ANGLOGOLD ASHANTI

SOUTH AFRICA

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).

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 South Africa

In South Africa, AngloGold Ashanti has six deep-level mines and a surface operation (there are several of these but they are collectively treated as one). These mines are:

- Vaal River operations – Great Noligwa, Kopanang, Moab Khotsong and the surface operation; and
- West Wits operations – Mponeng, Savuka and TauTona.

These operations together produced 1.62Moz of gold in 2011, equivalent to 37% of group production (Vaal River operations 51%, and West Wits operations, 49%). This was 9% less than in 2010. In addition, 1.38Mlb of uranium was produced as a by-product.

The South African operations employed an average of 32,082 people during the year, of whom 28,176 were contractors and 3,906 permanent employees (2010: 35,660).

Capital expenditure for the region totalled $532m, an increase of 25% on the $424m spent in 2010. The bulk of this was spent at Mponeng $172m, Moab Khotsong $147m, Kopanang $92m and TauTona $79m. Capital expenditure over the past five years totalled $2bn.

At 31 December 2011, AngloGold Ashanti had a total Mineral Resource in South Africa of 97.63Moz and a total Ore Reserve of 32.43Moz. These are equivalent to 42% and 43% respectively of group resources and reserves.

Performance in South Africa in 2011

Operational performance

In total, 16.4Mt of ore was milled in 2011. The average total cash costs in US dollar terms for the South Africa region increased by 16% to $694/oz (2010: $598/oz). Mponeng, with a cash cost of $546/oz, was the lowest cost producer in the region.

The South African operations faced a challenging operating environment during 2011, including a strong rand in the first half, continued interruptions from Section 54 safety-related stoppages, an industry-wide strike in the third quarter and a decision taken in the first quarter to halt mining of the main shaft pillar at TauTona to mitigate safety risk.

The region has developed a framework to address socioeconomic focus areas within and outside of the business over a three-year period. This involves government, social and industry partnerships to address economic gaps created as the operations mature, and production tapers off over a 10-year period.

Key statistics – South Africa

		2011	2010
Operation			
Attributable tonnes treated/milled	Mt	**16.4**	17.0
Gold production (attributable)	(000oz)	**1,624**	1,785
Total cash costs	($/oz)	**694**	598
Capital expenditure	($m)	**532**	424
Average number of employees		**32,082**	35,660
– Permanent		**28,176**	31,723
– Contractors		**3,906**	3,937
Productivity	(oz/TEC)	**5.85**	5.63
Safety			
Fatal injury frequency rate	per million hours worked	**0.11**	0.12
All injury frequency rate (AIFR)	per million hours worked	**15.57**	16.69
Environment			
Water usage – total	ML	**18,821**	20,896
– groundwater	ML	**5,454**	7,146
– surface water	ML	**3,902**	3,764
– purchased	ML	**9,456**	–
Energy consumption – total	million GJ	**11.13**	11.75
– direct energy consumption	million GJ	**0.20**	0.22
– diesel	million GJ	**0.20**	0.22
– natural gas	million GJ	**–**	–
– heavy fuel oil		**–**	–
– indirect	million GJ	**10.93**	11.53
Greenhouse gas emissions (CO_2e)	000t	**3,079**	3,419
– direct	000t	**116** [1]	120 [2]
– indirect	000t	**3,006**	3,299
Cyanide used	t	**3,913**	4,575
Reportable environmental incidents		**12**	10
Socio-economic			
Community investment	$000	**3,670**	3,242
Community incidents reported (where applicable)		**–**	–
Payments to government	$000	**313,334**	199,455
– dividends paid to government	$000	**–**	–
– taxation paid	$000	**102,023**	37,925
– withholding tax (STC, royalties, etc)	$000	**37,925**	35,451
– other indirect taxes and duties	$000	**–**	–
– employee taxes and other contributions [3]	$000	**132,249**	117,142
– property tax	$000	**2,765**	3,437
– other (includes tax on exports)	$000	**5,600**	5,500
Local spend [4] within country	%	**99**	99

[1] *Restated from 16,000t*

[2] *Restated from 18,000t*

[3] *Includes remittance made to government but borne by employees as individual taxation eg PAYE, UIF.*

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

Growth: the two most significant growth projects in the South Africa region are:

