

AUSTRALIA

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). Australia is included in AngloGold Ashanti's Australasia region.

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 Australia

AngloGold Ashanti's assets and interests in Australia are:

- **Sunrise Dam**, currently the group's sole operating mine in Australia. Sunrise Dam, which is wholly owned by AngloGold Ashanti, is located in the northern goldfields of Western Australia, 220km northeast of Kalgoorlie and 55km south of Laverton. The mine consists of a large open pit which is now in its fifteenth year of operation, and an underground mine which began in 2004. Mining is conducted by contractors and the ore is treated in a conventional gravity and carbon-in-leach (CIL) processing plant, which is owner-managed.
- The **Tropicana** project, an unincorporated joint venture between AngloGold Ashanti Australia Ltd (70%) and Independence Group NL (30%), is located 330km east-northeast of Kalgoorlie in

Western Australia. Development of the project, which is managed by AngloGold Ashanti on behalf of the joint venture partners, is proceeding apace.

Gold production at Sunrise Dam declined by 38% to 246,000oz in 2011. This was equivalent to 6% of group production. Total cash costs increased by 46% to \$1,431/oz, while in local currency, total cash costs rose 30% to A\$1,386/oz, due primarily to lower production and the cost of remedial work.

In 2011, an average of 509 people, including contractors, were employed at the Sunrise Dam operation, 3% more than in 2010, and 132 at the Tropicana project.

Total capital expenditure for the region more than doubled to \$102m (2010: \$40m). The bulk of this (\$73m) was spent on the Tropicana project, which is scheduled to begin production in 2013. Most of this in turn was spent on the main access road, operational readiness and accommodation. Total capital expenditure by AngloGold Ashanti in Australia over the past five years exceeded \$1bn (this includes capital expended at the Boddington mine which was sold in 2009). Forecast capital expenditure by AngloGold Ashanti on its Australian assets for 2012 is between \$308m and \$323m.

AngloGold Ashanti also has an extensive exploration programme in the area around the Tropicana project that covers some 13,500km² of tenements along a 600km strike length. This area in Western Australia is considered one of the most prospective for new gold discoveries in Australia.

At year-end, the attributable Mineral Resource for AngloGold Ashanti Australia totalled 7.45Moz and the attributable Ore Reserve 4.26Moz, equivalent to 3.2% and 5.6% of group resources and reserves.

Key statistics – Australia

		2011	2010
Operation			
Attributable tonnes treated/milled	Mt	3.6	3.6
Gold production (attributable)	(000oz)	246	396
Total cash costs	(\$/oz)	1,431	982
Capital expenditure	(\$m)	102	40
Average number of employees		509	494
– Permanent		101	93
– Contractors		408	401
Productivity	(oz/TEC)	40.29	66.77
Safety			
Fatal injury frequency rate	per million hours worked	–	–
All injury frequency rate (AIFR)	per million hours worked	18.11	13.10
Environment			
Water usage – total	ML	4,059	3,485
– groundwater	ML	3,984	3,429
– surface water	ML	57	35
– purchased	ML	18	21
Energy consumption – total	million GJ	2.15	2.28
– direct energy consumption	million GJ	1.09	1.19
– diesel	million GJ	1.06	1.09
– natural gas	million GJ	–	–
– heavy fuel oil		–	–
– indirect	million GJ	–	–
Greenhouse gas emissions (CO ₂ e)	000t	130	153
– direct	000t	130	153
– indirect	000t	–	–
Cyanide used	t	1,379	1,444
Reportable environmental incidents		1	–
Socio-economic			
Community investment	\$000	276	456
Payments to government	\$000	122,159	28,095
– dividends paid to government	\$000	–	–
– taxation paid	\$000	81,087	(2,366)
– withholding tax (STC, royalties, etc)	\$000	9,768	12,610
– other indirect taxes and duties	\$000	–	–
– employee taxes and other contributions ⁽¹⁾	\$000	31,304	17,821
– property tax	\$000	–	–
– other (includes tax on exports)	\$000	–	–
Local spend ⁽²⁾ within country	%	98	98

⁽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 in Australia in 2011

Operational performance

Sunrise Dam

Sunrise Dam produced 246,000oz at a total cash cost of \$1,367/oz in 2011, compared with 396,000oz at a total cash cost of \$957/oz the previous year. The unforeseen decline in production was due to work stoppages caused by the high-wall slip and floods following excessive rainfall which resulted in operations both underground and at the open pit being affected.

