

ARGENTINA

FACT SHEET

Headquartered in Johannesburg, South Africa, AngloGold Ashanti is the third largest gold producer in the world with operations around the globe. It has 20 operations in 10 countries on four continents as well as several exploration programmes in both the established and new gold producing regions of the world. Group activities are managed in four operational regions: South Africa, Continental Africa, Australasia and the Americas (both North and South America). The countries making up AngloGold Ashanti's Americas region are Argentina, Brazil, Colombia and the United States.

AngloGold Ashanti – a corporate profile

AngloGold Ashanti employed 61,242 people, including contractors, in 2011 (2010: 62,046) and produced 4.33Moz of gold (2010: 4.52Moz), generating \$6.6bn in gold income, excluding joint ventures (2010: \$5.3bn). Capital expenditure in 2011 amounted to \$1.5bn (2010: \$1.0bn).

As at 31 December 2011, AngloGold Ashanti had a total attributable Ore Reserve of 75.6Moz (2010: 71.2Moz) and a total attributable Mineral Resource of 230.9Moz (2010: 220.0Moz).

AngloGold Ashanti has its primary listing on the Johannesburg Stock Exchange (JSE) and is also listed on the New York, London, Australia and Ghana stock exchanges. As at 31 December 2011, there were 382 million ordinary shares in issue and the company had a market capitalisation of \$16.2bn (2010: \$18.8bn). Shareholders are scattered around the world, with the largest proportion (48%) being in the United States.

AngloGold Ashanti in Argentina

AngloGold Ashanti has a 92.5% stake in Cerro Vanguardia, the company's sole operation in Argentina, with Fomicruz (the province of Santa Cruz) owning the remaining 7.5%. In 2011, Cerro Vanguardia produced an attributable 196,000oz of gold, equivalent to 4.5% of

group production, as well as an attributable 2.7Moz of silver as a by-product.

Located to the northwest of Puerto San Julián in the province of Santa Cruz, Cerro Vanguardia consists of multiple small open pits with high stripping ratios. Shallow underground mining began in 2010 to access high-grade material and accounts for about 19% of production. The orebodies comprise a series of hydrothermal vein deposits containing gold and large quantities of silver, produced as a by-product. The metallurgical plant has a daily capacity of 3,000t and includes a cyanide recovery facility.

As at 31 December 2011, Cerro Vanguardia had an inclusive Mineral Resource of 4.41Moz, of which the Mineral Reserve amounted to 2.22Moz. This is equivalent to 1.9% and 2.9% respectively of group resources and reserves.

Cerro Vanguardia had an average of 1,644 employees in 2011, of whom 1,065 were permanent and 579 contractors.

Attributable capital expenditure at Cerro Vanguardia totalled \$73m for the year, 92% more than that of the previous year and bringing to \$161m the amount AngloGold Ashanti has invested in Cerro Vanguardia over the past five years. Capital expenditure of between \$57m and \$59m is forecast to be spent at Cerro Vanguardia in 2012.

Key statistics – Argentina

		2011	2010
Operation			
Attributable tonnes treated/milled	Mt	1.0	1.0
Gold production – 100%	(000oz)	212	209
– 92.5%		196	194
Silver production – 100%	Moz	2.9	2.8
– 92.5%		2.7	2.6
Capital expenditure	(\$m)	79	41
Average number of employees		1,644	1,242
– Permanent		1,065	883
– Contractors		579	359
Productivity	(oz/TEC)	17.64	20.64
Safety			
Fatal injury frequency rate	per million hours worked	–	–
All injury frequency rate (AIFR)	per million hours worked	1.59	8.08
Environment			
Water usage – total	ML	939	1,057
– groundwater	ML	939	1,057
– surface water	ML	–	–
– purchased	ML	–	–
Energy consumption – total	million GJ	1.48	1.37
– direct energy consumption	million GJ	1.48	1.37
– diesel	million GJ	0.72	0.63
– natural gas	million GJ	0.76	0.74
– heavy fuel oil		–	–
– indirect	million GJ	–	–
Greenhouse gas emissions (CO ₂ e)	000t	103	95
– direct	000t	103	95
– indirect	000t	–	–
Cyanide used	t	444	480
Reportable environmental incidents		–	1
Socio-economic			
Community investment	\$000	2,067	1,602
Payments to government	\$000	133,674	62,581
– dividends paid to government	\$000	7,360	5,682
– taxation paid	\$000	57,015	9,046
– withholding tax (STC, royalties, etc)	\$000	30,555	22,571
– other indirect taxes and duties	\$000	3,300	2,197
– employee taxes and other contributions ⁽¹⁾	\$000	12,367	8,069
– property tax	\$000	12	8
– other (includes tax on exports)	\$000	23,065	15,008
Local spend ⁽²⁾ within country	%	85	85

⁽¹⁾ Includes remittance made to government but borne by employees as individual taxation eg PAYE, UIF.