- *Project Zaaiplaats* at Moab Khotsong is designed to extend the operation's life to about 2037 by exploiting the Zaaiplaats block southwest of the current mine, unlocking 5.4Moz of gold. This will also provide a gateway for further opportunities. Phase 1, which was approved in August 2010 and will yield no gold, is currently underway. Phase 1, which will cost R165m, will conclude in 2012 with the establishment of the infrastructure to continue with phase 2 and the development of the eastern access. Phase 2 will also involve the establishment of a drilling platform to further increase the geological (structural) confidence of a bigger portion of the Zaaiplaats orebody, while delivering first production from the project to bridge the gap between current mining activities and access to the main portion of the Zaaiplaats orebody. Redesign and supplementary studies will continue along the way, with changes incorporated from drilling information and practical experience of the use of trackless equipment. In order to begin critical path development, an additional R136m was approved as 'early start' capital for phase 2.

  During phase 3, scheduled for 2014, full approval of the remaining phase of the Zaaiplaats project will be sought. Phase 1 is currently in the implementation stage and access development has been completed ahead of schedule.

- Mponeng hosts the most significant of the group's South African investment in its **Below 120 Deepening Project**, which will extend the life of this operation. This project, which will access the Carbon Leader and Ventersdorp Contact reefs below the current 120 level, is being tackled in a phased approach with the development of a decline from the existing infrastructure to gain quicker access to the ore and significantly improve payback, project returns and future expansion options.

  The CLR portion of the project will ultimately access 11.3Moz and the VCR another 3.2Moz through to 2030. Phase 1 refers to the VCR below 120 project, currently being implemented to develop four declines from 120 level to the 126/127 levels to exploit the VCR orebody. It includes the installation of the supporting infrastructure (refrigeration, backfill, decline equipping, etc) required to service a 10,000m^2/month production plan.

  The feasibility study is underway for phase 2, which will focus on the CLR on two levels from 120 level down to 126 level. The access design showing best fit with existing infrastructure and schedule, as well as the best returns and potential for expansion, is the construction of a central ramp, supported by an extension of the SS2 shaft for long-term transportation of men and material. The rock will be trucked up the ramp from 126 and 123 level to 119 level and hoisted to surface through the SS1 shaft rock hoisting system. Phase 2 is expected to be mined at a rate of 12,000m^2 per month.

  The dedicated decline ramp from 120 level will provide fast access to ounces and will minimise the dependence of phase 2 on phase 1 infrastructure, making phase 1 infrastructure available for a phase 3 project opportunity.

  Phase 2 will be implemented following board approval which is anticipated during 2012.

Sustainability

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

Socio-economic development is an essential aspect of the South Africa region's business strategy, both from the perspective of compliance, to ensure retention of mining licences, and also because a downward trend in the region's gold production profile together with a strategy of removing employees from high-risk areas will inevitably lead to reductions in our labour force over the medium term.

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

Safety

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. An incident investigation protocol has been developed and deployed and an incident management and tracking system developed with a global pilot already in progress.

Nine fatalities were recorded in South Africa in 2011 (2010: 10), which is a vast improvement on the 32 fatalities recorded in 2006. There was one fatality each at Great Noligwa and Moab Khotsong, three at Mponeng and four at Kopanang. The AIFR for South Africa improved from 33.12 per million hours worked in 2006 to 15.56 in 2011 (2010: 16.69).

At all South African operations, a 'three-pillar' safety strategy will focus on removing people from areas of risk, modifying behaviour and attitudes to risk and improving planning. Crews are being initiated into the Simunye safety training programme, which is expected to assist in further improving safety through its requirements to ensure regular inspections, behaviour observations, group meetings and frequent workplace risk assessments. This five-week training programme is mostly activity-based, with exercises that include elements of high-and-low rope activities, challenging and developing the resilience of the participants. A total of 68 crews had been trained by September 2011. The positive impact of the training was immediately apparent as the teams that graduated from the process showed overall improvement in respect of safe planned work, individual and team performance and potential earnings. An early indicator of success came from the first crew that attended the training in Mponeng and achieved a noticeable 62% improvement in output (by September) compared to results before training. The programme is expected to take three years to complete.

