. (*See case study in Report to Society 2004*)

Business principle 5: We will seek to acquire and use land in a way which promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, we will abide by appropriate guidelines for resettlement, where they exist, and in any event will work with the local communities to develop workable plans for any resettlement which may be necessary.

In 2004, the Board Committee on Safety, Health and Sustainable Development ratified the International Finance Corporation's (IFC) Safeguards on Involuntary Resettlement as its policy on resettlement. No new resettlements were undertaken during the year. Given the fact that there is potential for new resettlement during 2007, a company-wide guidance note is being developed to assist operations undertaking resettlement and compensation process, and this will be rolled out to all operations by the end of 2007.

As part of the company's artisanal and small-scale mining strategy, AngloGold Ashanti is in the process of initiating joint programmes with government agencies and other interested and affected parties to identify and allocate land to alternative livelihood programmes, including artisanal and small scale mining, in Ghana, Tanzania, Colombia and Guinea. There is still considerable work to be done on this aspect of the strategy to deal with artisanal and small scale mining issues.

As reported in the Environmental section of this report (page 90) AngloGold Ashanti is participating in an ICMM initiated 'integrated mine closure' programme to address the integration of social, economic and environmental aspects in the closure process. We will continue to plan an active role in this process and a group-wide review of mine closure planning will be undertaken during 2007.

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Business principle 6: We will strive to contribute to the sustainable economic development of host communities through procurement activities; the contribution of redundant assets to the community; assistance in the establishment and growth of small- to medium-sized sustainable enterprises; and the outsourcing of goods and services from local vendors where appropriate. AngloGold Ashanti believes that its operations and activities should contribute toward the long-term sustainable development of host communities.

This is particularly challenging for sometimes short-lived mining operations or exploration projects, particularly when there is only a limited period in which to make an impact.

Specific examples in 2006 include:

In South Africa, the Small and Medium Enterprise Development Initiative (SMEDI) continues to identify people with ability and potential, and enters into a partnership with them to provide education, training and funding with the long-term aim of creating sustainable business. The raising of venture capital is managed through Masakhisane Investments Limited, which was established in 1999, with an initial capital of R10 million (then approximately \$1.6 million). To date, jobs have been created for 3,800 people. *(See case study at www.aga-reports.com/06/SMEDI.htm)*

Similar initiatives, such as the alternative livelihoods programmes, are being developed or are in place at all operations in less economically developed countries, such as Ghana, Guinea, Tanzania and Mali. At Iduapriem, for example, a local development agency has been contracted to manage the 'Hand-in-hand' Alternative Livelihoods programme. This programme will affect about 280 people and incorporate aspects such as income generating activities and micro-credit (with an emphasis on women, education and organisational capabilities). Similar programmes are planned for Obuasi during 2007.

5. Case studies

One of the most significant challenges facing the company is the presence of artisanal and small-scale mining and the integration of these with formal large-scale mining activities. A case study on AngloGold Ashanti's approach to Artisanal and Small Scale Mining may be found on page 122.

Plants for people

This case study examines the P4P project which has been designed to empower the local Aboriginal community near Sunrise Dam, Australia by revitalising traditional knowledge. The project has been initiated in conjunction with the community, to improve sustainability in the long term. *(See www.aga-reports.com/06/p4p.SDGM.htm).*

The AngloGold Ashanti Fund and Trust empowering people

The company's social investment initiatives in Southern Africa are handled through the AngloGold Ashanti Fund and Trust. This case study summarises its activities in 2006 – the level of funding, the number of projects, the chief sectors supported and the main areas in the region that benefited – and focuses on four projects to illustrate the philosophy behind the fund and the way in which it works in practice. *(See www.aga-reports.com/06/AGA-Fund.htm).*

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Long term sustainability of mine villages

This case study investigates the reasoning and benefits for changing a mining village, in this particular example the West Wits and Vaal River/Umuzimuhle villages in North West Province, South Africa, to a proclaimed township. (See www.aga-reports.com/06/formalisation-villages.htm).

CC&V upgrades water system and settles dispute

An improved water supply system not only solves CC&V's water shortage problems but will also be an asset for the Cities of Victor and Cripple Creek, located in the State of Colorado, United States of America long after mining is complete. (See www.aga-reports.com/06/CC&V-water.htm).

Fostering partnerships in Patagonia

AngloGold Ashanti's Cerro Vanguardia (CVSA) mine's remote location in southern Argentina, and its expected remaining life-of-mine of nine years, has resulted in a challenging situation in which the local communities are over-dependent on CVSA for employment and economic activity. This case study examines the measures the company has taken, working together with the affected communities, and the programmes it has initiated to provide sustainable development for the future. (See www.aga-reports.com/06/partnerships-CVSA.htm).

6. Objectives

The following objectives have been set for 2007:

Further refinement of community relations and social development management system. Additional modules will be developed as

required to cover issues including:

- resettlement and compensation;
- human rights and security; and
- cultural heritage and sacred sites.

Addressing issues arising from small-scale and artisanal mining, including human rights concerns. In 2007, the focus will remain on continued implementation of the company's strategy, particularly at Geita, Obuasi, Siguiri and in the DRC

Alignment of security arrangements with the Voluntary Principles on Security, a process which should be completed by mid 2008.

Increased emphasis on local economic development activities will continue in 2007 in line with the management targets set for key operations.

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The case studies on the pages that follow cover some of the most significant issues facing the company in terms of sustainable development. Many more case studies appear on our website at www.aga-reports.com/06/case-studies and summaries of these appear in this document under the relevant sections

Case studies

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In November 2006 Bobby Godsell, AngloGold Ashanti CEO, was quoted* as saying that there is no reason that the risk of harm should be greater in mining than it is in any other form of economic activity, and that while all human action involves a measure of risk, the challenge is to identify, understand and then manage this risk. Godsell said successful management of health and safety risks in mining requires good science to identify and understand the nature of risks in mining; engineering to remove or reduce the risks; and creating values, habits and behaviours which make every worker an effective manager of health and safety risk. But, he said, in 2006 AngloGold Ashanti had seen a disturbing regression in that progress in regard to accidents on its South African mines and that these reversals had deepened the company's determination to regain the trend evident over the past 10 years.

In total, 37 people died as a result of injuries sustained at work at AngloGold Ashanti during 2006, 32 of these deaths at the South African operations. In 2005, 25 employees lost their lives in work-related accidents, 17 of whom were in South Africa. Comparing the fatal injury frequency rate (FIFR) year-on-year shows a significant increase in the frequency of fatal accidents in the South Africa operations, from 0.17 in 2005 to 0.35 in 2006.

Half of the fatal accidents (16) in the region were at the TauTona mine near Carletonville

(See

case

study: Mining plan at TauTona changed in the interests of safety at

www.aga-reports.com/06/TauTona-safety.htm), 12 of which were attributable to seismic falls of ground, two to gravity-related falls of ground and the remaining two to other causes. (Falls of

afety review at South African operations

S

**Bobby Godsell was speaking at the International Council on Mining & Metals (ICMM) conference in Johannesburg.*

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ground may be related to either seismicity or gravity: seismic-related falls of rock occur when energy is released into the environment, causing ground movement and possible rock falls; gravity-based falls of rock occur when loose ground is not sufficiently stabilised.)

TauTona's response to the fatalities has been multi-faceted, aligned to the various legs of the fall of ground management strategy (*See case study: Fall of Ground Management at www.aga-reports.com/06/FOGM.htm*).

The mine is in the process of changing its mine plan and mining method from longwall to sequential grid mining in most mining areas, which will initially have a negative impact on production. In addition, this mine has reviewed its shaft-pillar mining plan that had been modelled by South Africa's Council for Scientific and Industrial Research (CSIR) in 2002 and was the subject of a workshop with the CSIR in 2006. The accident on 23 October 2006, which cost five lives, occurred in mining of the shaft pillar. The TauTona mine plan has also been subject to scrutiny at industry level:

It is a component of a two-year Safety in Mines Research Advisory Committee (SIMRAC) research project, involving the collection of seismic data from areas close to the shaft pillar. TauTona has an intensive and state-of-the-art seismic monitoring network in place.

Tripartite workshops, involving high-level representation from the inspectorate and the National Union of Mineworkers and other unions were held to review the risks involved in mining each section and to draw up action plans.

External parties, including representatives of AngloGold Ashanti's major shareholder Anglo American, participated in a review of the region's safety and health strategy. The review found a strong foundation to the region's strategy, with a high level of commitment, monitoring, modelling and programme development in place. The review also indicated that this should be used to leverage change and build upon it for further enhancements. A number of areas were also identified for possible improvement and this is being acted upon by the company. The review team endorsed the view proposed by Mr Godsell* when he spoke on the importance and relative weighting of critical factors in the area of safety and health management and where he emphasised that positive results could only be achieved with an emphasis on people. He proposed an approach which comprises systems (10%), engineering (20%) and people (70%). The review team's recommendations were made in a similar vein.

One particular area of concern that has been raised, both in the external review, elsewhere and in the industry as a whole, is the matter of fatigue. While programmes have been put in place to manage workplace conditions (such as ventilation and cooling), there are clearly a range of issues relating to fatigue that need to be addressed. A comprehensive group level fatigue management guideline has been developed (*See case study: Managing fatigue at Sunrise Dam in the Report to Society 2005: page SH22 and Fatigue management programme progressing at Navachab mine www.aga-reports.com/06/fatigue-manage.htm*). A fatigue management strategy is being developed for the South African operations and a roll out will commence in 2007.

AngloGold Ashanti remains committed to eliminating accidents at work and is determined to achieve significant improvements in the year ahead. In the words of Bobby Godsell, "Every death is unacceptable. While we have achieved significant improvements in recent years and expended a great deal of effort, the recent trend means that we simply have to intensify our efforts."

The prevention of occupational lung disease and, in particular, silicosis (*see box: About silicosis on page 120*), is a key focus within AngloGold Ashanti's occupational health strategy. Silicosis has long been associated with underground mining and is an issue that industry, governments, unions and health care professionals have been grappling with for many decades. For AngloGold Ashanti, silicosis is largely of concern at operations in South Africa and Brazil where silica dust is present in the working environment and intensive efforts continue to be made to prevent the disease.

