

## **ANGLOGOLD ASHANTI'S ACTIVITIES IN THE DEMOCRATIC REPUBLIC OF THE CONGO**

The values and business principles of AngloGold Ashanti which guide the company's commercial and social development activities and its approach towards international conventions, are set out in the company's Report to Society, which can be found on its website, at [www.anglogoldashanti.com](http://www.anglogoldashanti.com). One of the values to which the company subscribes is the promise to ensure that communities are better off for AngloGold Ashanti having operated there. In making this commitment the company subscribes to the view that commercial operations which are conducted with integrity are an integral and necessary part of the growth and maintenance of democracy and the improvement of the quality of people's lives.



In the context of the DRC and on the particular issue of operating in politically

sensitive regions or areas of potential conflict, we are guided by the Voluntary Principles on Security and Human Rights and are currently involved in the process of formally adopting these principles<sup>1</sup>.

AngloGold Ashanti, through its subsidiary AngloGold Ashanti Kilo, a joint venture between AngloGold Ashanti and *Offices de Mines d'Or de Kilo Moto* ("OKIMO"), a local parastatal with a 13.8% non-contributory share, has title over certain properties in the Ituri region in the north-east of the DRC and is exploring for gold on these properties. The purpose of this summary is to provide a synopsis of the company's history and current activities in the region.

### Background

Prior to 1996, Kilo Moto Mining International ("KIMIN"), which held an exploration and mining lease over Concession 40, an area of approximately 10,000 square kilometres located in the Ituri Region in the north-east of the DRC, was held in a joint venture arrangement by *Mindev & Associes S.A.* ("Mindev"), a Luxembourg-based company, and OKIMO. Mindev was the majority shareholder.

The concession encompasses almost the entire Kilo belt, one of the nine gold-bearing greenstone belts in the region. Gold was discovered by Australian prospectors in the region in 1903 and systematic mining by Belgian companies commenced two years later, continuing until 1967. During this time, it is estimated that total gold production from the region amounted to some 10 million ounces, approximately half of which came from alluvial deposits with the remainder coming from small underground and open pit mines. Historic production from the Kilo belt alone is estimated to be 5.6 million ounces. In this period, the Mongbwalu area, where AngloGold Ashanti has initially focussed its exploration activities, is reported to have produced some 1.3 million ounces of gold.

In 1967, mining activity in the area was nationalized and controlled by OKIMO. Production reduced to less than 15,000 ounces per year, due to lack of capital investment and very limited exploration. With the exception of some drilling in the

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<sup>1</sup> The Principles are jointly housed by the International Business Leaders Forum (IBLF) in London and Business for Social Responsibility (BSR) in San Francisco in a process intended to create a framework within which companies can share best practice and issues can be raised between companies and leading human rights NGOs. This ongoing dialogue is currently sponsored by the Governments of the United States, United Kingdom, Netherlands and Norway and involves many of the leading private sector oil and gas producers and the mining sector. Additional information on the principles can be found at [www.societyandbusiness.gov.uk/voluntary.shtml](http://www.societyandbusiness.gov.uk/voluntary.shtml)

Mongbwalu area, very little systematic exploration has been carried out in the Kilo belt since the 1960s. This reduction in production was followed by an increase in artisanal, small-scale mining activity throughout the region.

In 1990, OKIMO entered into a joint venture with Mindev, under which a DRC registered corporate entity, KIMIN was formed with the purpose of mining Concession 40, in terms of a mining agreement entered into between the DRC Government and KIMIN. The mining agreement is complemented by a mining lease agreement (the "*Contrat d'Amodiation*"), between OKIMO and KIMIN which makes provision for mining (that is, in addition to exploration activities) by KIMIN within an area of 2,000 km<sup>2</sup> within Concession 40.

Ashanti Goldfields purchased half of the stake of KIMIN owned by Mindev in April 1996. The remaining portion of the stake of Mindev in KIMIN was acquired by Ashanti Goldfields in 1998 and the company's name was changed to Ashanti Goldfields Kilo (SCARL) ("AGK"). Following the merger of AngloGold and Ashanti in 2004 the property became part of the assets of AngloGold Ashanti which currently owns 86.22% of AGK and OKIMO owns the remaining 13.78%.