Further development of technology and innovation strategy to enable safer, deeper mining: Given the extent and extreme depth of mining in South Africa, seismic activity is of particular concern in underground mining operations. In South Africa, AngloGold Ashanti is already mining at depths of close to 4,000m. Progressing deeper underground will require finding new solutions to operating challenges, especially in the area of safety. In anticipating these challenges in the South Africa region, the group has identified two strategic areas of work – technology innovation and the interlinked area of socio-economic development. A socio-economic development model is a necessary component of AngloGold Ashanti's strategy if the company is to make a successful transition from a labour-intensive to a technology-driven mode of operating (see below).

AngloGold Ashanti has invested extensively in mine support technologies to minimise the impact of seismic activity and create a safer workplace. In 2010, the Technology and Innovation Consortium (TIC) was established to develop innovative technologies and management processes to improve safety and enhance efficiencies.

Work is now into its second year with the consortium, which counts among its members international companies such as like General Electric, Schlumberger, 3M, Atlas Copco, ABB, Sandvik, SNC Lavalin and a range of other specialists and universities. AngloGold Ashanti has formed teams to tackle a spectrum of challenges ranging from data management and organisational change, to environmental management, mine design, rock breaking and underground logistics, among others. The company plans to begin testing machinery and mining methods developed by the consortium early next year at the Vaal River operations on the Crystalkop reef at Great Noligwa.

The thrust of the prototype work will be to remove the traditional, but inherently inefficient and unsafe stop-start 'drill-and-blast' mining method. In taking the first steps towards this 'new mining paradigm', the consortium

is looking at projects that will enable AngloGold Ashanti to mine without blasting, remove people from high-risk tasks and operate continuously, using technology to drive this change in a three-stage approach.

Occupational health

The primary areas of focus regarding the occupational health of employees are noise-induced hearing loss (NIHL) and occupational lung diseases (OLD), which include pulmonary diseases such as tuberculosis (TB) from various causes and silicosis in individuals exposed to silica dust. AngloGold Ashanti provides occupational health services to its employees at its occupational health centres and clinics continue to improve preventative occupational hygiene initiatives.

AngloGold Ashanti's objectives with regard to silicosis, NIHL and TB are:

- The elimination of new cases of silicosis after December 2013 among employees in South Africa with no occupational exposure prior to 2008
- No deterioration in hearing greater than 10% among occupationally-exposed individuals at South African operations, from a 2009 baseline
- Maintain occupational tuberculosis incidence at below 2.25% among all employees in South Africa and reduce to below 1.5% by 2029 and successfully curing 85% of new cases

Silicosis: The reduction of silicosis requires active dust management strategies in underground operations, particularly in South Africa where the number of cases reported each year remains high (263 in 2011). The company has reduced dust exposure consistently since 2006 and maintains higher sampling rates than those prescribed by legislation. In 2011, AngloGold Ashanti progressed two major initiatives designed to reduce dust exposure, the introduction of centralised blasting at the Vaal River operations and the introduction of sidewall treatment for dust (an extension of existing footwall treatment measures). Centralised blasting is due to begin at the end of the first quarter of 2012 and will be in place at all of Vaal River operations by mid-2012. Sidewall treatment technology is being piloted and, if successful, will be rolled out from 2012.

Ongoing execution of dust management strategies has resulted in a significant reduction in respirable crystalline silica, with 0.74% of samples exceeding the Occupational Exposure Limit (OEL) of 0.1mg/m^3, well below the industry target of 5%. It has also contributed to a 43% reduction in silicosis cases, from 459 cases submitted to the Medical Board for Occupational Diseases of South Africa (MBOD) in 2010 to 263 in 2011.

It is still too early to assess progress against the industry milestone of no new cases of silicosis among employees at South African operations by 2013 (among individuals unexposed prior to 2008). No cases of silicosis have been reported among this group to date. However, the latency period of the disease is typically 10-15 years.

In response to the effects of silicosis in labour-sending communities, a number of mining companies (under the auspices of the Chamber of Mines of South Africa) together with the NUM, which is the largest union in the South African mining sector, and the national and regional departments of health, have embarked on a project to assist in delivering compensation and relief by mining companies under the Occupational Diseases in Mines and Works Act (ODMWA) to affected communities. AngloGold Ashanti is calling for the industry to engage with government (and other stakeholders) to seek an appropriate industry-wide solution.