Effort is also directed at identifying early silicosis and offering alternative, lower-risk placement to employees at risk. Employees with silicosis are treated and compensated in terms of prevailing statutory provisions. The significant efforts made in understanding, monitoring and managing dust control have yielded a great deal of success in recent years.

In Brazil, no new cases of silicosis have been reported in the past five years. In South Africa, silicosis rates declined in the early 2000s, but have been rising again in the past three years. In 2006, the Occupational Lung Disease rate in the South African mines of the company was 10 per 1,000 employees.

While the current focus on silicosis has highlighted the dangers associated with the disease and long-term exposure to the underground mining environment, it is the legacy of former employees who contracted silicosis during their employment that is also a major focus of attention for the company.

In Brazil, there are currently a number of former employees who were associated with AngloGold Ashanti's operations at some time and who contracted silicosis during their employment. Most of these former mineworkers reside in close proximity to Nova Lima, the centre of the Brazilian

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egacy of silicosis

L

mining operations for close on 170 years. In addition to compensation paid to affected employees and their families, AngloGold Ashanti has set up and sponsors the Pneumology Reference Centre for treatment and research into lung diseases. *(See box on Pneumology Reference Centre – focusing on the health of former employees in Nova Lima in Report to Society 2004).*

The centre is particularly aimed at ensuring a better quality of life for former employees afflicted by silicosis and was set up at the time of the closure of the Morro Velho Mina Grande mine in 1995. The centre currently has 1,801 registered users of the facility and, in addition to the rehabilitation and care of patients, provides assistance to employees and their families in dealing with the illness, and with the financial and social issues related to it.

In South Africa, the issue is not as clear cut and contained as it is in Brazil for a number of reasons. Among these are the fact that there are many thousands of former mineworkers associated with current, closed and sold mining operations – not only those owned and operated by AngloGold Ashanti but also other mining companies – and who very rarely reside in close proximity to these operations. It is estimated that some 1 million people have left the mining industry over the past 20 years, whether because of the downscaling and closure of operations or retirement and ill health. Many of these former employees may not have been diagnosed as suffering from the disease at the time that they left the industry or later, in retirement, and they may not have received due compensation from the Compensation Commissioner. It is widely recognised that the compensation system is unwieldy and inefficient and this is currently under review by government, industry and organised labour. *(See case study: Worker compensation in South Africa under review at www.aga-reports.com/06/worker-compensation.htm).*

Compensation for occupational diseases and injuries is currently provided for in South Africa by two different statutes – the Compensation for Occupational Injuries and Diseases Act (COIDA) and the Occupational Diseases in Mines and Works Act (ODMWA). ODMWA covers Occupational Lung Disease (OLD) in miners only. COIDA provides compensation for occupational injury in all industries (including mining) and for occupational disease in all industries (excluding OLD in AngloGold Ashanti

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Legacy of silicosis cont.

mining). There are differences in both the application of and benefits paid in terms of COIDA and ODMWA. The South African cabinet has recognised this anomaly and in 1999 made a decision to pursue uniformity between the two acts. This process, in which AngloGold Ashanti is an active participant, is under way. It seeks to develop legislation that provides for compensation that is fair and consistent with the company's view of the need for the sustainable viability of the South African mining industry.

The mining industry, unions and the departments of labour and health have further committed to improving the delivery of compensation where this is due and have formed a working party to direct a major initiative to detect, treat and assist former mineworkers with silicosis to lodge claims for compensation. (*See case study on Making ODMWA work – Nongoma project to be launched – www.aga-reports.com/06/nongoma.htm*). Specific issues being addressed are the identification of the primary areas where these mineworkers reside, the strengthening of the government's occupational health services so that former mineworkers are better able to access medical facilities for diagnostic examinations, and improvement of the ODMWA certification and compensation claims processes. A key part of the agreed strategy is the establishment of occupational health centres at identified government hospitals in largely rural areas where these former mineworkers reside, to provide for benefit medical examinations and to promote economically sustainable development projects in these areas.

While the Department of Health is, of necessity, the lead agent in the process, as it will identify and establish the occupational health centres and sustain them in the long term, the mining industry through the Chamber of Mines has agreed to fund capital equipment and pre-defined recurrent expenses for a period of two years for each site. This cost is currently estimated at about R50 million. The parties agreed to a 'pilot' project at the outset which would establish the basis for further centres. Of key concern to all parties is that the system that is set up is sustainable in the longer term and, to a large extent, this depends on the provision of appropriate infrastructure and equipment, the establishment of systems, adequate staffing and training of health care workers, and the adequate funding of the project.

Silicosis is an occupational lung disease (OLD) which is caused by the inhalation of free silica dust. Silica dust is present in mines and quarries where quartz concentrations are high, as is the case in many deep-level gold mines (such as in South Africa and Brazil). If inhaled, silica dust may cause a fibrotic reaction (or scarring) in the lung, which results in a reduction of lung functioning. Often there are no symptoms of the disease, but in severe cases, breathlessness and coughing are the principal complaints. Of additional concern is that the presence of silicosis may predispose an individual to the development of TB, and this is especially so when an employee is immuno-suppressed – for example, if he or she is HIV-positive. Silicosis and TB in silica-exposed employees are considered to be Occupational Lung Diseases in South African legislation.

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Extensive consultation on where the project should be initiated resulted in the selection of St Benedictine Hospital in the Nongoma district of KwaZulu-Natal being chosen as the 'pilot' site. The project is expected to begin early in 2007.

The issue of silicosis is complicated by the fact that both exposure to silica dust and the development of silicosis leads to an increased risk of contracting tuberculosis (TB), which is further compounded by the presence of HIV. The chances of getting TB each year are about 10% to 15% for an HIV positive person, compared with less than 10% in a lifetime, if HIV-negative. An associated research programme in which four of AngloGold Ashanti's South Africa operations are participating is the Thibela TB programme, two as experimental sites and two as control sites. (*See the case study Thibela TB research programme under way at TauTona and Great Noligwa on our website at www.aga-reports.com/06/thibela.htm*).

The Thibela TB programme is part of a global research programme to find a solution, in the face of an escalating rate of infection, to reducing the incidence of TB, particularly as TB control in the South African gold mining industry appears to be faltering, despite the implementation of control programmes which exceed World Health Organization standards. This is largely attributable to silicosis and the escalating HIV/AIDS epidemic, which compounds the incidence of TB.

AngloGold Ashanti is acutely aware of its responsibility towards current and former employees in respect of preventing silicosis and assisting employees in accessing compensation for which specific statutory provision has been made. AngloGold Ashanti will defend any civil legal action for non-statutory compensation brought against the company (see box below). Although measures which were adopted in the past for the prevention and detection of silicosis complied with industry standards at that time and were based on the available knowledge of the disease, the company recognises that much needs to be done to identify and assist former mineworkers in accessing compensation. In addition, the company recognises that those communities within which these afflicted former mineworkers reside have also been affected, and that sustainable economic development projects should be put in place to recompense these communities in some way.

Legacy of silicosis cont.

Legal action

In October 2006, AngloGold Ashanti received a claim for compensation of damages allegedly suffered by Mr Thembekile Mankayi, who was employed by the company at Vaal Reefs mine from 1979 to 1995, in respect of Mr Mankayi's having allegedly contracted silicosis. AngloGold Ashanti is defending this action on the basis that avenues for compensation exist in terms of South African legislation, and that Mr Mankayi is precluded in terms of this legislation from recovering damages from the company. AngloGold Ashanti recognises the plight of former employees, however, and proposes that a longer term and co-operative solution (such as that proposed in the case study on the Nongoma project) will be of significant benefit to former mineworkers and their communities.

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In January 2006 AngloGold Ashanti put into practice an integrated malaria control programme in Obuasi and the outlying areas within the Obuasi Municipal Assembly area, with the aim of halving malaria incidence over the next two years. To maximise successful outcomes, the plan included multiple intervention methods to prevent the transmission of malaria and to effectively treat those already infected.

This campaign, first reported in the Report to Society 2004 (*See case study: A scientific approach to malaria control at Obuasi*) was originally scheduled to start at the beginning of 2005 but was postponed until 2006 to allow for better planning and understanding of the exact needs of the community.

In 2005, the Obuasi municipal area had an estimated average of 11,000 malaria cases per month according to the local Obuasi health authority, with an additional 6,800 of these cases receiving treatment at Obuasi Mine's Edwin Cade Memorial Hospital. Of the cases reported at Edwin Cade, 2,400 were employees or contractors and the balance (4,400) were dependants of the gold mine. The cost to the company of malaria includes treatment costs, absenteeism and loss of productivity. Malaria also presents a significant burden to the community, both social and economic.

The key elements of the integrated malaria control programme for Obuasi are:

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Vector control: Indoor residual spraying of over 134,000 structures in the Obuasi municipality, mine and surrounding villages was coupled with the distribution of long lasting insecticide-treated bed nets to places most susceptible to infection, such as orphanages, maternity and children's wards. Additionally, temporary and permanent water bodies where mosquitoes breed are being treated with larvicide.

.
Effective disease management: Standard treatment protocols for rapid and early detection and diagnosis of malaria are in place at the hospital and health facilities of the Obuasi Mine Medical Services. The use of drug treatment regimens aligned with the Ghanaian National
ampaign at Obuasi halves malaria incidence

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Treatment Protocol, and which includes the mandatory use of the new Artesunate drugs, has improved cure rates. AngloGold Ashanti has put in place measures to monitor the diagnosis and treatment of malaria for consistency and effectiveness.

Surveillance and monitoring: A comprehensive malaria information system was installed to monitor and evaluate the programme for consistent high performance according to World Health Organization standards.

Information, education and communication: Volunteer community advocates have been trained to present health information on malaria symptoms, prevention and treatment and to dispense educational material in the form of pamphlets and posters.

The programme has elicited active engagement from the community with educational campaigns being disseminated by community committees, radio and other relevant media to inform the public of the symptoms and treatment of malaria. A spin-off of the programme is the creation of 127 permanent jobs, in the form of spray operators, who have received intensive training on the techniques of indoor residual spraying.

A malaria control centre was opened in April 2006 by the President of Ghana, John Kufuor, and AngloGold Ashanti's Chief Executive Officer, Bobby Godsell, in the Sansu area at Obuasi.