A major flood occurred in February, when 220mm of rain fell in two storms, less than five days apart. This was the highest rainfall recorded in the 129 years of records for the Laverton district. In April, a wall failed in the southeastern portion of the open pit, which prevented access to the open pit working areas. A new access ramp was constructed, which took approximately six months. No injuries were sustained in either event, or in the work required to re-establish production. These two events – the flood and the failure of the high wall – necessitated a substantial change to the mine plan and production schedule for 2011, with a consequential change to annual gold output.

The flood affected underground production for approximately four months. During this period the mining contractor worked on remedial activities to repair damage and rehabilitate flooded areas, thus full costs were incurred. Production from the open pit was interrupted for approximately six months while the new access ramp was constructed. Again the open pit mining contractor was fully occupied for most of the period, relocating the stockpile, constructing the new access ramp and waste dump, and rehabilitating the tailings.

The flood and failure of the pit wall together reduced planned production by about 100,000oz while the considerable remedial work negatively impacted cash costs per ounce. The underground operation returned to full production in the second half of 2011, and by the fourth quarter had achieved an annualised ore production rate of 1.5mtpa, which is close to the budgeted rate. This was achieved through much improved short- and medium-term planning.

Growth and improvement

Production at Sunrise Dam has been declining steadily, from a peak in 2007 when the main high-grade ore zone was mined in the base of the open pit. Since then, in line with the mining plan, open pit production has been declining and underground production increasing. Production from underground will not reach the previous highs of the open pit as volumes of high-grade ore do not reach the same concentration as previously encountered in the base of the open pit. A plan was implemented in 2011 to increase production in the period 2012–2014. An underground production improvement project will focus on underground stope production, trucking, bogging, maintenance and the retention of skilled people. A study was also undertaken during 2011 on the most suitable mining method for the GQ orebody. A substantial tonnage will now be mined via more productive and cost effective long-hole open stoping methods and alternative mine design options are currently being assessed to optimise the extraction of areas of narrow, high-grade mineralisation that extend beyond bulk mining zones within the GQ orebody.

Other key capital projects underway at Sunrise Dam include the installation of an underground dewatering/pumping system designed to enable large volumes of water such as those encountered in the flood of February 2011 to be removed from underground within 14 days. Another capital project in the underground mine is the

construction of an underground workshop to service and repair the underground mobile fleet. This is expected to have a payback period of less than three years as equipment will no longer have to travel all the way to surface for services and maintenance work. Installation of two primary ventilation fans (Cosmo and GQ) with a remote control system will improve energy efficiency.

Tropicana

Approval for development of the Tropicana project was received in November 2010. The project, which entails the establishment of a new 6Mt a year gold mine with a life of about a decade, has a total attributable capitalised development cost of A\$530m. Ongoing exploration success is expected to add to the operation's life.

First gold production is anticipated in late 2013. Increased production from higher grade zones is expected for about the first five years. The average total cash cost of the life of the project is currently estimated at A\$590-A\$710/oz.

Lycopodium Minerals was engaged in early 2011 to provide engineering, procurement and construction management services to develop the infrastructure and processing plant. Macmahon has been awarded the mining contract and is responsible for the design and establishment of the infrastructure required to support mining operations.

By 31 December 2011, the project had progressed to schedule and within the approved budget. All regulatory approvals have been obtained. The necessary infrastructure, including access road, airstrip, accommodation village and telecommunications services were at advanced stages of development. Full transportation access to the site has been achieved.

Engineering and design for processing plant and infrastructure was approximately 75% complete at year-end. Procurement of all equipment was 90% complete and the delivery of the equipment was in line with the project schedule. Construction of the processing plant began in late 2011 with bulk earthworks for the plant site and internal access roads and concrete works scheduled to begin in early 2012.