HIV/AIDS: AIDS and associated diseases remain one of the major health care challenges at the South African operations. Workforce prevalence studies indicate that HIV prevalence rates among AngloGold Ashanti's South African workforce may be as high as 30%.

AngloGold Ashanti's fundamental strategy in combating HIV/AIDS among employees in the South Africa region continues to yield encouraging results. The company has continued with communications and awareness programmes, as well as voluntary counselling and testing (VCT) initiatives and provides wellness programmes to affected employees and antiretroviral therapy (ART) to employees for whom this treatment is clinically indicated. The company is moving towards an integrated approach in the management of HIV/AIDS and tuberculosis, in line with public health strategy in South Africa. At the West Wits operations, for example, the company relocated HIV/AIDS and tuberculosis clinics to a single site in 2011, facilitating access to both by affected employees.

At the end of 2011, 4,506 employees were attending wellness clinics at the South African operations and 2,378 employees were receiving ART. The incidence of AIDS-defining illnesses has decreased significantly since the introduction of ART treatment. It now stands at 0.66 cases per 1,000 employees, in comparison to 5.1 cases per 1,000 employees in 2004. ART programmes were first rolled out at AngloGold Ashanti operations in 2003.

Occupational tuberculosis: Linked to both silica dust exposure and the HIV/AIDS epidemic, occupational tuberculosis remains a significant threat. However, health programmes in place have delivered good results, including a 31% reduction of rates over 2010, and a 50% reduction from 2004 levels. The incidence of occupational tuberculosis (TB) among employees in South Africa in 2011, at 1.8%, was below the 2015 target of 2.25%, a result of sustained dust control measures, HIV testing and counselling programmes and ART. Monitoring and early treatment of TB have also been improved with the introduction of mobile x-ray screening at South African operations. Cure rates are currently in excess of 90% against our target of 85%.

NIHL: AngloGold Ashanti continues efforts to combat NIHL. In 2011, initiatives in South Africa focused on the silencing of equipment and the use of moulded hearing protection devices. The incidence of NIHL in 2011 remained unchanged over 2010, with a marginal increase in the number of cases, from 64 in 2010 to 69 in 2011. It is still too early to assess progress against the industry milestones. However, the company anticipates being able to do so in the 2012 report.

Environment

A priority for the South Africa region is the implementation of an integrated environmental strategy, addressing the following key risks:

- The potential for discharge of polluted water into the environment, either directly or indirectly as a result of seepage from tailings facilities and polluted water.
- Polluted land beyond current mining boundaries as a result of discharges.
- Air pollution and land contamination as a result of wind-blown dust from tailings storage facilities.

Initiatives undertaken in the region in 2011 included:

- The development of an integrated water management strategy which addresses issues such as potential mine flooding, groundwater and storm water management, as well as the potential impact of mining activities on water supply to neighbouring areas.
- Development of regional mine flooding models, mitigation plans and technical remediation options for seepage from tailings storage facilities.
- Pilot work on the inclusion of water performance monitoring and reporting within the company's technical operating system.
- Commissioning of a new pollution control dam (the North Boundary Dam in the West Wits area) to significantly reduce the potential for impacts on the local river system.
- The development of a best practice guideline on the mitigation of dust from tailings storage facilities, including the initiation of a detailed five-year implementation plan.

Aggressive top-down water consumption reduction targets were set and in 2011 the South Africa region was able to record a 10% year-on-year saving in potable water usage. South Africa accounts for approximately 33% of AngloGold Ashanti's total water consumption.

In particular:

Dust: AngloGold Ashanti's operations in South Africa are situated in arid or semi-arid regions where the management of dust generated by the company's activities is necessary. To protect communities around mines, water is used to suppress dust from roads. Dust on tailings facilities is controlled by using surface binding agents, water and vegetation.

In late 2011, the implementation of the South Africa region dust mitigation programme was accelerated following increased dust levels measured at a community area situated downwind of a tailings storage facility (TSF) in the Vaal River area. Initial focus was on the western extension TSF which contributes most of the dust. Phase 1, completed at a cost of $0.2m, involved the installation of wind curtains and water spray systems on this TSF. Phase 2, which involves the grassing of high-risk areas on the TSF, is due for completion in 2012. Extensive netting was installed on the facility to serve as additional wind breaks and water spray suppression systems will be installed on the tailings facility to further control dust during dry and windy periods.