Although primarily the headquarters for the Obuasi programme, it also serves as a training centre for AngloGold Ashanti's malaria projects at other mines. With key capabilities such as an insectary and laboratory, a planning and strategy centre and training facilities it will be a valuable asset for Ghana and Africa in the fight against malaria. It will also be used as a satellite research centre by the Noguchi Memorial Institute for Medical Research at the University of Ghana, government departments and other agencies.

The first round of the indoor residual spraying was completed in April 2006 in the town, including both mine community infrastructure and surrounding villages with 134,000 structures sprayed. Of these, approximately 27,000 were dwellings. The second round of spraying started in September. By November AngloGold Ashanti achieved a 50% reduction in malaria cases seen at the Edwin Cade Memorial Hospital.

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One of the most significant and multifaceted challenges facing AngloGold Ashanti is that of artisanal and small-scale mining (ASM). It is a material issue at the company's operations in Ghana, Guinea, Tanzania and to a lesser extent Mali as well as the exploration sites in Colombia and the Democratic Republic of Congo (DRC).

Artisanal and small-scale mining is a global phenomenon, with estimates of those directly involved in the activity ranging from 13 to 20 million people in over 30 developing countries and a further 80 to 100 million people depending on the sector for their livelihood. (*Source: Community and Small Scale Mining Initiative (CASM) www.casm.org*). It is a socio-economic phenomenon allowing miners to earn low, often subsistence, levels of income, generally in economies characterised by low levels of earnings. Small-scale and artisanal mining is frequently labour-intensive, employing a semi-skilled or unskilled workforce with low levels of mechanisation, production, productivity, recovery and efficiency. Artisanal miners are often simultaneously engaged in subsistence farming and other similar low-income livelihoods. It is most commonly practised in economies with old mining, metal-working and jewellery traditions, and where the commodity has a high value relative to its mass, such as is the case with gold and precious stones. Individuals either work alone or in teams, mining and panning for gold and selling their product into complex, often opaque, networks of middlemen and financiers.

Small-scale miners frequently work in collectives comprising two to 20 or more people, with varying forms of commercial incorporation and business models.

The key challenge facing AngloGold Ashanti in managing the issues associated with artisanal and small-scale mining is to develop a strategy which permits co-existence and promotes the development of orderly, viable small-scale mining sectors in collaboration with host communities and governments. These issues are complex and numerous.

Conflict is common between large-scale operators, working within a formal, regulated land tenure framework and small-scale miners, illegally working on land over which they have no legal entitlement (though they may claim to have an historical entitlement).

Small-scale miners often have difficulty in accessing land appropriate to their type of mining
ngloGold Ashanti's approach to artisanal and
small-scale mining

A

practice, with large-scale operators generally being given preference in the allocation of mining licences and capital development incentives, for reasons associated with governments' concerns to optimise the exploitation of natural resources in national interests.

They experience a lack of capital needed to allow even rudimentary production efficiencies and, often, resultant debt bondage and poverty traps, which prevent them from achieving little more than using a day's earnings to feed themselves and their families.

Unregulated, inefficient and, often, illegal pricing and distribution mechanisms and practices contribute further to commercial inefficiencies and, often facilitate, associations by miners with illegal political and armed groups involved in human rights violations.

The sector is generally characterised by poor health and safety practices.

Environmental degradation is common, with artisanal miners seldom rehabilitating the areas they have mined. The uncontrolled and unsafe use of mercury in the processing phase is of particular concern given its bio-accumulation tendencies in the eco-system.

The sector often includes a large proportion of people from vulnerable groups such as women, children and migrant groups, with labour exploitation, including a lack of respect for basic rights of workers in the sector.

There are substantive legislative hurdles in many countries characterised by either a lack of regulation, ambiguous legislation or a legal framework which is inappropriate to small-scale operators and, consequently, is not enforced.

Social problems such as crime, increased levels of substance abuse as well as prostitution and high exposure to HIV/AIDS are common.

It is AngloGold Ashanti's view that these challenges can best be addressed by adopting a multi-stakeholder approach, with governments taking a lead role in addressing the issue along with artisanal miners, large-scale miners, NGOs and development agencies. A number of projects are under way, and structures have been created to address these issues at both an international and local level.

Key elements of the AngloGold Ashanti ASM strategy

In the first instance, it is necessary to understand properly the history, extent and circumstances of ASM in particular areas. During 2006 AngloGold Ashanti initiated external baseline studies of ASM in the DRC and Ghana, and a review is also under way in Guinea.

Secondly, the company will assess and work with governments and other interested and affected parties in promoting a regulatory environment which acknowledges the existence and inevitability of ASM and which seeks to promote its orderly development and control in ways which complement large-scale commercial mining. Key here is proper consideration of property rights, environmental, health and safety considerations, and the marketing and distribution of the product.

Consistent with the view that small-scale mining has a legitimate place in the economy and mining sector, AngloGold Ashanti will work with government agencies and communities to ensure that any small-scale mining will take place on land set aside for that purpose, which has the potential to support small-scale mining and, through appropriate regulatory and administrative procedures, to allocate this land to miners in this sector.

Such an example can be found in Columbia where contracts and collaborative agreements have been established with the communities and mining organisations present in all the areas where artisanal mining activity had been encountered. The company's 'Good Friends and Neighbours' policy allows for the establishment of contracts and collaborative agreements promoting legalised commercial mining activity. At the heart of the programme is the allocation of ground to artisanal

miners, giving them legal mining title over the property. In return for this, the miners have to register in terms of the local mining regulatory framework and comply with some basic health and safety and AngloGold Ashanti

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environmental requirements. For the most part, the property identified for disposal to small-scale operators is restricted to narrow high-grade veins or alluvial- colluvial deposits, which are generally not of interest to the company in the short term. However, one of the key advantages of the approach is that it gives the operators a real, value-based, commercial interest in the property. In the event that the company, at some future date, were to wish to incorporate it into a larger-scale mining operation, it can re-acquire it, at a market-related price.

Similarly, in Ghana, the company is working with other mining companies, the Chamber of Mines and the National Minerals Commission to identify properties which are suitable for small-scale mining and to promote registration by miners in respect of operations on these properties.

In Tanzania too, management at the Geita operation is working with local government officials and community representatives in an attempt to identify property which is appropriate to small-scale mining and to promote registration by ASM operators in terms of relevant legislation. Simultaneously, the company is taking steps to secure its mining property to prevent illegal access to old workings on its mining lease, in the interests of the safety of its employees and the local population and for good order. In some cases, this action has been resisted by artisanal miners, but the company continues to address mutual concerns with mining officials and community representatives.

Associated with the land allocation challenge is the requirement for access to appropriate technology to promote operating efficiency, and health and safety. Building on the successes of the work undertaken in Tanzania, this year's ASM fair saw some 5,000 artisanal miners participate in the event (*see 2005 case study*). Again, the focus of the fair was to expose ASM operators in the region to both funding opportunities and technology.

AngloGold Ashanti recognises that many regions no longer have the mineral resources in appropriate forms or quantities to support the number of small-scale miners operating in a region. This is clearly apparent in the Obuasi area in Ghana, for instance. Consequently, an integral part of the ASM strategy is to work with interested and affected parties in identifying a broad range of livelihood options, including small-scale mining. For example, the guiding vision for the DRC ASM project is: 'a sustainable community, benefiting from the economic activity generated by responsible gold mining, where orpaillage (the French term for ASM) is one activity within a broad range of livelihoods'.

In Ghana the company is working directly with communities and development agencies to promote agricultural projects such as animal husbandry and palm nut and jatropha (used for bio-fuel) cultivation to offer communities economic opportunities to complement mining.

Regarding security and human rights considerations, the company acknowledges and supports the rights and obligations of governments to uphold the law and to prosecute people who act outside it. The company is also supportive of government efforts to protect its assets and its employees.

Where individuals or groups of people trespass on company property or undertake unlawful mining activity, AngloGold Ashanti will take appropriate action to remove them and hand them over to the police for action to be taken against them in terms of the law.

However, AngloGold Ashanti is equally concerned to ensure that any security activities associated with ASM are carried out in accordance with established international norms of human rights. This commitment is also manifested in the company's subscription to international voluntary conventions such as the Universal Declaration of Human Rights, the Global Compact and the Voluntary Principles on Security and Human Rights, to promote and ensure the protection of citizens' human rights in the upholding of the law. And where government public order, military and policing authorities are involved in the enforcement of laws in this regard the company welcomes and encourages a dialogue between government officials, mining companies and other interested stakeholders to consider appropriate strategies.

In this respect, AngloGold Ashanti in Ghana is aware of a number of cases where accusations of human rights abuses have arisen over the past 10 years, where police or mine security have sought

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AngloGold Ashanti's approach to artisanal and small-scale mining cont.

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to apprehend galamsey (as artisanal miners are known in Ghana), and which have led to allegations having been levelled against the then Ashanti Goldfields and, subsequently, against AngloGold Ashanti (See Report to Society 2005: Understanding and working with artisanal miners in Africa). In response to these historical issues and any which might occur in the future, the company is in the process of establishing a joint investigation forum with human rights and community-based organisations to promote appropriate standards and ensure that any allegations of inappropriate conduct are properly investigated and conflicts resolved.

By way of example of the company's approach to security and ASM, at the end of 2006, the government of Ghana announced that, in the interests of upholding the law relating to mining title and property rights, it intended acting against illegal mining activities in several regions in the country. AngloGold Ashanti, acting through the Chamber of Mines at the level of national government and directly with local law enforcement agencies, held a series of meetings with officials and community representatives to discuss both law enforcement and human rights issues associated with the action. These meetings were intended to ensure common cause between company and government security officials regarding both the effectiveness of the operation and compliance with human rights obligations and undertakings. The operation proceeded as planned, without incident.

Consistent with its principles and undertakings, the company will continue and strengthen, internal programmes to ensure that company security officials, in the performance of their duties, comply with relevant national laws and international conventions. Working with other interested stakeholders, the company will also continue to develop programmes to promote health and safety, environmental protection and efficient mining practices in the small-scale industry. And in this way working in association with government, AngloGold Ashanti will reinforce its efforts to develop lawful and properly regulated small-scale mining industries in the countries where it does business.