⁽²⁾ Local spend is defined as spend undertaken within the country (currently includes indirect imports as well as locally produced goods).

Performance at Cerro Vanguardia in 2011

Operational performance

Cerro Vanguardia was the group's lowest cost producer in 2011. Attributable gold production of 196,000oz was marginally higher than the previous year's total of 194,000oz. Operating targets were met. Total cash costs of \$393/oz were lower than projected at the beginning of the year due to improved efficiencies at the mine and also the positive impact of higher-than-forecast silver production and prices. Ensuring a consistent supply of feed to keep the plant running at capacity was a principal focus during the year, as was the consolidation of the fledgling underground operation. Two mine portals were opened in the Mangas Centro and Mangas Sur pits during the year and more than 6Mt of underground development achieved.

Meeting production goals was complicated somewhat by the introduction of import restrictions by the federal government which delayed the delivery of some spare parts and capital equipment. In addition, accelerating inflation in Argentina pushed costs higher for both consumables and the payroll. These factors continue to pose a significant challenge in Argentina and may present additional hurdles to purchasing, recruitment and labour relations in the year ahead.

Construction of the new heap leach was delayed from the third quarter of 2011 to the first quarter of 2012, principally owing to construction delays caused by unseasonably inclement weather. The delay curtailed production but was mitigated by additional output achieved by rescheduling some open pit operations as well as optimising capacity of the underground operation. The heap leach project will allow Cerro Vanguardia to exploit additional sources of low-grade ore previously excluded from the mine plan.

Maintenance and planning strategies will also be adapted to cope with the more complex set of import restrictions.

Growth and improvement

The continued success of the brownfield exploration programme added 513,000oz to the mine's resource base during 2011. About 34,000m of diamond drilling and 19,000m of reverse circulation holes were done during the year so as to expand the resource at depth and to the north and west of the concession. Given the continued inflationary challenges facing companies in Argentina, the potential reduction in unit costs that will accompany additional production, makes further expansion of the operation an attractive option. The mine continued work on the underground and heap leach projects which will add incremental production in coming years.

Exploration

Given the continued success of the brownfield exploration team in identifying new, high-grade sources of ore in the vein structures at the mine, the Americas team is investigating further expansion possibilities. These include increasing the size of the plant and further expanding the scale of the heap leach footprint.

To improve the knowledge of the orebody and to provide more certainty of both grade and tonnage, the Gabriela, Lucy, Cuncuna, Rocio, El Lazo, Loma del Muerto, Osvaldo 4 and Liliana veins were drilled. Focus will remain on the recruitment of skilled workers in an increasingly competitive environment for human resources as more mining development occurs nationally and regionally.

Sustainability

The major challenges for AngloGold Ashanti's Cerro Vanguardia operation in Argentina are:

Safety and health

AngloGold believes that safety and health are not only business imperatives, but are part of the company's obligation to operate with respect for human rights, and, as such, will continue to focus on improving the safety and health performance of operations. This will include further development of the safety transformation framework and its 22 governing standards. An incident investigation protocol has been developed and deployed and an incident management and tracking system developed with a global pilot already in progress. AngloGold Ashanti has a long-term goal of operating a business free of occupational injury and illness and a five-year objective of reducing the all injury frequency rate (AIFR) to less than nine per million hours worked.

Cerro Vanguardia's safety performance improved further during 2011, and the mine recorded its ninth straight year with no fatality. The AIFR improved markedly from 8.08 in 2010 to 1.60 per million hours worked in 2011, a new record for the mine. The safety transformation programme was launched during the first half of the year with several initiatives developed to reinforce safety awareness.

Seminars, workshops and ongoing training of employees at all levels are aimed at ensuring a reduction in reportable environmental and safety incidents. At Cerro Vanguardia, close attention will be paid to the management of underground water in order to prevent pollution as this portion of the mine's development increases. A safety capsule has been introduced at Cerro Vanguardia for use in the case of disaster. The unit is stocked with long life water, food and oxygen. It also has a communication and air link to the surface.

Environment

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Cyanide: The use of cyanide by the gold mining industry has been a significant source of stakeholder concern since its introduction and cyanide is carefully managed at AngloGold Ashanti operations. The company is a signatory to the International Cyanide Management Code which supports the responsible use, transportation and disposal of cyanide in gold mining, enhances measures for the protection of human health, and reduces the potential for environmental impacts. As a signatory to the code, operations are audited by independent third parties to ensure compliance. The results of these audits are publicly available to inform stakeholders of the status of cyanide management practices at certified operations. In 2011, Cerro Vanguardia was certified as fully compliant.