Current and legacy surface water pollution: AngloGold Ashanti's operations are heavily dependent on 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. Legal compliance in all aspects of water management is the minimum requirement for operating.

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.

Significant improvements were made in 2011 in managing water quality in South Africa. In particular, AngloGold Ashanti has developed an approach to integrated water management which is currently being piloted in South Africa. The region was chosen as a pilot for this project due to the complexity of the water circuit at South African operations, a result of multiple processing plants, deep underground shafts, multiple points for water discharge to the environment, differing requirements for process and potable water quality, differing geology and climate patterns, water storage and evaporation challenges. The integrated water management strategy will ensure the interception of seepage from tailings storage facilities and minimise potential discharges of process water during heavy rainfall events as well as interventions to establish safe use of land outside the mining footprint.

Groundwater: Deep groundwater contamination is a significant issue in South Africa, where groundwater in some older mining regions has infiltrated mined-out workings. It becomes acidic if exposed to sulphide minerals in these workings, presenting a potential contamination risk to shallow groundwater and eventually surface water resources if allowed to spread. Contamination is prevented by pumping water from underground operations that have ceased working. The company is in discussions with a water supply company to explore the option of using treated pumped water to meet the needs of communities around operations and create potential business opportunities. A feasibility study is currently underway.

AngloGold Ashanti has identified groundwater contamination plumes at certain of its operations. Numerous scientific, technical and legal studies have been undertaken to assist in determining the magnitude of the contamination and to find sustainable remediation solutions, and, based thereon, the company has instituted processes to reduce seepage and to address soil and groundwater contamination, including monitored natural attenuation by the existing environment and phytotechnologies.

Given the interconnected nature of underground mining operations in South Africa, AngloGold Ashanti is proactively engaged with the Department of Mineral Resources (DMR) and other affected mining companies in the development of a Regional Mine Closure Strategy and in seeking a solution.

Surface operations experienced 12 reportable environmental incidents during 2011 of which eight were due to dam overflows. The water management philosophy has been revised to take into consideration infrastructure and operational management of the total water balance. The actions that were put in place ensured that water could be managed during the wet fourth quarter. The replacement of the Mponeng residue pipeline and improvements in operational management have reduced the overall risk of major pipe failures.

The immediate goal of water and waste management in the West Wits region is the continuous improvement and full compliance with existing regulations. Construction of storm water diversion trenches, containment evaporation ponds, waste water control dams and the upgrade of the salvage yard were initiated in 2011. Work completed in 2011 included the salvage yard upgrade and about 70% of the storm water diversion trenches.

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.

The Great Noligwa and Savuka Gold Plants in South Africa were recertified to the code, as certification is valid for three years.

Socio-economic contribution

In South Africa, the mining industry has generated substantial indirect economic benefit both locally and in the surrounding region, in the form of ancillary industries, jobs and infrastructure.

In particular:

- *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; South Africa is compliant with the EITI. AngloGold Ashanti's payments to the South African government in 2011 totalled $313.3m (2010: $199.5m).
- *Community:* Community investment by AngloGold Ashanti in South Africa totalled $3.7m in 2011 (2010: $3.2m).
- *Local procurement:* AngloGold Ashanti plays an active role in the sustenance and 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. Total local procurement spend in South Africa in 2011 amounted to 99% of total spend.

Other particular challenges are:

Asset integrity relating to aging mine infrastructure: A company-wide, risk-based, asset integrity and reliability engineering programme has been initiated that identifies threats and guides appropriate capital expenditure.

Power supply: In South Africa, the company's operations are dependent on electricity supplied by the state-owned, national power generation company, Eskom. Electricity is used for most business and safety-critical operations that include cooling, hoisting and dewatering. Loss of power could therefore impact production, employee safety and prolonged outages could lead to flooding of workings and ore sterilisation. A national energy conservation programme is in place and AngloGold Ashanti has implemented various initiatives at its South African mines to reduce electricity consumption while operating at full capacity.

Eskom and the National Energy Regulator of South Africa (NERSA) recognise the need to increase electricity supply capacity and a series of tariff increases and proposals have been enacted to assist in the funding of this expansion. In 2010, NERSA approved an annual increase of 24.8%

for 2010, 25.8% for 2011 and 25.9% for 2012 and is now reportedly considering requesting another two similar increases, one each in 2013 and 2014. As energy represents a large proportion of the AngloGold Ashanti's operating costs in South Africa, these increases have an adverse impact on the cash costs of its South African operations.