AngloGold Ashanti has become increasingly active in CASM, which is housed in the World Bank Group, and two years ago took a seat on its Strategic Management Advisory Board.

All of these activities are in turn undertaken within the context of the company's stakeholder engagement and integrated development action plans that mines and exploration sites are putting in place which seek to engage communities and other stakeholders in finding a range of development and livelihood alternatives to address the underlying causes for the ASM phenomena.

There is much collaborative work to be done.

AngloGold Ashanti's approach to artisanal and small-scale mining cont.

Small-scale, informal artisanal mining is a major source of employment in many parts of the world, especially Africa. Established centuries

ago, such mining activities often represent the only source of employment. In many countries, such as Burkina Faso for example, recent

droughts have reduced the viability of agriculture as a source of livelihood. In the vicinity of Siguiri mine, AngloGold Ashanti's operation

in Guinea, some 10,000 artisanal miners were estimated to be operating illegally within the mine lease area in 2006.

As this mining is heavily labour-intensive and carried out largely through manual labour, without regulation, training, or appropriate

equipment and technology, it clearly presents risk factors in a number of areas. From a safety and occupational health perspective,

people working in these conditions are at risk of accident or injury. Overcrowding and poor housing, and the lack of water and electricity,

are conducive to health issues arising.

The integrity of formal mining operations is also severely compromised. In open-pit mining operations, slope stability may be affected by

illegal excavations. Theft of gold-bearing material, equipment and other assets has also been frequently experienced and on a number

of occasions, mine staff has been severely injured in encounters with informal miners.

Artisanal mining in Africa

-the safety aspects

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The business combination between AngloGold and Ashanti in April 2004 was the start of a long and complex process of not only combining the physical assets of the company into a single operating and accounting entity, but it also involved a multi-faceted process with the stakeholders of the company, both internally and externally, particularly in Ghana.

The change of effective control of the company from an Accra-based entity to a Johannesburg-based company (albeit that both Ashanti and AngloGold are largely owned by international shareholders and that the government of Ghana is now a significant shareholder in the combined company and is represented on its board) was an emotive and understandably unwelcome change to some employees and communities. It also provided an opportunity for national and international NGOs to increase pressure on the new company and to deal with issues that might not have received adequate attention in the past, or which could not comfortably be raised with a local company.

The former Ashanti's relationship with local NGOs tended to be burdened with mistrust and mutual suspicion. AngloGold Ashanti's relationships with these NGOs have progressed over the past two years, as have direct relationships with community members. Admittedly, however, these paths have not always been smooth or without acrimony and much remains to be done to establish common ground and a way of working.

AngloGold Ashanti has, however, indicated its intention to engage in dialogue with local Ghanaian civil society groups, such as Third World Network Africa (TWNA) and Wassa Association of Communities Affected by Mining (Wacam), and foreign groups they work with such as the UK-based ActionAid (*which released its report: Goldrush – the impact of gold mining on the poor*
ocial and environmental legacies at Obuasi

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people in Obuasi in Ghana – download pdf of ActionAid Report and AngloGold Ashanti response at www.aga-reports.com/06/Obuasi-legacy.com). Since the merger, AngloGold Ashanti has been working towards the development of constructive relationships with these and other parties.

Legacy issues

A significant challenge for AngloGold Ashanti is that mining has been taking place in one form or another at Obuasi for more than 100 years and that the company has to deal with significant environmental legacy issues from the past while at the same time addressing the challenges of present mining activities. In fact, many of the issues and much of the research referred to in recent reports by these groups predates the business combination between AngloGold and Ashanti.

Engaging with NGOs

AngloGold Ashanti is in discussions with Wacam regarding the setting up of a joint investigation group which would investigate legacy issues and current and future areas of concern. Issues that have been raised and would be considered by such a committee are land issues and damage to property, environmental concerns and concerns relating to human rights. In particular, AngloGold Ashanti has indicated that it is committed to:

.
Reviewing jointly allegations of abuse of Mr Awudu Mohammed (*Report to Society 2005 – page C17*). In his case there are contradictory medical reports and opinions on the cause of injuries sustained when being pursued on company property by police and AngloGold Ashanti asset protection.

.
Reviewing other allegations of human right abuses on company property, some of which go back as far as 10 years but which have been repeatedly highlighted by Wacam and other groups.

.
Reviewing settlements and compensation which have been agreed on should that group deem it appropriate.

.
Continuing to review and develop its environmental policies and procedures at Obuasi to address ongoing environmental pollution issues and to address legacy issues. (*See box overleaf*).

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Social and environmental legacies at Obuasi cont.

In more general terms, the company has been considering and addressing the issue of artisanal and small scale miners (*See case study: Artisanal and Small-Scale Mining and AngloGold Ashanti on page 124*) which is of concern to both the company and the community as it has led to safety and health issues for employees and community members alike, sabotage of company property (including broken tailings pipes which have contributed to environmental problems), disruptions to production and human rights issues. The company is aware of the challenge it faces in finding a balance between the obligation to protect its assets in ways which do not infringe human rights and at the same time recognising that small scale mining can be a legitimate means of earning a livelihood in a gold-rich area.

Related to this and other community issues, the company is dealing with its relationship with both the police and army services in areas in which it does business. AngloGold Ashanti has applied to become a signatory of the Voluntary Principles on Security and Human Rights, and while this has not yet been formalised, the company has sought to adhere to the Voluntary Principles. As part of this commitment the company is currently reviewing its policies and practices in respect of human rights and is standardising human rights training across the group.

AngloGold Ashanti has, over the past two years, taken a number of steps to address environmental pollution issues at Obuasi. Following a strategic environmental review conducted in 2005, five major environmental risks were identified and plans have been put in place to start dealing with them.

The five areas that have been identified as requiring attention are:

- .
- Water management issues
- .
- Rehabilitation plans
- .
- Arsenic management (which has largely been addressed – see below)
- .
- Final closure estimates
- .
- A legacy programme to address historical issues.

Community concerns

In addition, the company is aware of concerns raised by local residents and NGOs in respect of elevated levels of heavy metals and arsenic in and around Obuasi.

One of the most significant areas of concern was the safe disposal and rehabilitation of an area in which some 10,000 tonnes of arsenic trioxide which had been stockpiled at the Pompora Treatment Plant at Obuasi following the collapse of the arsenic market in the early 1990s. (*See Report to Society 2004: Arsenic remediation at Obuasi on page E31*). This stockpile came about as a by-product of gold mining at Obuasi and has been safely placed in a lined storage facility to prevent any further environmental contamination.

As in a number of other places in the world, gold and base metals at Obuasi are strongly associated with naturally occurring deposits of arsenic (arenopyritic orebodies). When the host rock is crushed to release the gold, arsenic, together with base metals, may be released into the tailings or waste residues.

Addressing environmental issues at Obuasi

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Social and environmental legacies at Obuasi cont.

Engaging with communities

In an effort to initiate a formal process of engagement directly with communities in Ghana, AngloGold Ashanti held Sustainable Development Workshops in Obuasi in August and October 2006 – the first for internal role players and the second for external stakeholders and interested parties. More than 50 people attended the second session. Key issues addressed included:

- the need for more proactive and better stakeholder engagement, and the development of a formal stakeholder engagement process;

- agriculture as an opportunity for development;

- manufacturing opportunities. A specific summit on “The future of gold jewellery manufacturing” is planned;

- services (provision and development of providers);

- tourism as an opportunity for development; and

- other opportunities for development, including social investment opportunities and needs, land use in the longer term.

Although water sampling programmes have been conducted over many years, a new programme to identify areas of land and water courses containing high concentrations of arsenic was initiated in December 2006. The following has been put in place.

- An intensive plan to establish and monitor the quality of the ground water in the vicinity of Obuasi and to develop a conceptual ground model which will assist in understanding water flows and developing a comprehensive water management programme. Natural water courses have been plotted on the AngloGold Ashanti Geographic Information System (GIS) allowing the company to track their proximity to mining areas and communities. Information is being gathered from 86 sampling points and is being recorded on the GIS and, from this data, any polluted streams will be identified. A systematic campaign of sampling a selection of the 120 community boreholes is also planned. Based on the information generated, an arsenic pollution profile will be determined for each stream and recorded as a benchmark. The most significant arsenic discharges into the streams and natural environment will be traced to their origins, which may or may not relate to mining, and action plans will be developed in response to these. This initial programme is expected to be completed in 2007.

- A comprehensive water balance has been established for the Obuasi operations, showing both the piping reticulation and the volumes of water handled. Investigations have revealed

that excess water from operations has been discharged into the natural water courses and that these discharges contain levels of toxins higher than the Environmental Protection Agency (EPA) standard. An immediate part of the remedy is the commitment by Obuasi to purchase two water treatment plants for the removal of cyanide so that water may be reused in the plant. This will significantly reduce the volumes of water discharged as the discharge points will decrease from three to one.

An initial investigation into the presence of toxic metals in oranges and other fruits at Obuasi has been conducted, following publication of a report by TWN alleging the presence of traces of arsenic in these fruits. The company has approached TWN proposing a joint further investigation into this matter. TWN's response was still awaited at the time of writing. *(See box overleaf)*

ISO14001

In line with the group's policy to implement ISO14001 *(see case study on page 142)*, Obuasi mine was recommended for certification as having been in conformance with this standard by independent auditors DLIQ. The key risk areas and issues identified above are being addressed as part of the ISO14001 system implementation.

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Social and environmental legacies at Obuasi cont.

Following concerns raised first by Third World Network (TWN), and later by ActionAid, relating to the alleged presence of arsenic, mercury and zinc in oranges grown near AngloGold Ashanti's mining operations in Obuasi, the company has put in place a number of measures to review and address the situation.

It should be noted that there is a level of naturally occurring arsenic in the soils in the Obuasi area, as is quite common where certain types of gold-bearing ore is found. It is unclear at this stage whether existing arsenic levels are naturally occurring or due to mining activities.

In the first instance, the company has had an initial meeting with TWN and has indicated its willingness jointly to investigate the matter and to submit specimens for independent testing. The company has also requested that any scientific data in the possession of TWN be shared with the company so as to take the matter forward in an objective and methodical manner. The company would share its own initial research with TWN at the same time.

