



• Mr Eric Asubonteng (left) addressing the press conference. With him are Mr David Noko, Executive Vice President, Group Sustainable Development, AngloGold Ashanti, and Mrs Juliet Manteaw-Kutin, Head of the Legal Office, AngloGold Ashanti (Ghana) Limited. Picture: EMMANUEL QUAYE

Obuasi Gold Mine to be redeveloped

• Govt, AngloGold sign pact

By Nana Konadu Agyeman, ACCRA

ANGLOGOLD Ashanti and the government have signed regulatory and fiscal agreements that will provide the framework for the redevelopment of the Obuasi Gold Mine into a modern, productive mining operation.

The two parties, per the agreement, have also put in place several arrangements, including a development agreement, tax concession agreement, security agreement and a reclamation security agreement.

In addition, the environmental impact assessment process of the mine, which has a 21-year lifespan, has been completed and the permits are expected shortly.

At a press briefing to announce the deal, the Managing Director of AngloGold Ashanti, Mr Eric

Asubonteng, said the tax concession agreement and the development agreement were awaiting ratification by Parliament to become effective.

AngloGold Ashanti owns 100 per cent interest in the Obuasi Mine which was acquired in the merger with Ashanti Goldfields in 2004.

Falling gold price in 2013 overtook restructuring efforts to improve the profitability of the mine, and the company embarked on a restructuring programme since 2014 due to the significant losses it endured for a prolonged period.

Consequently, the firm suspended its underground production in 2014 and retrenched more than 2,000 workforce.

Attractive returns

Mr Asubonteng said the Obuasi Gold Mine had been in a limited operating phase since 2014, for which the government's support would boost its fortunes to restart the mine not only as a modern, productive, long-life high

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AngloGold Ashanti Obuasi Gold Mine is to be redeveloped into a modern, productive mining operation following agreements signed between the company and the government.

margin operation but also as a mechanised underground mining operation.

He said the project would benefit the local communities and the national economy through taxes, job creation, communal development expenditure and local procurement opportunities.

"Redevelopment of the Obuasi Mine will establish Obuasi as a world-class operation rejuvenating the proud gold mining history of the Ashanti Region in Ghana," he said.

Mr Asubonteng indicated that a feasibility study conducted into the

redevelopment of the Obuasi Mine revealed that the mine had 5.8Moz of ore reserves and 34Moz in mineral resources to create a safe, long-life mining operation that was productive and profitable.

He said the approach to redeveloping the Obuasi mine was a fundamental departure from how the mine operated in the past, saying that "The redevelopment makes use of automation and controls for improved operational efficiencies and consistency in performance."

Two-phased project

He explained that the project would be implemented in two distinct phases, with stage one involving project establishment, mine rehabilitation and development, plant and infrastructure refurbishment to enable production at a rate of 2,000 tonnes per day for the first operating year.

"This is expected to take roughly 18 months, with the first gold pour expected in the third quarter of 2018," he said.

He said the second phase of the project included refurbishment of the underground materials handling system, shafts and ventilation, as well as construction of the primary crusher, a new gold room and tailings storage facility.

This is expected to take a further 12 months and enable the operation to climb to 4,000 tonnes per day. The operation is then expected to ramp up to 5,000 tonnes per day over the following three years.

Capital injection

Mr Asubonteng said the initial capital expenditure anticipated over the first two and half years was expected to be between \$450 million and \$500 million, excluding pre-production capital of \$64 million.

"After the completion of phase two, extended project capital expenditure of \$94 million is expected to continue

through to year six, covering the development of the Obuasi deep decline to the lower level of the mine, refurbishment of the KMS shaft, installation of new underground pump stations and construction of the floatation storage facility.

He said the operation of the mine was expected to employ between 2,000 and 2,500 skilled workforce while additional roles would be required during the construction phase of the project.

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