According to the new Mineral Resource estimate completed for Tropicana at year-end, the total Tropicana resource increased by 1.05Moz to 6.41Moz (100% basis). This increase was attributed to drilling in the Havana Deeps area, between the site's Tropicana and Havana pits. Exploration drilling has continued in the area.

Exploration

At Sunrise Dam, an extensive mineralised system below the currently mined Cosmo and adjacent Dolly underground domains was discovered in 2011. Initial drill testing of these targets highlighted significant opportunity for a new mineralised domain, named Vogue. The mineralisation is an extension of the Cosmo and Dolly gold system extending beyond existing mine infrastructure by up to 400m and to depths of at least 800m below surface. It is hosted within volcanic rocks and structures equivalent to those that host the Cosmo, Western Shear and GQ mineralisation.

Dimensions of the Vogue mineralisation are significantly larger than Cosmo and Dolly, with an opportunity for either extensive bulk or selective mining zones, close to existing underground mine infrastructure. A conceptual study was completed at the end of 2011 and a prefeasibility study into the expansion of the Sunrise Dam underground mine has begun, with a substantial exploration commitment that is expected to span two to three years.

Sustainability

With the development of the Tropicana project has come an opportunity to include key sustainability priorities from the initial stages of the project's implementation. These priorities have included among others:

- The development of common systems across the region, ensuring consistent implementation of group-wide sustainability standards.
- The development and implementation of a regional community plan based on two principal components – communication and investment – to support the building of positive community relationships.
- Implementation of a compliance system that identifies all legislative environmental permitting and other obligations so that governance systems are in place to measure compliance.

The major challenges for AngloGold Ashanti's operations in Australia are:

Safety and health

AngloGold Ashanti 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 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 9 per million hours worked.

Sunrise Dam continues to maintain a lost-time injury frequency rate (LTIFR) below the Australian industry average – the operation reported an LTIFR of 1.57 per million hours worked in 2011 versus a national average of 2.11. Sunrise Dam recorded an AIFR of 19.40 per million hours worked for the year (2010: 13.65). The AIFR for AngloGold Ashanti's Australian activities was 18.11 for 2011 (2010: 13.10).

At Tropicana, a priority is the effective management of contractor safety during the remainder of the construction phase, to ensure that the project is completed safely. With the current mining boom in Western Australia, scarce skills in the resource sector are stretched. Safety systems and training therefore need to be strengthened to ensure operators achieve the required level of competence and incidents are avoided.

There were no occupational health issues in Australia during 2011. Noise and dust monitoring programmes are maintained as per statutory requirements. The key focus on health management is around lifestyle health management and 'fit for work' strategies.

Environment

The Tropicana mine is being designed to avoid critical habitats, rare flora, and archaeological sites, and to minimise environmental impacts.

The approach to the approvals for the Tropicana project has been viewed as a benchmark in environmental approvals in Western Australia. The team delivering the approvals focused on accessing the best information and science available to deliver a positive result for the environment within the Great Victoria Desert and to address

the concerns of interested communities and stakeholders. To do this effectively, significant resources were mobilised early in the planning process to evaluate firstly what was important to the community and stakeholders, and secondly to better understand the biological environment in which mining activities would take place. Stakeholder concerns were factored into the approval process and feedback was provided throughout the process.

Little baseline biological information is available to inform the development of resources projects in remote and challenging environments such as the Great Victoria Desert. As part of the environmental impact assessment and approvals process, the project team mapped some 230,000ha of vegetation – the Tropicana mine will cover a much smaller footprint of up to 3,400ha. The scale of this has set a benchmark for mining projects, where practice has been to survey only the direct area of impact. Surveying beyond the mine footprint demonstrates use of the precautionary principal and enables a database of knowledge to be established. The environmental values and constraints of the region were collated with the use of seasonally appropriate field surveys and interpretations.

A peer review panel was established with representatives from the local community, academic institutions, the legal fraternity and the scientific community. This panel met monthly during the authoring of the environmental documentation, and its input shaped the documentation positively. The Tropicana joint venture also established the Biodiversity Trust Fund which will contribute and enhance the scientific knowledge of the Great Victoria Desert in the long term. The Biodiversity Trust Fund has been approved by the Australian Federal government and will establish a successful legacy as a result of the activities undertaken by the project.