The current plotting of natural water courses and arsenic and heavy metal pollution through the Geographic Information System (GIS) will be used to tie in the location of orange groves with the water courses in attempt to understand the source of possible contamination.

AngloGold Ashanti has also commissioned preliminary chemical analysis of fruit (oranges, yams, plantains) grown in the Obuasi region to determine if arsenic was present in unusually high amounts and if arsenic was associated with particular tissues (peel, seeds, flesh) in order to optimise the sampling and analytical procedures for more representative and statistically sound sampling in the future.

The results of the project (which are of a very preliminary nature and should be subject to further analysis) are presented below. Arsenic was detected in all samples. The lowest concentrations were found in the flesh, which is also the portion consumed in the highest quantities. The levels of arsenic in the fresh (undried) flesh of the oranges and yams were generally low, and within the acceptable limits for consumption as part of a normal mixed diet, depending on how many are consumed daily. The levels in the fresh flesh of plantains was moderate. The levels in the dried fruits were higher, and the levels in the seeds and peels of all the samples were high.

Further research needs to be undertaken:

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the arsenic values found need to be evaluated in terms of what proportions of these foodstuffs are consumed daily, how they are prepared (washed, peeled, cooked) and what chemical species of arsenic is present in the samples as this influences toxicity;
Analysis of oranges at Obuasi

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Social and environmental legacies at Obuasi cont.

these arsenic values also need to be interpreted relative to the natural background levels of arsenic, which are expected to be elevated on all plants and crops grown on naturally arsenical soils of Obuasi. It can then be further established whether these particular samples contain elevated arsenic due to mining activities, or if they are representative of the natural situation in the locality.

AngloGold Ashanti is confident that working with stakeholders appropriate measures can be put in place to protect the community.

Measures to address the problems could include:

educating the public to wash, peel and core fruit before consumption which will significantly reduce the risk of arsenic exposure, as will washing and peeling of yams prior to cooking;

reducing human exposure to arsenic can be achieved through avoidance, that is, not planting on naturally high arsenic soils or on contaminated soils;

avoiding crops that accumulate arsenic; and

conversely, clean-up of arsenic contaminated soils and shallow water can be achieved to some extent by cropping with arsenic-accumulating plants.

AngloGold Ashanti is committed to establishing a scientific research protocol to further investigate the issue and to do so in conjunction with other stakeholders.

Preliminary research results undertaken for AngloGold Ashanti:

Note: The UK statutory limit for arsenic in fresh produce is 1 mg/kg (1 ppm), and one sample of plantain fruit plus seeds, all the orange pips, and all the unwashed yam peel exceeded this. The fresh and dried flesh of the oranges, yams and most of the plantain was below these limits. The results are quoted in parts per billion (ppb) and parts per million (ppm).

Oranges: Arsenic was present at very low concentrations in the undried (fresh) fruit flesh of the two oranges (22 ± 5 ppb, or 0.02 ± 0.005 ppm fresh mass), and at moderate concentrations in the undried peel (237 ± 11 ppb or 0.237 ppm) and undried pips (995 ± 364 ppb or 0.995 ppm). Arsenic concentrations were of course higher in dried orange fruit flesh (206 ± 48 ppb or 0.206 ppm), dried peel (831 ± 39 ppb or 0.831 ppm) and dried pips (3403 ± 1573 ppb or 3.40 ppm).

Plantains: Arsenic was present at low concentrations in the undried (fresh) fruit flesh of the two plantains minus-seeds (81 ± 94 ppb or 0.082 ± 0.094 ppm fresh mass), and moderate concentrations in the undried fruit-plus-seed (264 ± 152 ppb or

0.264 ppm) and undried peel (236 ± 34 ppb or 0.236 ppm). Arsenic concentrations were moderate in the dried fruit flesh-minus seeds (208 ± 246 ppb or 0.208 ppm), and high in the undried plantain fruit-plus-seed (691 ± 445 ppb or 0.691 ppm), and in dried peel ($1\ 482 \pm 151$ ppb or 1.48 ppm).

Yams: Arsenic was present at moderate concentrations in the undried (fresh) fruit flesh of the two yams (155 ± 44 ppb or 0.155 ± 0.04 ppm fresh mass), and at high concentrations in the undried peel ($22\ 060 \pm 2\ 143$ ppb or 22 ± 2 ppm). Arsenic concentrations were higher in dried yam flesh (387 ± 90 ppb or 0.387 ppm), and extremely high in the dried peel ($97\ 966 \pm 15\ 670$ ppb or 98 ppm). It must be noted that the peel was contaminated by adherent microscopic soil particles, which are virtually impossible to remove, and this would have added significantly to the contaminant load (the true levels of Arsenic in yam peel are probably one to two orders of magnitude lower as plant to soil Arsenic transfer co-efficients are between 0.01 and 0.1). However, if yams are not rigorously cleaned and peeled before baking and consumption, the levels of arsenic found in the peel could be experienced by the consumer, and surface dirt on the surface of the fruits and vegetables is the highest risk factor identified.

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Encouraging and promoting attendance at voluntary counselling and testing (VCT) centres is a vital aspect of AngloGold Ashanti's HIV/AIDS programme, which aims to prevent the spread of infection, to care for those infected or affected by HIV/AIDS and to provide outreach and support to the community. In order to do this effectively, it is vital that people know their HIV/AIDS status – hence the importance of testing for infection with the virus. For those who test negative, the counselling is aimed at helping them ensure that they maintain this status; for those who test positive, it is intended to assist them to cope with the disease in the best way possible so as to ensure that the effect on their quality of life is minimised. It is important that programmes are established which overcome public resistance to testing, since only once a person knows his or her status can they make informed decisions about their behaviour.

AIDS

Frequently employees approach the clinics only once they are AIDS-ill with AIDS-related conditions when it may be too late to begin effective treatment. To counter this, it is important that employees attend VCT centres, learn their status and understand how either to prevent themselves from contracting HIV/AIDS in the future or how to deal with the disease should they test positive.

In particular during 2006, a campaign entitled 'SAVE lives' was run to encourage VCT attendance. The 'SAVE lives' message was central to the prevention programme.

CT, key to success of HIV/AIDS programme

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A result of this increased focus was a significant increase in uptake of VCT. In 2006, 23,389 encounters were recorded which, assuming a single annual test per person attending, is equivalent to 75% of the South African employee base. This was an increase of 129% on the 10,219 encounters recorded in 2005, and exceeded the target of 40% set for the year. The 2006 figure compares with VCT rates of 32.4% and 10% in 2005 and 2004 respectively.

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A
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=
safe
sex
=
access
to care
=
voluntary
counselling and testing
=
education

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VCT, key to success of HIV/AIDS programme cont.

Economic impact of HIV/AIDS
on the South Africa operations

Given the potential for far-reaching economic effects of HIV/AIDS on the company, and in order to plan adequately for future preventative and therapeutic measures, AngloGold Ashanti recognises the importance of quantifying the economic impact of HIV/AIDS as far as this is possible.

Total expenditure on the AngloGold Ashanti HIV/AIDS programme in 2006 amounted to R21.5 million (R19.4 million in 2005) or R694 per employee in the South African operations. This total cost (which amounts to 1.2% of basic pay – or in production terms, \$1.24/oz – is broken down as follows:

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prevention programme – R1.1 million

.
treatment programme (including the provision of VCT and ART) – R16.63 million

.
support programme – R3.8 million

The total direct financial costs to the company include the cost of the entire HIV/AIDS programme (i.e. prevention, treatment, support) as well as the cost of treating the side-effects of medication and the cost of treating opportunistic infections to which people may succumb as a result of having HIV/AIDS.

The economic impact of HIV/AIDS on the company, however, is far more complex than simply taking into account the financial expenditure incurred. The Aurum Institute for Health Research, of which AngloGold Ashanti was the founder and remains a substantial funder, has made significant progress through its Health Economics and Systems Research Programme in data analysis and model building to determine the full economic impact of HIV on AngloGold Ashanti and to estimate the cost and savings associated with having in place a comprehensive programme that includes the provision of ART to HIV-positive employees, in order to combat HIV/AIDS.

This programme of work, begun in 2003, has included the estimation of the potential economic impact of untreated HIV/AIDS on AngloGold Ashanti as part of an independent Anglo American

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VCT, key to success of HIV/AIDS programme cont.

group-wide assessment funded by GlaxoSmithKline and undertaken by Aurum. This study indicated that the economic impact of HIV to AngloGold Ashanti would continue to rise from 2003 (that is the potential impact of not undertaking treatment and support) and would reach 6% of payroll in 2006. The greatest impacts lie in medical care (47%) and absenteeism (36%).

Early indications from the Aurum research programme suggest that in the medium term, the provision of ART to HIV-positive employees has had cost benefits for AngloGold Ashanti. These benefits include a decrease of more than 50% in deaths in service, a decline in hospital admissions in excess of 70% as well as a decrease in medical absenteeism and, consequently, a fall in the number of lost shifts.

These statistics are limited to those on the ART programme and do not represent global statistics for the South African operations.

Initial indications are thus that the 'savings' resulting from the provision of ART outweigh the overall cost of the programme over a two- to three-year period. The costs of providing AngloGold Ashanti's HIV/AIDS programme include:

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A comprehensive cost per employee on ART per month of R1,290 declining over the four-year implementation period as a result of a decline in drug and laboratory costs and gaining economies of scale in treatment delivery. At the start of the programme this cost was about R2,000 per employee per month;

.
VCT costs of R56 per employee tested; and

.
Wellness clinics cost R280 per patient per month on the programme including the provision of prophylaxis against opportunistic infection and ongoing counselling.

There has been a significant increase in VCT uptake, with a resulting increase in patients attending the wellness clinics (almost 40% increase in 2006) and patients taking ART (57% increase in 2006). Nevertheless efforts to mitigate the economic impact of HIV are constrained by the still relatively low uptake of ART on the part of employees, their reluctance to be tested (although this has improved significantly – by 129% – over the past year) and late presentation for treatment. The more recent increase in VCT uptake is encouraging and has resulted in an increase in patients attending wellness clinics – an increase of almost 40% in 2006 – and in patients taking ART – a 57% increase in 2006. The high number of HIV-positive employees not remaining on ART after starting treatment also exacerbates the situation. However, this gives added impetus to the importance of the prevention aspects of the HIV/AIDS programme and to encouraging employees to attend VCT and the wellness clinics. The final report of the Aurum research programme is scheduled

for release in mid-2007.