As a result of civil war in the region in 1997, all mining operations being conducted by KIMIN in the Mongbwalu area were halted and the site handed over to OKIMO. A cease-fire was signed in July 1999 by the DRC, Zimbabwe, Angola, Uganda, Namibia, Rwanda, and Congolese armed rebel groups, but sporadic fighting continued within Ituri (and elsewhere). In October 2002, the new President of the DRC was successful in negotiating the withdrawal of Rwandan forces occupying Eastern Congo (including the Ituri district). Two months later, the Pretoria Accord was signed by all remaining warring parties to end the fighting and establish a government of national unity. A Transitional Government was set up in July 2003.

Beginning in 2003, Ashanti Goldfields began to hold discussions with the DRC interim government, OKIMO, the United Nations Peacekeeping Mission in the DRC ("MONUC") and other interested parties, with a view to re-establishing a company presence in the Mongbwalu area and commencing an exploration programme there. In the light of the conflict in the region, the key issue considered was the question of when it would be appropriate and safe to deploy an exploration team in Mongbwalu.

In November 2003, in anticipation of the possibility of re-opening the exploration camp, Ashanti Goldfields posted two Congolese professional exploration employees in Mongbwalu. These employees had previously worked at the KIMIN property and had lived in Mongbwalu for many years prior to the outbreak of hostilities in the Ituri

region in 1997, which gave them a helpful level of familiarity with the region. Their brief was to establish the necessary infrastructure for an exploration camp, in the expectation that an exploration programme would commence at sometime in the near future.

Despite several expressions of an intention to establish a peace-keeping camp in Mongbwalu (the first of which was made in October 2003), MONUC was only able eventually to do so in April 2005. In April 2004, a contract for the provision of on-site security was concluded by AGK with Site Logistics (a Kinshasa-based security company, and part of the international Armor Group<sup>2</sup> <http://www.armorgroup.com/>). Site Logistics deployed a security team to the exploration camp in Mongbwalu on 1 June, 2004. The team comprised a project manager and eight security supervisors, all of whom were foreign nationals, and a guard-force of approximately 20 Congolese personnel. Compliant with the United Nations arms embargo in force in the DRC, the security personnel at the AGK camp are not now nor ever have been equipped with firearms.

In December 2004, as a result of the discussions held with DRC government officials and other parties, an exploration team was deployed at Mongbwalu and exploration drilling commenced in Concession 40 in January 2005. In recruiting local staff for the project, AngloGold Ashanti employed a strict policy of only employing people who had complied with the disarmament process implemented by the transitional DRC government and MONUC.

#### Allegations of Misconduct on the Part of Ashanti Goldfields and AngloGold Ashanti

Questions have been raised regarding AngloGold Ashanti's presence in the Ituri region.

First, it has been alleged that AngloGold Ashanti established a relationship with an armed militia group, the *Front National Intégrationniste* ("FNI") in order to allow the companies' exploration activities in Mongbwalu to take place. AngloGold Ashanti denies this. Prior to the company's return to the region, a group of Ashanti executives met, in October 2003, the DRC Vice Presidents and Minister of Planning, and UN Ambassador William Swing in Kinshasa to consider the establishment of a

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<sup>2</sup> Armor Group subscribes to the following Codes and Legislation drawn up by sovereign governments and international agencies: 'The Voluntary Principles on Security and Human Rights', 'Code of Conduct of the International Red Cross and Red Crescent', 'Foreign and Corrupt Practices Act', 'Anti-terrorism, Crime and Security Act 2001' and 'United Nations Mine Action Standards'.

camp in Mongbwalu. The intention of these meetings was to inform these individuals and institutions of the company's exploration strategy and to seek their views on the company's DRC exploration plans for which the company received broad support. Following this consultation process, the company took the decision to establish its exploration camp at Mongbwalu. All parties were fully aware of the security situation in the region at the time of the company's return to Mongbwalu. After deployment, there was contact between operational company staff and members of the community in Mongbwalu. There were also unavoidable encounters with the FNI which the company sought to minimise. Plainly, the FNI gave to any such encounters which were held with AngloGold Ashanti employees an import which suited them in response to queries from interested parties.

The second key allegation made has been that, by entering into a "relationship" with the FNI, AngloGold Ashanti delivered material benefits and prestige to the FNI.

The "benefits" which are claimed to have flowed to the FNI did not arise from any relationship between the company and the militia group.

In January 2005, the FNI demanded financial assistance from AngloGold Ashanti to allow FNI group to send a delegation for talks in Kinshasa. Following an initially steadfast refusal on the part of company officials to yield to this act of extortion, AGK's site employees who were managing the camp at the time were instructed by their superiors, AngloGold Ashanti Exploration Management responsible for activities in the DRC, to act in the interest of their own safety in the wake of which they paid the to the militia \$8,000 sourced from petty cash and amongst local business people and the employees themselves. This was against an amount of \$15,000 demanded by the militia.

