

PROJECT PROFILE GRAMALOTE, COLOMBIA



DESCRIPTION

The Gramalote project, a joint venture between AngloGold Ashanti Limited (51%) and Vancouver-based B2Gold Corp (49%), is located 110km northeast of Medellín in the municipality of San Roque, in the department of Antioquia, in northwest Colombia. The project is managed and operated by AngloGold Ashanti.

AngloGold Ashanti has been engaged in greenfields exploration in Colombia since 2002 with Gramalote being one of three major discoveries in the country.

Project status

Gramalote is at an advanced stage of development and will be the first major open-pit gold mine development in Colombia, and the group's first operating gold mine in that country. This project, for which best practice standards are being applied to all project activities, will enable AngloGold Ashanti to establish its responsible mining and operating credentials in the host community and among the broader Colombian population.

Salient features

| | |
|---|---|
| Mineral Resource (inclusive) – 100% | 5.0Moz (2011: 3.9Moz) |
| – attributable (51%) | 2.6Moz (2011: 2.0Moz) |
| Estimated annual gold production | 350,000oz – 450,000oz (+5Moz over mine life) |
| Estimated annual production rate | 70Mt |
| Estimated total cash costs | \$650/oz – \$750/oz |
| Average head grade | 0.5g/t – 0.55g/t |
| Total cost | \$950/oz – \$1,050/oz |
| Estimated capital expenditure – project | \$1.25bn – \$1.45bn |
| Estimated annual ore throughput | 20Mt – 23Mt |
| Annual plant capacity | 20Mt – 23Mt |
| Tailings storage facilities capacity | 300Mt |
| Plant – scheduled date of first gold pour | 2017 |
| Estimated life-of-mine | 12 – 15 years |

Progress in 2012

The prefeasibility study was concluded in the fourth quarter of 2012. While the results of this work demonstrated the social, environment and technical viability of the project, several identified optimisations regarding capital and operating aspects of the project remain to be validated. Accordingly, the project team launched an enhanced engineering phase which continues to validate project enhancement opportunities and now envision the Gramalote project as a 70Mtpa open-pit mine with a 23Mtpa flotation and concentrate leaching process plant producing in excess of 450,000oz annually over the first five years of mine life with efforts presently underway to sustain that production level over the remaining life-of-mine.

A total of 23,000m of drilling was completed in 2012. This focused on geotechnical, condemnation and resource conversion. The Mineral Resource increased from 2.0Moz to 2.6Moz. Exploration potential in the district is considered high, with a large tenement position of which less than 10% has been explored to date. A comprehensive exploration programme is being advanced and geophysical and geochemical surveys will assist in defining exploration targets that are expected to confirm the mining district's (and project's) estimated endowment.

Drill programmes in 2013 will focus on further refining the definition of mineral resources and conclude geotechnical and hydrogeological models.

Capital expenditure

In-line with current company and joint venture policy, expenditures at Gramalote are expensed until a viable project is declared. Total project expenditures in 2012 were \$67m, bringing expenditure to date on the project to \$100m.

Approved project expenditure in 2013 will conclude technical studies, advance project engineering, complete land acquisitions, conclude social and environmental baseline work, and continue the engagement of project sustainability programs. Technical work to be completed centres on project enhancements to both operating and capital costs for the project. This work is expected to complete the prefeasibility phase of the project and allow for a decision to advance the feasibility phase of the project. The project's environmental impact assessment will be submitted in the third quarter of 2013 with project approval expected in 2014.

Feasibility work will centre on detailed engineering and design and execution planning for both the project and post-project operations.

Sustainability

AngloGold Ashanti's sustainability strategy at Gramalote is focused on an array of programmes that benefit direct and indirect employment, sustainable agriculture, growth in local supplied commerce, and engagement in general service provision such as water supply and sanitation.

Safety

As with all of Colombia, there was a significant improvement in safety performance at Gramalote, led by a strong team of dedicated professionals coupled with the implementation of an array of safety programmes that focused on working safely.

Gramalote achieved an AIFR of 5.65 per million hours worked – against a target of 9.0 for 2012 – which was a dramatic improvement on the 16.64 recorded in 2011.

Safety targets have been set for 2013 and the programme on the implementation of the group's 22 safety standards, aimed achieving zero incidents group wide, will continue.

Health

A health baseline analysis and a correspondent health impact assessment are being prepared by Cendex, the public health institute of the Javeriana University. This work will be included in the Environmental Impact Assessment due in September 2013. A core element of this assessment is the impact of many decades of artisanal mining in the area, which has led to public health issues among the local population (mainly the artisanal miners) due to the use of mercury.

Development of an occupational health surveillance system was undertaken in the fourth quarter of 2012.

Community

Stakeholder engagement

Much of Gramalote's support stems from the promise of the economic development it will provide for a community where 35% of inhabitants live in poverty and 12% in extreme poverty. About 14% of San Roque's inhabitants are unemployed.

The project has established a community investment programme which includes supporting existing activities and social infrastructure.

Successful negotiations with 153 artisanal miners were finalised in July 2012, with a formal agreement that involves recruitment of 40% of their number by the company as well as the setting up of small businesses (assisted by Gramalote) to provide services to the community and potentially to the company. The successful development of Gramalote offers an opportunity for AngloGold Ashanti to establish its project development credentials to the host community and to the broader Colombian population.

The Gramalote project team has designed and implemented an extensive strategy of identifying and engaging stakeholders at the local and regional level. This includes local citizen groups, local and regional businesses and business associations, commercial enterprises, academic institutions and local and regional governments.