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In October 2006, AngloGold Ashanti Limited, the National Union of Mineworkers (NUM), Solidarity, UASA and Izingwe Holdings (Pty) Limited (Izingwe Holdings) jointly announced the launch of an employee share ownership plan (ESOP), together with a black economic empowerment (BEE) transaction. These transactions will result in 1.9% of AngloGold Ashanti's share capital – worth some R1.8 billion – being transferred into the hands of non-managerial employees and a BEE consortium. Shareholders voted in favour of the transactions at a general meeting in December 2006. Managerial employees currently participate in a share participation scheme.

AngloGold Ashanti CEO Bobby Godsell says that this transaction is intended both to align employee rewards more closely with the company's share price, and simultaneously to give effect to the undertakings made to the Department of Minerals and Energy (DME) at the time the company gained its mineral rights conversions in August 2005. The company undertook to establish an ESOP and a BEE transaction equivalent to at least 6% of the value of the company's South African operations.

The establishment of the ESOP involved an in-depth process of consultation between AngloGold Ashanti and the three representative unions making the process adopted unusual in the South African context. These consultations lasted for almost a year and were marked by attempts to reach consensus on all material issues, a goal which the parties believe was achieved.

The structuring of the ESOP in association with the BEE transaction with Izingwe Holdings, a company chaired by Siphos Pityana, is built around a co-operation agreement between Izingwe and the Bokamoso ESOP Trust. (*See box: The role of Izingwe in the transaction*).

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Investing for the future – Bokamoso ESOP

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About the Bokamoso ESOP

The shares issued to the Bokamoso Trust are a combination of ordinary shares (free shares) and a new class of shares (called loan shares). For each of the 30,953 eligible employees, 30 free shares (928,590 in total) have been allocated, and 90 loan shares (a total of 2,785,770) at a 10% discount to market value at the start of the scheme. Both classes of shares effectively have full voting and dividend rights. In practice, this means that each of the eligible employees will receive shares worth R36,000 each. The free share element of the Bokamoso ESOP was introduced by agreement between the company and the unions to give greater assurance of value to employees. In terms of this agreement, approximately half the originally envisaged loan shares were converted into free shares on the basis of roughly the same cost to company.

The Bokamoso Trust has been established to acquire and administer the shares. The Board of Trustees who will oversee the trust will consist of two people nominated by the NUM, one by each of UASA, Solidarity and AngloGold Ashanti, and four people not connected to any of these parties but nominated by agreement between them. The elected chair of the board of trustees is May Hermanus, Director of the Centre for Sustainability in Mining and Industry at the University of the Witwatersrand.

The ESOP will run for seven years. The right to trade shares will occur annually in five equal tranches to each eligible employee on the so-called vesting dates, with the first portion vesting on the third anniversary of the Bokamoso ESOP launch, and the last on the seventh anniversary.

The ESOP seeks to address potentially conflicting imperatives: on the one hand it aims to promote broad-based share ownership of the company and long-term financial planning on the part of employees, and on the other hand it also aims to provide short-term cash returns to employees.

On each of the five vesting dates, eligible employees will receive the full benefit of the free shares that are due at that time, that is they may sell these shares.

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Harvesting for the future – Bokamoso ESOP cont.

As regards to the loan shares, the benefit due to eligible employees will be calculated on the basis of the difference between the exercise price and the share price on the relevant vesting date, taking into account an escalation factor accruing at 7% per annum, and reduced by any applicable dividend flow. For the loan share aspect of the scheme, 50% of applicable dividends will flow directly to employees, and the other 50% will be used as described above.

Says NUM general secretary Frans Baleni of the employee share ownership plan: “The NUM believes that there are better ways of turning workers into assets than the old traditional view of looking at them as a cost factor. Thus we lay praise to the breakthrough between organised labour and AngloGold Ashanti on the conclusion of the ESOP which should see 6% of South African assets committed to the development of this initiative. In line with the mining charter expectations, our members laud the development of the ESOP. We also wish to acknowledge the stakeholder involvement and participatory approach that underpinned the process, coupled with frank openness to an extent that parties crafted the trust deeds word by word.”

Solidarity’s general secretary, Flip Buys, said that the transaction created a blueprint for similar transactions in the future at other companies. “AngloGold Ashanti has taken the lead by investing in its own future and that of its workers. The future will show that this was the right thing to do. Solidarity welcomes the job security that will result from the deal.”

The acquisition by Izingwe Holdings of 1.4 million AngloGold Ashanti shares forms an integral part of the overall ESOP/BEE transaction. Izingwe Holdings is a BEE investment company chaired by Siphon Pityana. Mr Pityana has occupied strategic roles in both the public and private sector. He was formerly a senior executive of Nedbank and is currently a non-executive director of several companies including Bytes Technology Group (BTG), African Oxygen (Afrox), Munich Re and Aberdare Cables. He has had a working relationship over many years with various AngloGold Ashanti executives and trade union leaders, particularly in his previous public sector roles. Given the envisaged co-operative relationship between Izingwe and the ESOP Trust, this was a critical factor in the selection of Izingwe for this role.

Izingwe has said of its relationship with AngloGold Ashanti. “The partnership with AngloGold Ashanti will be more than a shareholding relationship. The shareholding will be a springboard for jointly pursuing other projects. This is in the context of Izingwe’s broader commitment to the mining industry. Izingwe has already secured prospecting licences for a range of minerals and it intends introducing various existing and greenfield opportunities to AngloGold Ashanti. The AngloGold
The role of Izingwe Holdings in the transaction

AngloGold Ashanti

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Harvesting for the future – Bokamoso ESOP cont.

The establishment of the ESOP will involve extensive and ongoing education and communication work with employees, which the company and the unions will carry out jointly, as a further indication of the level of consensus reached in the consultative process. Each employee received a letter providing information on the ESOP and their participation following a formal launch of the ESOP to employees in late January.

AngloGold Ashanti recognises that, over time, many employees are likely to sell the shares that are due to them to gain immediate financial rewards. While the company will provide education relating to the benefits of being longer term shareholders and the benefits of saving (either in the form of shares or other means), AngloGold Ashanti does not see the long-term holding of the shares as a precondition for the success of the ESOP. The only matter currently left unresolved is whether, and if so how, employee participation in the company will continue in seven years' time following the culmination of this scheme. This will be discussed between the parties in due course. It is envisaged that ESOPs will be introduced elsewhere in the company where this is seen to have value in enhancing employee participation. Such schemes are currently being worked on in respect of AngloGold Ashanti's Ghana and Namibia operations.

Ashanti transaction consolidates and adds significant momentum to Izingwe's interests in the mining sector.

"Izingwe will also be active in other areas of AngloGold Ashanti's business. It will play a strategic role in its transformation initiatives and it will contribute to enhancing supply chain and routes to market, both from a general business perspective and by promoting a strong empowerment presence and culture in these areas."

This transaction has been structured in a similar manner to the loan shares issued in terms of the Bokamoso ESOP. Mr Pityana joined the Board of Directors of AngloGold Ashanti on 13 February 2007. A key feature of this transaction is the intended conclusion of a co-operative agreement between Izingwe Holdings and the Bokamoso Trust following a series of consultations between Izingwe Holdings and the three unions. This will be finalised soon now that trust has been established. It is envisaged that the agreement could include commitments on shareholder co-operation, with Izingwe Holdings acting as a channel of communication between the Bokamoso Trust and the company's governance structures on transformation and other operational issues.

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In March 2005, AngloGold Ashanti's Executive Committee took the decision to pursue ISO14001 certification for all its operating mines in support of a strategic recommendation made by the group environmental management team. A target was set by the committee that all operations should achieve certification by the end of 2006.

Says Andrew Mackenzie, Manager: Corporate Environmental Affairs at AngloGold Ashanti, "Our decision was based on an ever-increasing need to implement a single and comparable system across operations not only for management purposes, but also for ensuring compliance with environmental laws and regulations. We also believed that this across-the-board implementation would assist us in identifying, prioritising and managing company-related environmental issues, as well as respond to the ever-increasing requirements of environmental reporting. Additionally, the internal and external verification processes that are required will provide greater comfort in our risk management and corporate governance processes. It also allows us to transfer staff, both

mplementing ISO14001 at AngloGold Ashanti

I

AngloGold Ashanti

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operational and environmental professionals, between sites knowing that their familiarity with the system will enable them to deal with the relevant environmental issue from the word go.”

During 2004 gap analyses were undertaken at every operation to determine the degree to which the former environmental management systems (EMSs) were aligned with ISO14001. By this stage, six operations – Cerro Vanguardia in Argentina, AngloGold Ashanti Mineração and Serra Grande in Brazil, Bibiani and Iduapriem in Ghana and Geita in Tanzania – were already ISO14001 certified and hence there was some experience and reassurance that this was indeed the right path to follow. (Note that the Bibiani mine was sold at the end of 2006).

By year end 2006, all but one mining operation (Navachab in Namibia) had been audited and achieved or been recommended for certification. (See list overleaf).

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Implementing ISO14001 at AngloGold Ashanti cont.