Prior to this incident, the only financial benefit which had been provided to the FNI was a total of \$1,100 paid between February and October 2004 in the form of freight landing taxes at the Mongbwalu airstrip. However, there is evidence of considerable confusion throughout this period as to who was collecting and receiving these funds. Some receipts issued at the time carry the stamp of the transitional national government of the DRC, and the tax was paid by all local businesses and was widely perceived to be legitimate. In any event, as soon as it was pointed out to local company officials by a UN Panel of Experts investigating arms embargo breaches in the region that the practice arguably contravened UN Resolution 1493, the payments were stopped.

It has also been suggested that the company provided ground and air transport to the FNI. AGK has never had any formal arrangement with the FNI to provide transportation. However, AGK regularly chartered planes to fly in and out of Mongbwalu and on occasions, the charter pilots offered seats to anyone willing to pay for the flight back to Bunia, including FNI officials, although AGK had no control over the offer or allocation of seats on such independent commercial charter airlines. AGK also, under duress, provided vehicle transport to FNI representatives as a result of FNI's regular stopping of AGK's vehicles and demanding lifts on threat of abuse and assault. These included lifts to the hospital, the airstrip and to church. Similarly, the company has been accused of having provided Floribert Njabu, the FNI leader, with his house in Mongbwalu. The fact is, the FNI took occupation of some houses which are situated on the mining and exploration concession before AGK established the camp and deployed its geologists on the site.

#### Community and Social Development Initiatives

Consistent with [AngloGold Ashanti's values and business principles](#) and in line with practice worldwide the company sought to undertake community development initiatives in the Mongbwalu area and invested in a range of community projects as part of the establishment of its exploration activities there. In conjunction with local stakeholders, key focus areas for community development interventions were identified, these being in the areas of infrastructure redevelopment, education and health.

There is a State-owned and managed hospital in Mongbwalu providing health care to a population of some 80,000 people. The challenges facing the health care system are formidable and, while the provision of public health should necessarily remain the responsibility of the State, an arrangement was established in 2004 whereby AngloGold Ashanti has provided the hospital with supplies of drugs and other consumables and equipment and also replaced the hospital's water pump and water supply piping. The hospital had previously been without running water for some seven years. AGK has not in any way directly or indirectly supported or influenced who is provided with treatment at the hospital, contrary to the claims that the company ensured medical assistance to the FNI.

The company has also provided equipment and supplies to schools in the area and in conjunction with the office of the mayor, assisted in repairing roads and undertaking drainage repair works in the Mongbwalu area. Since May 2004, the

company has also contributed towards the maintenance of the Budana hydroelectric plant which serves Mongbwalu, Bunia and other towns in Ituri.

In the interests of building a sense of community within Mongbwalu, assistance has also been provided for various community events such as St Barbara's Day celebrations, civic parades for Nurses Day, and Women's Day as well as sponsoring a local soccer tournament.

### Prospectivity

Initial drilling in the 1.5km<sup>2</sup> Adidi area around Mongbwalu supports historical tonnage and grade estimates of 1.2 million ounces at 9.9 grams/ton, with the mineralization open-ended along strike and down-dip. Given the area's prospectivity, we are fast tracking exploration through 2006 and 2007, which, if successful, will result in the preparation of a feasibility study in 2008 with construction commencing in 2009.

The rest of Concession 40 comprises some 3,000 km<sup>2</sup> of poorly explored greenstone belt, with an estimated historical gold production of 4moz. We are planning airborne geophysical surveys and target generation in 2006/7 leading to ground follow-up in 2008.

### Conclusion and the Way Forward

Following the deployment of the MONUC base in Mongbwalu, the signing of an agreement by the transitional government and armed militia groups in the regions, as well as its own detailed *in loco* investigations, AngloGold Ashanti has concluded that, under current circumstances, the company can continue to comply with its commercial and social responsibilities in the north eastern DRC with integrity. It has established processes and programmes, in collaboration with the relevant institutions of civil society in the region, which will promote sustained economic and community development with appropriate transparency. In particular, the company is working on programmes which will contribute to improved health care, education and community infrastructure and which seek to better manage the relationship between large scale mining operations and artisanal and small-scale miners.