



# NAMIBIA

## FACT SHEET

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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 the Continental Africa region are the Democratic Republic of the Congo (DRC), Ghana, Guinea, Mali, Namibia and Tanzania.

### AngloGold Ashanti – a corporate profile

In 2011, AngloGold Ashanti employed 61,242 people, including contractors, (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 Namibia

AngloGold has one wholly owned mining operation, Navachab, in Namibia. The Navachab gold mine is situated near the town of Karibib some 170km northwest of the capital Windhoek and 171km inland of the town of Swakopmund on the southwest coast of Africa. Navachab, which began operations in 1989, is an open-pit mine with a 120,000t/month processing plant consisting of crushing, milling, carbon-in-pulp (CIP) and electro-winning facilities. Navachab had an average of 790 employees in 2011.

As at 31 December 2011, Namibia had an inclusive Mineral Resource of 4.95Moz, of which the Mineral Reserve amounted to 2.05Moz. This is equivalent to 2% and 3% respectively of group resources and reserves.

Capital expenditure at Navachab totalled \$48 million for the year, bringing to \$100 million the amount AngloGold Ashanti has invested in Navachab over the past five years. Capital expenditure of \$12m is forecast for 2012.

## Key statistics – Navachab

		2011	2010
<b>Operation</b>			
Attributable tonnes treated/milled	Mt	1.4	1.5
Gold production (attributable)	(000oz)	66	86
Total cash costs	(\$/oz)	1,038	727
Capital expenditure	(\$m)	48	14
Average number of employees		790	687
– Permanent		790	687
– Contractors		–	–
Productivity	(oz/TEC)	7.00	10.46
<b>Safety</b>			
Fatal injury frequency rate	per million hours worked	–	–
All injury frequency rate (AIFR)	per million hours worked	2.00 <sup>(1)</sup>	25.60
<b>Environment</b>			
Water usage – total	ML	1,043	1,080
– groundwater	ML	–	–
– surface water	ML	–	–
– purchased	ML	1,043	1,080
Energy consumption – total	million GJ	0.58	0.54
– direct energy consumption	million GJ	0.40	0.36
– diesel	million GJ	0.40	0.36
– natural gas	million GJ	–	–
– heavy fuel oil		–	–
– indirect	million GJ	0.18	0.18
Greenhouse gas emissions (CO <sub>2</sub> e)	000t	31	28
– direct	000t	30	26
– indirect	000t	1	1
Cyanide used	t	638	620
<b>Socio-economic</b>			
Community investment	\$000	54	133
Payments to government	\$000	9,241	14,014
– dividends paid to government	\$000	–	–
– taxation paid	\$000	615	8,689
– withholding tax (STC, royalties, etc)	\$000	4,076	1,606
– other indirect taxes and duties	\$000	–	–
– employee taxes and other contributions <sup>(2)</sup>	\$000	4,444	3,618
– property tax	\$000	105	97
– other (includes tax on exports)	\$000	1	4
Local spend <sup>(3)</sup> within country	%	89	83

<sup>(1)</sup> 2011 only includes medical treatment cases and lost-time injuries and excludes all first aid dressing cases.

<sup>(2)</sup> Includes remittance made to government but borne by employees as individual taxation eg PAYE, UIF

<sup>(3)</sup> Local spend is defined as spend undertaken within the country (currently includes indirect imports as well as locally produced goods).

## Performance at Navachab in 2011

### Operational performance

Gold production of 66,000oz was 23% lower than the 86,000oz produced the previous year, largely as a result of the reduced volumes of concentrate supplied by the DMS plant. The reduced level of gold production resulted in a 43% increase in total cash costs to \$1,038/oz.

A mining fleet has been contracted for a three-year period to complete the required near-surface waste stripping of the main pit expansion cut back to extract ore and increase mining volumes. Although the start of this contract was delayed, waste stripping began during the year, resulting in a 16% increase in tonnes mined.

### Growth and improvement

The BPF component of Project ONE was rolled out at Navachab during the second half of the year in an effort to generate improved efficiencies across the operation.

Work has begun on a prefeasibility study, scheduled for completion by mid-2012, to determine the viability of achieving planned production targets as well as optimal mine and process options. The proposed expansion is expected to improve economies of scale and focus on cost control and continuous improvement initiatives. It is also expected to create additional jobs.

Exploration during the year focused on pit expansion drilling so as to increase confidence in the orebody, to follow up on geochemical anomalies and to optimise asset use.

### Exploration

Brownfield exploration programmes at Navachab completed 259 drill holes to give a total of 39,085m of drilling during 2011.

Off-mine drilling focused on the Anomaly 16 Valley and Okatjimukuju target areas. This drilling tested geophysical targets generated at Anomaly 16 and exploration of the down-plunge extension of the higher grade LS/LM ore zone as well as the western limb of the anti-formal structure. Promising assays to date indicate the continuation of the higher grade mineralisation on the LS/LM contact and the continuation of mineralisation in the LS at Anomaly 16. A total of 20 holes (2,008m) were drilled at the EPL3275 Okatjimukuju target areas following up on gold in soil geochemical anomalies.