ISO14001:2004 certification at AngloGold Ashanti*

Country

Operation

Date achieved

Certified by

Valid until

Argentina Cerro Vangaurdia

July 2002

National Quality

June 2008

Assurance (USA)

Australia

Sunrise Dam

December 2006

Lloyd's Register

December 2009

Quality Assurance

Brazil

AngloGold Ashanti

March 2004

National Quality

May 2007

Mineraça

~

o

(Re-issued in

Assurance (USA)

May 2006)

Córrego do Sitio

December 2006

National Quality

December 2009

Assurance (USA)

Serra Grande

March 2004

National Quality

March 2007

*(Reissued in

Assurance (USA)

May 2006)

Ghana

Iduapriem

January 2004

DLIQ Certification

November 2009

*(Reissued in

Services

November 2006)

Obuasi
December 2006
DLIQ Certification
December 2009
Services
Mali
Sadiola
November 2006
DLIQ Certification
November 2009
(certification
Services
recommended)
Morila
November 2006
DLIQ Certification
November 2009
(certification
Services
recommended)
South
Moab Khotsong
December 2006
DQS (Germany)
December 2009
Africa
Great Noligwa
(certification
Tau Lekoa Mine
recommended)
Kopanang Mine
Sustainable Development
operations
Sustainable Development
properties
Sustainable Development
Operations East Rand
Africa Underground
region metallurgy
Savuka Mine
Mponeng Mine
TauTona Mine
Mine services
– Vaal River
Mine services
– West Wits
Properties – high
density
Tanzania
Geita
July 2001

DLIQ Certification

January 2007

Services

USA

CC&V

December 2006

Orion Register

December 2009

AngloGold Ashanti

December 2006

Orion Register

December 2009

North America Inc

(Denver Corporate
Office)

Note: Yatela mine, which was previously scheduled for closure, but whose life has been extended, will seek certification by 31 December 2007.

Navachab mine in Namibia is scheduled for its second stage audit in March 2007

Additional business entities within AngloGold Ashanti's South Africa operations that will be pursuing ISO14001 certification during 2007 are: AngloGold Ashanti Health, Commercial Services and AngloGold Training and Development Services.

AngloGold Ashanti

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“This is an excellent achievement,” says Andrew Mackenzie. “When we started this process we knew that we had set a ‘stretch’ target, and were pleasantly surprised when almost all operations and business entities actually achieved the desired result. All credit must be given at an operational level where there has been massive support for the process, despite some initial resistance.”

When questioned about this resistance, Mackenzie explained that this was not significant and related mainly to concerns about ever-increasing corporate governance requirements and perceived bureaucracy; the fact that achieving certification appeared to be a very daunting task, and that many people did not realise how closely aligned their previous environmental management systems were with ISO14001 and concerns relating to resources (time, money and staff).

“While the costs relating to the actual auditing processes were indeed new, many of the other costs have simply been absorbed into the operating costs where indeed they were already being incurred; this was just a way of ensuring that they contributed to the refinement of reasonably good existing management systems. Admittedly though, during the course of the year, there has been an enormous amount of time spent on training and on developing awareness of the systems across the operations (and not just within the environmental discipline). In some cases additional resources, and staff, had to be assigned to enhance the capacity of environmental departments that may have been under-resourced.

The fact that such a system requires the involvement and commitment of just about everyone at an operational level has certainly helped to improve the level of environmental awareness within the company. The challenge, says Mackenzie, is the fact that certification is just the start of the process and not the end. There is clear recognition that certification does not guarantee good environmental performance, but it does provide a system for assessing the environmental risks and establishing a baseline from which an operation can begin, in its particular context, to demonstrate ongoing, or continual improvement. In fact, maintaining certification is perhaps even more onerous than obtaining it.

Implementing ISO14001 at AngloGold Ashanti cont.

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A

A\$: Australian dollars

ABET: Adult Basic Education and Training

ACMER: Australian Centre for Minerals Extension & Research

Agency shop agreement: exists in South Africa across the non-supervisory bargaining unit within the company. In terms of this, subscriptions are deducted from non-union members and paid directly into a Human and Industrial Relations Fund (HIRF)

AIDS: acquired immune deficiency syndrome

AMREF: African Medical and Research Foundation – an independent non-profit, non-governmental organisation whose mission it is to improve the health of disadvantaged people in South Africa

AngloGold Ashanti Fund and Trust: vehicle for social investment initiatives in southern Africa

AOMA: Association Obrera Minera Argentina. Labour union representing 70% of CVSA workforces.

ART: anti-retroviral therapy – treatment regimen for the treatment of people with HIV/AIDS, with anti-retroviral drugs

ASM: Artisanal and small-scale mining: Local unskilled or semi-skilled mining with low levels of mechanisation, production, recovery and efficiency

Aurum Institute for Health Research: Independent health research initiative focused on HIV/AIDS and TB research.

Formerly a subsidiary of AngloGold Ashanti

Average number of employees: average attributable number of both employees and contractors employed during the year, where contractors are defined as workers in employment for longer than one year

B

Backfill: Use of waste material or rock integrated with timber props, to support the hanging wall after the removal of ore from the stope

BCM: Business continuity management

BEE: Black Economic Empowerment, referring specifically to the empowerment of Historically Disadvantaged South Africans (HDSAs); initiatives aimed at eliminating the economic legacy of apartheid in South Africa

BUSA: Business Unity South Africa

By-products: any products that arise from the core process of producing gold, including silver, uranium and sulphuric acid

C

CAPCO: Chief Air Pollution Control Officer

Capital expenditure: total capital expenditure on mining assets to both maintain and expand operations

CASM: community and small scale mining

CC&V: Cripple Creek & Victor

CDPHE: Colorado Department of Public Health and Environment

Charter: Broad-Based Socio-Economic Charter for the South African mining industry

CIL: carbon-in-leach. Gold recovery process
CIS: carbon in solution
CIP: carbon-in-pulp. Gold recovery process
CLR: Cargon Leader Reef: Ore of the main reefs mined in South Africa's West Wits region
COIDA: Compensation for Occupational Injuries and Diseases Act
Comminution: process of breaking up ore to make gold available for treatment
CSIR: Council for Scientific and Industrial Research, South Africa
CVSA: Cerro Vanguardia
Cyanide Code: International Cyanide Management Code

D

dBA: decibels: unit of sound measurement
DME: Department of Minerals and Energy, South Africa
DNPM: Departamento Nacional de Producao Mineral (National Department of Mineral Production – Brazil)
DoE: Department of Environment, Western Australia
DoH: Department of Health
DoL: Department of Labour
DRC: Democratic Republic of Congo
DWAF: Department of Water Affairs and Forestry (South Africa)

E

EDP: executive development programme
EGAF: Vaal River East Gold Acid and Flotation Plant
EIA: Environmental Impact Assessment
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
Entomology: scientific study of insects
EPA: Environmental Protection Agency
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
ESOP: employee share ownership plan
Evapo-transpiration basin: facility constructed at closure, which receives water from the reclaimed heap pad or Tailings Storage Facility (TSF)
Exco: executive committee

F

FIFO: Fly-in/fly-out. Roster system used at Sunrise Dam in Australia.

Glossary of terms and acronyms

AngloGold Ashanti

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Glossary of terms and acronyms

FIFR: Fatal Injury Frequency Rate. The number of fatal injuries per million hours worked

Free cash flow: net cash inflow from operating activities less capital expenditure to maintain operations

Fundamental Human Rights Conventions of the ILO:

International Labour Standards covered in the Declaration on Fundamental Principles and Rights at Work (adopted by the International Labour Conference at its 86th session, Geneva 1998).

Convention No. 29: Forced Labour, 1930

Convention No. 87: Freedom of Association and Protection of the Right to Organise, 1948

Convention No. 98: Right to Organise and Collective Bargaining, 1949

Convention No. 100: Equal Remuneration, 1951

Convention No. 105: Abolition of Forced Labour, 1957

Convention No. 111: Discrimination (Employment and Occupation), 1958

Convention 128: Child Labour, 1999

Convention No. 138: Minimum Age, 1973

FOG: Fall of Ground may be seismic or gravity induced

FWC: Functional Work Capacity. Battery of tests designed to measure occupation-specific physical and functional competence

G

GGM: Geita Gold Mine

GIS: Geographic Information System

Global Compact: United Nations Global Compact (derived from the Universal Declaration of Human Rights; the International Labour Organization'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)

GRB: Geotechnical Review Board

Greenhouse gas emissions: gaseous pollutants released into the atmosphere through the burning of fossil fuels and through other avenues, that amplify the greenhouse effect. The greenhouse effect is widely accepted as the cause of global climate change. Gases include CO₂, CH₄, N₂O, HFCs, PFCs, SF

6

, and other CO

2

equivalents

GRI: Global Reporting Initiative. A multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines

H

HANGING WALL: upper wall or roof of mining area in underground mining

HAZOP: hazard and operability procedures

HCBC: home and community-based care

HDSAs: Historically Disadvantaged South Africans. This term refers to any persons or communities disadvantaged by unfair discrimination before the new South African Constitution came into effect. Includes those from the Southern African Customs Union and Mozambique

Heapleach pad: heap-leach facility in which gold-bearing ore is stacked. A high pH cyanide-based solution is sprayed or dripped over the heap leach dissolving the precious metals as it drains through the stack

HIRA: hazard identification and risk assessment

HIV: human immunodeficiency virus

HPDs: hearing protection devices

HSE: health, safety and environment

HSRC: Human Sciences Research Council

I

ICC: International Chamber of Commerce

ITNs: insecticide treated/impregnated bed nets

IAPs: interested and affected parties

IBLF: International Business Leaders Forum

ICMI: International Cyanide Management Institute

ICMM: International Council on Mining and Metals

IDAP: Integrated Development Action Plan

IDP: Integrated Development Plan

IDRM: Integrated Damage Rheology Model

IEC: Information, Education, Communication

IFC: International Finance Corporation

ILO: International Labour Organization, a UN agency for the promotion of social justice and human and labour rights

IMDP: Intermediate Management Development Programme

International Cyanide Management Code: Industry standard for cyanide management. Developed under the auspices of UNEP

IRMS: Integrated Risk Management System

ISO: International Standards Organization, 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

ISSI: Integrated Seismic Systems International: subsidiary of AngloGold Ashanti that develops and implements seismic monitoring management systems

IUCN: International Union for the Conservation of Nature

J

JSE: JSE Limited

JV: joint venture

Glossary of terms and acronyms

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K

King Report/ King 2: King Report on Corporate Governance, 2002

KOSH communities: Klerksdorp, Orkney, Stilfontein, and Hartebeesfontein

L

Life of mine (LOM): number of years that the operation is planning to mine and treat ore, taken from the current mine plan

LSE: London Stock Exchange

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

M

Managerial employees: defined as those in supervisory and management roles in Paterson job grades C-upper and above
Masakhisane: R10 million development and equity fund that works in conjunction with SMEDI

MCC: Medical Controls Council (South Africa)

MDP: Management Development Programme

MHSA: Mine Health and Safety Act (South Africa)

MHSC: Mine Health and Safety Council (South Africa)

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 sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. The mineral resources are inclusive of those resources which have been modified to produce ore reserves.

