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ngloGold Ashanti's approach to artisanal and small-scale mining

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

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

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 jatropa (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

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

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.

Artisanal mining in Africa – the safety aspects

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.