### Sustainability

In line with the group sustainability strategy, a comprehensive and transformative sustainability strategy has been compiled for AngloGold Ashanti's Continental Africa region, to enable the region to fulfil its potential for growth while contributing to broader regional social and economic development.

Development of a transformation model for the Continental Africa region began in 2011. The implementation of the model at each operation will primarily be achieved through the development of mine sustainability strategies based on the United Nations millennium development goals. Key components of the model are enhanced stakeholder engagement, focused community projects to deliver sustainable value and partnering with government on issues including the formalisation of artisanal and small-scale mining. The model is designed to positively and proactively address issues which have affected business, namely community disputes, failure to meet environmental standards and poor compensation practices.

In alignment with group and regional initiatives, Navachab is in the process of developing a sustainability strategy which will include a focus on the relationship with the Namibian government. Towards year-end, a sustainability workshop was held to explore mine, community and national sustainability risks and opportunities, to feed into the sustainability strategy.

### The major challenges for AngloGold Ashanti's mining operation in Namibia, Navachab, are:

#### Safety and health

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.

Good strides were made with employee safety and occupational health in 2011, with the Continental Africa region safety strategy being implemented and 22 safety standards executed. The emphasis has been on the creation and communication of a deliverable vision for eliminating fatalities by identifying and increasing the focus on high-potential near-fatal events.

Navachab remains committed to achieving 'zero injuries'. The annual safety plan was implemented, supported by a road show, safety awareness campaigns and observer training, which is ongoing. There were no fatalities during 2011. The AIFR improved dramatically, declining from 25.60 per million hours worked in 2010 to 2.0 in 2011. (Note that for 2011, all medical treatment cases and lost-time injuries were included in the calculation of AIFR and all first aid and dressing cases were excluded.)

The OHSAS 18001 certification audit was completed and non-conformances confirmed for audit recertification.

#### Environment

Environmental management and dust control: Over the past two years, AngloGold Ashanti's global strategies relating to environmental management have focused on continuous improvement in environmental performance, linked to achieving the business target of reducing reportable incidents from a 2008 baseline by 60% by 2013.

AngloGold Ashanti's Navachab operation is situated in an arid region where the management of dust generated by mining activities is necessary. To protect communities around these mines, water is used to suppress dust from roads. Dust on tailings facilities is controlled by using surface binding agents, water and vegetation.

The Namibian operation received ISO 14001 certification during 2011.

#### Process water management

AngloGold Ashanti's operations are heavily dependent upon access to substantial volumes of water for use in the mining and extractive processes and typically are subject to water-use permits that govern usage and require, among other things, that mining operations maintain certain water quality upon discharge. Water quality and usage are areas of concern globally. Incidents of water pollution or shortage can impact on the health and safety of neighbouring communities and their ability to generate income through other livelihoods such as agriculture. In extreme cases, they can also lead to community protest and ultimately to the withdrawal of community and government support for the

company's operations. Thus, the management of water supply and quality are key concerns for the business and its stakeholders.

Where feasible, AngloGold Ashanti operates a "closed loop" system, recycling all water used in operations without discharging it to the environment, thus reducing environmental impact, reducing water consumption and the potential for water contamination and containing costs.

### *Cyanide management*

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.

### **Socio-economic contribution**

#### *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 are disclosed, whether or not the country concerned is an EITI member. AngloGold Ashanti's payments to the Namibian government in 2011 totalled \$9.2 million (2010: \$14.0 million).

#### *Community*

Total community investment by AngloGold Ashanti in Namibia was \$54,000 in 2011 (2010: \$133,000). Corporate social investment in 2011 focused on education, the sponsorship of a science fair and a Spring School for Grade 12 pupils in the community. Several small-scale job creation projects continued.

#### *Local procurement*

AngloGold Ashanti plays an active role in the expansion of the local economy 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 Navachab in 2011, 89% was spent locally.

#### **Other matters of concern:**

#### *Skills shortages*

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. Demand exceeds supply, particularly in respect of mining engineering, geology and metallurgical graduates. The company will continue to focus on building capabilities, retaining key skills and developing and managing a reliable, long-term skills pipeline.

Corporate social investment at Navachab in 2011 focused on education, the sponsorship of a science fair and a Spring School for Grade 12 pupils in the community. Several small-scale job creation projects continued.

#### *Potential for energy shortages*

Globally, AngloGold Ashanti continued to focus on improving energy performance. A renewed emphasis on minimising energy consumption and securing energy supplies for the future is a key feature of the company's energy strategy, with site-based strategies to be developed as soon as possible.

#### *Community*

AngloGold Ashanti aspires to be a responsible member of the communities hosting its operations. The company has compiled a set of standards to guide its interaction and relations with these communities, the aim of which is to define expectations for community and social performance through community-focused management standards and to more effectively integrate community and environmental systems. These standards, which include community aspects from the ISO 14001 management system and the ISO 26000 guidelines, are based on international good practice and will support the development of a more consistent approach to community relations and socio-economic contributions across the group.

#### *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 was completed in 2009 and all operations were required to comply with the standard by December 2011. The Continental Africa operations have been granted an extension to December 2012.

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 (for restoration) regarding Navachab at 2011 year-end was \$3.3m (2010: \$3.0m), of which \$1.3m was for restoration of the land and \$2.0m for decommissioning.

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