Mining Charter or the Charter: Broad-based Socio-Economic Empowerment Charter

Mining-induced seismicity: failure of the earth's crust or rock mass as a result of mining-induced changes in rock stress levels.

MLTIFR: malaria lost-time injury frequency rate

MPF: Mineworkers Provident Fund

MPRDA: Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect in South Africa on 11 May 2004. Regulates the granting of mining authorisations and

prospecting permits

MUN: Mineworkers Union of Namibia

N

N\$: Namibian Dollar

NDA: National Department of Agriculture, South Africa

NECSA: Nuclear Energy Corporation of South Africa

NEDLAC: National Economic Development and Labour Council

NELSAM: National Earthquake Laboratory in South African Mines

NEMA: National Environmental Management Act, 1998, South Africa

NGO: non-governmental organisation

NICNAS: National Industrial Chemicals Notification and Assessment Scheme

NIHL: noise-induced hearing loss. Compensable cases reported per 1,000 employees

NNR: National Nuclear Regulator, South Africa

NOSA: National Occupational Safety Association, South Africa. Provided auditing and certification services, until its liquidation in May 2005

NREL: National Renewable Energy Laboratory

NUM: National Union of Mineworkers (South Africa). Union representing the largest number of South African underground employees

O

ODMWA: Occupational Diseases in Mines and Works Act

OEL: Occupational Exposure Limit

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.

Open-pit mining: where top layers of soil are removed to uncover the reef from surface

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 sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves

OTD: old tailings deposits

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Glossary of terms and acronyms

Ounces (oz) (troy): used in imperial statistics. A kilogram is equal to 32.1507 ounces

P

Paterson grading system: well-known job classification system used at a number of AngloGold Ashanti operations

PCAOB: Public Company Accounting Oversight Board.

Established in the US to oversee and regulate a public company's auditors in terms of the Sarbanes-Oxley Act

PPE: personal protective equipment

Preconditioning: drilling of holes ahead of the face to be blasted and detonating these with a light charge. To mitigate against mining-induced seismicity

Price received: attributable gold income including realised non-hedge derivatives divided by attributable ounces/kilograms sold.

Prophylactic treatment: preventative/precautionary treatment

PwC: independent auditors PricewaterhouseCoopers

R

R: South African rand

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 amongst others by the South African Department of Minerals and Energy, the US 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

Resettlement policy for AngloGold Ashanti: based on the IFC's Resettlement Policies, Guidelines and Standards

Return on equity: adjusted headline earnings expressed as a percentage of the average equity, adjusted for the timing of acquisitions and disposals

RFA: Rehabilitation and Functional Assessment programme used to assess an individual's capacity for a specific occupation and to provide rehabilitation and if necessary, training for an alternative occupation after injury

Rockburst: seismic release of energy, similar to an earthquake, that results in obvious damage to mining excavations

RWD: return water dam

S

SAEWA: South African Equity Workers' Association

SANS: South African National Standards

Sarbanes-Oxley (SOx): Sarbanes-Oxley Act of 2002.

Introduced into law in the US to set new corporate governance standards for corporate boards and accountability standards and penalties for corporate management

SECNAMI: Section Nationale des Mines et des Industries

(Malian trade union)

Seismic event: the transient motion and release of kinetic energy caused by sudden failure of the earth's crust, usually felt as shaking or tremors in the rock mass. Seismic events range in size from barely perceptible tremors to major earthquakes

SEMOS: La Société d'Exploitation des Mines d'Or de Sadiola

Shaft: vertical or decline - means of transporting men and materials

SHEC: safety, occupational health, biophysical environment and community investment

Silicosis: occupational lung disease caused by the inhalation of free silica dust which is present in mining where quartz concentrations are high

SIMM: Structural Inspection and Maintenance Management process developed to assess the state of shaft steelwork through computer simulation

SIMRAC: Safety in Mines Research Committee

SMEDI: Small and Medium Enterprises Development Initiative unit established by AngloGold Ashanti to identify and help small business with potential

Social Development Toolbox: Guide to AngloGold Ashanti's community practices

SPCC: spill countermeasure and contingency plan

SRI: Socially Responsible Investment Index, launched in 2004 by the JSE to identify those companies that integrate the principles of sustainability into their business activities, and to facilitate investment into those companies

STCFG: Southern Teller Country Focus Group

STD: sexually transmitted disease

STI: sexually transmitted infection

T

TACAIDS: Tanzanian Commission for AIDS

Tailings: the rejected material from mining and screening operations

TB: pulmonary tuberculosis`

Teba: An institution owned by the South African mining industry, through which the industry has historically recruited labour but which now fulfils a broader social role in addition to its recruitment function

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

TRI: toxic relief inventory

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TSF: tailings storage facility. An engineered dam, designed and constructed as a repository for the ground rock or tailings after gold has been extracted.

Turnbull Guidelines: provides direction with guidelines on effective implementation or internal control/risk management.

Applies to companies listed on the LSE

TWN: Third World Network

U

UASA: United Association of South Africa (South African trade union)

UNDP: United Nations Development Programme

Underground mining: where the orebody is accessed by vertical or decline shaft deep into the ground

UN General Assembly: United Nations General Assembly

UN Global Compact:

UNEP: United Nations Environment Programme

UNPA: University of Patagonia

USFS: U.S. Forest Service

USFWS: U.S. Fish and Wildlife Service

V

VCR: Ventersdorp Conottract Reef: Ore of the main reefs mined in South Africa's Vaal River operations

VCT: voluntary counselling and testing

VLf: valley leach facility

W

WACAM: Wassa Association of Communities Affected by Mining

WAD: weak acid dissociable

WGC: World Gold Council

WHO: World Health Organization

Z

ZDD: zero discharge dam

AngloGold Ashanti

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FEEDBACK FORM

Dear stakeholder

This is our fifth Report to Society. Following the publication of our previous reports we sought feedback (both formally and informally) from our stakeholders on our reporting with the aim of understanding what they liked or did not like about these documents and to establish how we could improve in terms of meeting their information requirements in the future. In 2006, we engaged an independent research company that specialises in the field of sustainable development to undertake detailed interviews with targeted individuals representing different stakeholder groups. (See document on Stakeholder Feedback on page 5 of this report). The format and content of the 2006 report has been guided to a large extent by the feedback we received from this process and has led to the publication of a shorter printed report (which is also available on the internet) in addition to the comprehensive web-based version . We would be very grateful for any feedback that you may wish to provide on our 2006 report. The feedback form is available online at www.anglogoldashanti.com, or it may be emailed to afine@anglogoldashanti.com or faxed to +27 11 637 6399.

1.

Personal details

Name:

Organisation:

Tel:

Fax:

Email address:

Postal address:

Would you like to be added to our database as an organisational stakeholder?

I

Yes

I

No

2.

What is the nature of your interest in/association with AngloGold Ashanti?

I

Employee

I

Analyst

I

Shareholder

I

Journalist

I

Government

I

Non-governmental or community-based organisation

I

Supplier or business partner

I

Student

Other – please specify:

3.

What are the company-related issues in which you have a specific interest? Would you like to receive further information/updates on these issues?

I

Yes

I

No

4.

How did you become aware of our report?

I

Delivered or posted to you (printed copy)

I

Email link sent to you

I

From the annual report

I

Via the company's website

I

Through the media

I

Other source (name)

5.

In what format did you view the report?

I

The web-based version

I

The printed version

I

The version on CD

6.

Have you been aware of/had access to our previous report/reports?

I

Yes

I

No

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FEEDBACK FORM

7.

How did you find the report/s?

Abridged report

Web-based version

I

Too detailed

I

Too detailed

I

Not enough detail

I

Not enough detail

Other comments:

8.

Indicate your main areas of interest:

I

Safety and health

I

Environment

I

Ethics and governance

I

Community

I

HIV/AIDS and malaria

I

Economic performance

I

Annual report

Other – please specify:

9.

Did you read the message from the CEO?

I

Yes

I

No

Comment:

10. Were AngloGold Ashanti's values and business principles clearly articulated in the report?

I

Yes

I

No

Comment:

11. Do you feel that – based on the report – you have a good/better understanding of the sustainable development issues related

to the company and how they are being dealt with?

I

Yes

I

No

Comment:

12. Did you use the Global Reporting Initiative (GRI) index?

I

Yes

I

No

13. Does the fact that the report is independently assured provide you with confidence with regard to the accuracy and relevance of information?

I

Yes

I

No

14. Do you have any other comments on the report?

Thank you for your feedback.

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(Born – New York, 27 July 1966. Died – Cape Town, 24 December 2003)

Edward Ruiz was a distinguished freelance photo journalist from New York who in 2000, following several years working in Cambodia, Mexico and Nepal, made South Africa his home. Captivated by the land, its people and its stories Ruiz captured the optimism and joy of Africa in his imagery: the sardine run in KwaZulu-Natal, an isicathamiya choir in Durban, three young Zimbabwean cricketers intense in the middle of a game.

Ruiz freelanced for a number of publications, including The Los Angeles Times, Time, and The Guardian, as well as being a regular contributor to local newspapers and magazines, such as Leadership and Sawubona. He was an energetic photographer, full of ideas, and accompanied by great investigative skills and commitment.

In 2002 he produced a documentary based on AngloGold Ashanti's HIV/AIDS programme – a project he approached with respect for his subject and a determination to do it justice. The result was a series of striking photographs with accompanying text which Sawubona magazine published in January 2004, a month after Edward's tragic death.

AngloGold Ashanti has since established the Edward Ruiz Mentorship in his memory. This provides an opportunity for a promising young photographer to produce a substantial photographic documentary under the guidance of a leading photographer. The grant also allows for the purchase of materials, some travel and the opportunity to do research into the chosen subject. Undoubtedly, Edward Ruiz would have approved. His commitment to South Africa and its people was deep and heartfelt – and AngloGold Ashanti is proud to use this publication to showcase some of Ruiz's most remarkable images.

Edward Ruiz

www.anglogoldashanti.com

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AngloGold Ashanti Limited

Date: March 29, 2007

By:

/s/ L Eatwell

Name: Lynda Eatwell

Title: Company Secretary