AngloGold Ashanti engages proactively with Eskom and significant energy efficiency projects have been put in place. The aim is to further reduce consumption by 10% by 2013 (from 10.93 million GJ in 2011), in line with supply-side forecasts, and to work with Eskom to enable operational continuity through any periods of load shedding, should they occur. The South African region has reduced energy consumption by some 5.65% since 2010.

This improved energy efficiency at the South African operations has contributed to a reduction in absolute group emissions of just over 6% to 4.5Mt CO_2e in 2011, largely a consequence of the changing generation source mix for electricity provided to the company's South African operations from the national grid. Traditional mining methods are typically more energy intensive with mine depth, complexity and haulage distances increasing over time as mining operations mature. Because of the scale of this challenge, it has been set as a specific third stage focus of the South Africa region Technology and Innovation Consortium.

Although absolute energy costs have risen due to power tariff increases, energy saving initiatives that are in place have significantly mitigated the impact of higher electricity prices. Transforming AngloGold Ashanti mines will ensure that the company has a sustainable future in South Africa. However, the current South African operating model is labour intensive, with the region representing more than 50% of the entire global AngloGold Ashanti workforce. While automation of the company's mines will address issues of safety and improve productivity and efficiency, the company is highly sensitive to the impact this new approach to mining will have on employees and on job creation opportunities in the medium- to long-term.

AngloGold Ashanti thus recognises the need to strengthen the company's socio-economic development strategy to find solutions not only to the threat that arises from the continuing decrease in production nationally, but also to address potential job losses which will in all likelihood arise as a result of the transition to a technology-driven model.

Socio-economic development is an essential aspect of the South Africa region's business strategy, both from the perspective of compliance, to ensure the retention of mining licences, and also because a downward trend in the region's gold production profile, together with a strategy of removing employees from high-risk areas, will inevitably lead to significant reductions in the labour force over the medium term.

The socio-economic development strategy will foster key partnerships from a host of government and industry participants to provide a meaningful social impact on the community in which the company operates and push the boundaries of sustainable and agreed upon economic growth initiatives to address poverty, unemployment and other Millennium Development Goals (MDGs), as encapsulated in the Social and Labour Plans (SLPs) and the socio-economic development framework.

In 2011, the regional team pursued the development of the socio-economic development strategy and the related objectives of:

- Compliance with regulatory reporting obligations;
- Strengthening community and stakeholder engagement; and
- Continuing with initiatives aimed at facilitating the creation of employment in host communities.

AngloGold Ashanti initiated a workshop to obtain input on the scope and content of a revised socio-economic strategy. Participants included representatives from government, peer organisations, industry associations and sustainability experts among others. SLPs were reviewed and revised in line with the directives from the DMR. Following extensive stakeholder engagement, the region has designed a framework to integrate community development into core business activities, while providing support for national and international development policies and objectives, particularly those addressing youth unemployment.

An amount of over $40m has been budgeted for the period 2012 to 2014 for investment in:

- local economic development;
- enterprise development; and
- social and institutional development, in labour-sending areas as well as host communities.

Through leveraging partnerships and initiating a collaborative funding approach, AngloGold Ashanti will aim to identify areas where the company can stimulate and support local economic development. AngloGold Ashanti is in the process of identifying specific projects which will deliver against the model. Work will continue in 2012 on engaging partners and jointly defining project objectives and outcomes.

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 the South African operations had complied with this standard by December 2011.

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.

For many older mines, closure planning and the evaluation of environmental liabilities is a complex process. This is particularly so in South Africa, where the long-life operations present environmental legacies that may have developed over a century or more. A particular challenge is concurrent rehabilitation, which is carried out while a mine is still operational. This practice serves to decrease the current liability and reduces the final rehabilitation and closure work that must be undertaken, but has the potential to sterilise reserves, which the company might wish to exploit should conditions, such as the gold price, change.

AngloGold Ashanti's total rehabilitation liability for its South Africa operations in 2011 was $154.8m (2010: $184.4m) of which $73.7m was for restoration and $81.1m for decommissioning.

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