Stakeholder engagement has focused primarily on education about modern gold mining and its benefits as well as mitigation and compensation of any possible negative impacts. Secondly, engagement has focused on improving the livelihood of the local inhabitants through investment projects in health, education and infrastructure, and strengthening existent economic activities (i.e. sugar cane and cattle ranching). The project will be developed in an impoverished rural area of Antioquia Department and both the direct and indirect employment opportunities will benefit the region substantially.

Three main initiatives are currently underway to improve living standards in the area immediately surrounding the project. These cover food security, agricultural productivity enhancements and improved living conditions, concentrating around social infrastructure (schools, sanitation, and health institutions in the direct area of influence).

Artisanal and small-scale mining

A detailed artisanal and small-scale mining strategy has been developed and is being successfully implemented. Negotiations have been successfully completed with 153 local artisanal and small-scale miners who have agreed to look for and find alternative means of livelihood, which included employment with Gramalote (40%), as well as setting up small businesses (with assistance by Gramalote) to provide services in the communities and potentially to the company.

Gramalote – key statistics

| | | 2012 | 2011 | 2010 |
|--------------------------------------|--------------------------|--------|-------|------|
| Operational performance | | | | |
| Total expenditure – 100% | \$m | 67.0 | 29.0 | 3.5 |
| – 51% | \$m | 34.2 | 14.8 | 1.8 |
| Safety | | | | |
| No. of fatal accidents | per million hours worked | 0 | 1 | 0 |
| All injury frequency rate (AIFR) | | 5.65 | 16.14 | 0 |
| People | | | | |
| Total average number of employees | | 529 | 280 | 65 |
| – Permanent employees | | 93 | 36 | 8 |
| – Contract employees | | 436 | 244 | 57 |
| Employee turnover | % | | | |
| – Permanent | | 2 | 6 | 0 |
| – Contractors | | 3 | 3 | 0 |
| Training and development expenditure | \$000 | 148 | 19 | 4 |
| Environment | | | | |
| Total water consumption | MI | 29 | | |
| Total energy usage | Million GJ | 0.0005 | | |
| Reportable environmental incidents | | 0 | 0 | 0 |
| Rehabilitation liabilities | \$m | 0.8 | 0.8 | 0 |

Environment

AngloGold Ashanti has been engaged with an environmental baseline study of the project for over two years. The study will provide a full scope analysis of the project area as it is today and the potential impacts to the environment as a result of the project development and operation. There are no unique environments or threatened and endangered flora or fauna within the project area, however, as the project is located in an area of moderately high rainfall this necessitates good water management practices to mitigate the effects of surface storm water.

The environmental baseline study along with the social baseline study will inform the project's environmental impact assessment, development of which continues in consultation with the National Environment Authority. Steps are being taken to conclude all the technical work required for the submission of the environmental impact assessment during 2013.

New regulations regarding water discharge standards are currently being evaluated with AngloGold Ashanti and other

mining companies working closely with the regulatory agencies in the development and promulgation of these standards.

Water use is a primary concern in this mostly agricultural region. Infrastructure location will be optimised to minimise the project's use of water and reduce impacts on critical water sources. Preliminary investigations demonstrate that there will not be a material impact on agricultural or domestic water. However, the in-country team continues to work on a broad awareness and education campaign to show the benefits of responsible mining, and how impacts are mitigated and compensated for to achieve a net positive impact.

Outlook

The focus in 2013 will be to advance the project in line with its development plan, concluding advanced technical studies and submitting the environmental impact assessment in the second quarter of 2013. This will be followed by the start of the project feasibility study in the third quarter 2013. Assuming the project advances to implementation, construction would be expected to begin in late 2014.

Additional information from a country perspective can be obtained from the Colombia country fact sheet which is available at www.aga-reports.com.

Forward-looking statements

Certain statements contained in this document, other than statements of historical fact, including, without limitation, those concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs and other operating results, return on equity, productivity improvements, growth prospects and outlook of AngloGold Ashanti's operations, individually or in the aggregate, including the achievement of project milestones, commencement and completion of commercial operations of certain of AngloGold Ashanti's exploration and production projects and the completion of acquisitions and dispositions, AngloGold Ashanti's liquidity and capital resources and capital expenditures and the outcome and consequence of any potential or pending litigation or regulatory proceedings or environmental issues, are forward-looking statements regarding AngloGold Ashanti's operations, economic performance and financial condition. These forward-looking statements or forecasts involve known and unknown risks, uncertainties and other factors that may cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these forward-looking statements. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements and forecasts are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic, social and political and market conditions, the success of business and operating initiatives, changes in the regulatory environment and other government actions, including environmental approvals, fluctuations in gold prices and exchange rates, the outcome of pending or future litigation proceedings, and business and operational risk management. For a discussion of such risk factors, refer to the document entitled "Risk Factors related to AngloGold Ashanti's suite of 2012 reports" on the AngloGold Ashanti online corporate report website at www.aga-reports.com. These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Consequently, readers are cautioned not to place undue reliance on forward-looking statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this project profile or to reflect the occurrence of unanticipated events, except to the extent required by applicable law. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein. This communication may contain certain "Non-GAAP" financial measures. AngloGold Ashanti utilises certain Non-GAAP performance measures and ratios in managing its business. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any other measures of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies may use. AngloGold Ashanti posts information that is important to investors on the main page of its website at www.anglogoldashanti.com and under the "Investors" tab on the main page. This information is updated regularly. Investors should visit this website to obtain important information about AngloGold Ashanti.