Testament to the corporate leadership of those involved in Tropicana's development and the commitment of the approvals team, was the timely ministerial approval of the project, while simultaneously meeting the needs and expectations of stakeholders, and improving scientific knowledge and understanding of this remote part of Western Australia.

There was one environmental incident at Sunrise Dam, a result of the excessive rains early in the year.

Socio-economic contribution

AngloGold Ashanti's Australian interests make a significant economic contribution to Western Australia and the Eastern Goldfields, both through its gold royalty payments (a State tax) at the Sunrise Dam mine and through direct spending in the local community. The bulk of AngloGold Ashanti Australia's operational spend is in Western Australia. The tendering processes for the development, construction and operation of Tropicana to facilitate participation by local businesses.

Independent research by external consultants on the economic impact of Tropicana estimated that the project would contribute \$862 million (direct, indirect and consumption effect) to the Australian economy during construction and a further \$850 million during operations. This research forecast the project would create 2,322 direct and indirect jobs during construction and a further 1,197 direct and indirect jobs during operations. Tropicana is scheduled to pour its first gold in the December quarter of 2013.

In particular, AngloGold Ashanti's socio-economic contribution to Australia 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; Australia is compliant with the EITI. AngloGold Ashanti's payments to the Australian government in 2011 totalled \$122m (2010: \$28m).

Community

Total community investment by AngloGold Ashanti in Australia was \$276,000 in 2011 (2010: \$456,000).

Local procurement

Of total procurement spend by AngloGold Ashanti Australia in 2011, 98% was spent locally.

Other challenges at AngloGold Ashanti's Australian operations include:

Skills shortages

From a resourcing perspective, AngloGold Ashanti and the broader mining industry are faced with a potentially 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 Ashanti's mission is the attraction, retention and development of people.

The group people management system provides the model and context for the company's people and organisation development strategies within a framework of the company's values, managerial leadership and engagement practices.

The ongoing risk assessment of real and perceived threats to skills shortages 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.

In Australia in 2011, the focus was on identifying or creating employment and economic development opportunities suitable for indigenous communities. Focus was also on youth development programmes, which entailed educational assistance, traineeships and apprenticeships and employment at the mine.

Changing regulatory and fiscal environment

In November 2011, the lower house of the Australian Parliament passed the Mineral Resource Rent Tax (MRRT), which replaced the previously proposed Resource Super Profit Tax (RSPT) and would require a tax of 30% on profits above certain levels from coal and iron ore mining starting 1 July 2012. The Senate is due to debate the bill in 2012. Should the government of Australia reintroduce the RSPT or extend the MRRT to the gold mining industry, or if similar "super profit" taxes were introduced in Australia or any other country in which the company operates, this could have a material adverse effect on AngloGold Ashanti's results of operations and its financial condition.

National governments are developing increasingly robust responses to climate change through the imposition of stricter emissions limits and carbon pricing mechanisms, especially in Australia.

Legislation on carbon pricing, the Clean Energy Future Scheme, was passed in Australia in November 2011. In terms of this legislation, approximately five hundred of Australia's largest emitters, including AngloGold Ashanti, will pay A\$23 per tonne of carbon dioxide they generate from July 2012. This charge will increase by 2.5% annually until 2015, when it will be set by the market under a carbon trading scheme. AngloGold Ashanti is proactively engaging with government in order to find a balance between effectiveness in addressing climate change and adverse impacts on the economy and business. A sustainability priority is implementing a compliance system that identifies all legislative environmental permitting and other obligations so that governance systems are in place to measure compliance.

Planning for mine closure

Given that all mining operations eventually cease, on-going planning for closure is an integral aspect of operational planning as is the estimation of the associated liability costs and the assurance of adequate financial provisions to cover these costs. A group closure and rehabilitation management standard is in place with which all AngloGold Ashanti operations are required to comply.

Closure planning is an activity that starts at the exploration and mine design stages 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 for its Australia assets in 2011 was \$42.0m (2010: \$38.2m) of which \$27.8m is for restoration and \$14.2m for decommissioning.

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