Socio-economic contribution

Cerro Vanguardia is actively involved in co-operative work with key stakeholders in the Puerto San Julian (PSJ) community to establish a vision for future economic development. This visioning exercise has resulted in a development plan in which all community stakeholders have participated. In addition, Cerro Vanguardia has a significant impact on local employment.

AngloGold Ashanti enjoys a constructive relationship with its host community of Puerto San Julián (PSJ). A recent survey conducted by a well-known university indicates that more than 70% of the town's residents hold a positive view of the company. However, more can be done to improve this position further by means of continued engagement and the facilitation of investment in the community. Several social investments projects, driven by the PSJ Development Agency, were carried out during 2011. These included the purchase of a fishing vessel to promote the San Julián fishing industry, the reopening of the San Julián cinema and theatre room as well as making available local microfinance for sustainable productive projects. This multi-stakeholder group has developed a common vision for PSJ to ensure that Cerro Vanguardia's community investments lead towards sustainable economic development.

In particular, Cerro Vanguardia's socio-economic contribution is as follows:

Payments to government

AngloGold Ashanti is a member of the Extractive Industries Transparency Initiative (EITI) and is committed to supporting its objectives of fiscal transparency and good governance and shares the EITI ethos that transparency and sound governance are essential in promoting sustainable economic development. All payments made to governments by the company are disclosed, whether or not the country concerned is an EITI member; Argentina is compliant with the EITI. AngloGold Ashanti's payments to the Argentinean government in 2011 totalled \$133.7m (2010: \$62.6m).

Community

Total community investment by AngloGold Ashanti in Argentina was \$2.1m in 2011 (2010: \$1.6m).

Local procurement

AngloGold Ashanti plays an active role in the sustenance and expansion of the local economy around its operations by encouraging the development of local skills, providing business opportunities and platforms for technology enhancements supporting local suppliers so as to promote sustainable local business. Of total procurement spend by Cerro Vanguardia in 2011, 85% was spent locally.

Other challenges at Cerro Vanguardia include:

Skills shortage

From a resourcing perspective, AngloGold Ashanti and the broader mining industry are potentially faced with serious skills shortages, with few students studying mining engineering and related fields, and even fewer entering the industry. Preliminary internal findings of an overview of the global and regional training capacity for mining-related engineering skills suggest that globally, demand exceeds supply by a significant margin, particularly in respect of mining engineering, geology and metallurgical graduates as well as post-graduate mining related specialisations.

Implicit in achieving AngloGold's mission is the attraction, retention and development of people. AngloGold Ashanti competes for scarce skills with a variety of commodity producers across the entire mining,

finance and engineering spectrum who may be based in more attractive locations.

The ongoing risk assessment of real and perceived threats to skills shortages therefore remains high on AngloGold's agenda and the company will continue to track the situation and key development opportunities as the company drives change through the implementation of the organisational model and manages the strategic challenges associated with developing and managing the company's long-term skills pipeline.

The recruitment of skilled workers is becoming increasingly competitive in Argentina as more mining development occurs nationally and regionally.

Compliance with changing regulatory and fiscal environment

The meeting of production goals was complicated somewhat by the introduction of import restrictions by the federal government which resulted in the delayed delivery of some spare parts and capital equipment. Maintenance and planning strategies will be adapted to cope with the more complex set of import restrictions.

Potential for energy shortages

AngloGold Ashanti has identified potential for energy shortages as a risk in Argentina.

Labour relations

In 2011, accelerating inflation in Argentina pushed costs higher for both consumables and the payroll. These factors continue to pose a significant challenge in Argentina and may present additional hurdles to purchasing, recruitment and labour relations in 2012.

Planning for mine closure

Given that all mining operations eventually cease, on-going planning for closure is an integral aspect of operational planning as are estimations of associated liability costs and the assurance of adequate financial provisions to cover these costs. Cerro Vanguardia has complied with the group closure and rehabilitation management standard.

Closure planning is an activity that starts at exploration and mine design stage and continues throughout the life of mine:

- The evaluation of new projects takes into account closure and associated costs in a conceptual closure plan.
- Our standard requires that an interim closure plan be prepared within three years of commissioning an operation, or earlier if required by legislation.
- This plan is reviewed and updated every three years (annually in the final three years of a mine's life) or whenever significant changes are made, and takes into account operational conditions, planning and legislative requirements, international protocols, technological developments and advances in practice.

AngloGold Ashanti's total rehabilitation liability at Cerro Vanguardia in 2011 was \$38.9m \$25.7m (2010) of which \$29.6m was for restoration and \$9.3m for decommissioning.

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