



TANZANIA

FACT SHEET

Headquartered in Johannesburg, South Africa, AngloGold Ashanti Limited (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 included in 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 Tanzania

AngloGold Ashanti has one wholly owned and managed operation in Tanzania, Geita, the largest single gold mining operation within the group. In 2011, Geita produced 494,000oz, equivalent to 11.4% of total group production.

Geita is located in northwestern Tanzania, in the Lake Victoria goldfields of the Mwanza region, about 120km from Mwanza and 4km west of the town of Geita.

The Geita gold deposit is mined as a multiple open pit operation with underground potential and is currently serviced by a 5Mt per annum carbon-in-leach (CIL) processing plant. While Geita generates its own power, the operation of its power generating facility is outsourced and fuel is delivered by road.

As at 31 December 2011, Geita had an inclusive Mineral Resource of 12.57Moz, of which the Mineral Reserve amounted to 4.73Moz. This is equivalent to 5% and 6% respectively of group resources and reserves.

Geita had an average of 3,541 employees in 2011, of whom 1,721 were permanent and 1,820 contractors. While the cost of labour at Geita is the largest contributor to costs, productivity at this operation is one of the highest in the group.

Capital expenditure at Geita totalled \$58m for 2011, bringing to \$195m the amount AngloGold Ashanti has invested in Geita over the past five years. Capital expenditure of between \$80m and \$83m is forecast to be spent at Geita in 2012.

Key statistics – Tanzania

		2011	2010
Operation			
Attributable tonnes treated/milled	Mt	3.9	4.7
Gold production	(000oz)	494	357
Total cash costs	(\$/oz)	536	777
Capital expenditure	(\$m)	58	38
Average number of employees		3,541	3,265
– Permanent		1,721	1,874
– Contractors		1,820	1,391
Productivity	(oz/TEC)	18.11	14.14
Safety			
Fatal injury frequency rate	per million hours worked	–	0.24
All injury frequency rate (AIFR)	per million hours worked	3.60	5.38
Environment			
Water usage – total	ML	3,970	3,101
– groundwater	ML	–	–
– surface water	ML	3,970	3,101
– purchased	ML	–	–
Energy consumption – total	million GJ	3.35	3.46
– direct energy consumption	million GJ	3.35	3.46
– diesel	million GJ	2.54	2.28
– natural gas	million GJ	–	–
– heavy fuel oil		0.81	1.18
– indirect	million GJ	–	–
Greenhouse gas emissions (CO ₂ e)	000t	251	260
– direct	000t	251	260
– indirect	000t	–	–
Cyanide used	t	1,746	2,471
Reportable environmental incidents		–	–
Socio-economic			
Community investment	\$000	4,302	1,016
Payments to government	\$000	101,134	44,994
– dividends paid to government	\$000	–	–
– taxation paid	\$000	57,264	–
– withholding tax (STC, royalties, etc)	\$000	26,144	15,509
– other indirect taxes and duties	\$000	2,206	14,567
– employee taxes and other contributions ⁽¹⁾	\$000	12,344	12,060
– property tax	\$000	–	–
– other (includes tax on exports)	\$000	3,176	2,858
Local procurement spend ⁽²⁾ within country	%	56	75

⁽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 Geita in 2011

Operational performance

Exceptional progress continues to be made in all areas, not least that of fleet reduction and improved plant availability and recoveries. In 2011, over 55.8Mt were mined, compared with 45.5Mt the previous year. The mine call factor, a measure of efficiency in extracting the gold available, was 99%.

The overall production performance for the year was further aided by higher grades mined at the Nyankanga Cut 6 and operation of the ball mill in single stage, which offset extended downtime of the SAG mill during unscheduled shutdowns.

The fleet rationalisation programme continued to deliver productivity improvements in engineering stores, fuel and labour cost. This included completion of the larger lightweight truck tray project, the

resultant phasing out of aged trucks and reducing the fleet from 48 to 27 trucks over a two-year period, and manpower rationalisation resulting from improved training and performance. Improved drill and blast performance contributed to improved mining performance and significant cost reductions.

Growth and improvement

Work continues to create opportunities for mine-life extension from surface and underground sources, as well as for on-lease growth by establishing sustainable satellite- and refractory-ore open-pit projects that complement proposed underground projects. Key initiatives to reduce real costs which have been incorporated in Geita's strategy include the implementation of the fleet rationalisation, reagent optimisation, tyre life optimisation and contracting mining for satellite pits. Other cost containment and production improvement initiatives include: improved mining practices to reduce ore loss to the waste dump; stabilising and improving mill feed following the installation of two new mills; optimising the gravity circuit to increase gold recovery through improved availability of the plant; achieving higher fleet productivity by raising shift output; and optimising liner design.

Exploration

AngloGold Ashanti undertakes both greenfield and brownfield exploration in Tanzania. Greenfield exploration is undertaken in two joint ventures, Oryx and Mkurumu. In terms of brownfield exploration, over the past two years detailed geological work has been undertaken in the Nyankanga, Geita Hill and Star & Comet pits in order to better understand mineralisation in each pit.

Sustainability performance

A revised Geita **sustainability strategy**, in line with the AngloGold Ashanti and Continental Africa strategies, is expected to be completed in 2012. Key components of this strategy, which is a long-term process, include alignment with the United Nations Millennium Development Goals, enhanced stakeholder engagement through improved communications, focused community projects to deliver sustainable value and partnering with government on issues including the formalisation of artisanal and small-scale mining.

Safety and health

The focus remains on high-potential incident analysis and follow-up remedial action. Geita demonstrates that safety is its first value through management leadership, the holding of regular safety meetings, training, the development of standards and safe-work procedures and the management of risks by means of frequent risk assessment. Emergency response and health facilities have been upgraded and additional equipment purchased to ensure emergency preparedness. Fatigue has been identified as a critical safety area necessitating proactive management. An AIFR of 3.60 per million hours worked was recorded for 2011, an improvement on the 5.38 recorded in 2010.

Malaria is the major health risk at Geita and an integrated malaria programme is currently being rolled out. Geita has undertaken indoor residual spraying of homes in the surrounding villages and beyond.

Environment

No reportable environmental incidents were recorded during the year. ISO 14001 certification for Geita's environmental management system was maintained during the year.

Dust

Digital dust monitors are used to check ambient dust levels in and around Geita continuously. However, though these are within allowable limits and do not exceed Tanzanian standards, dust has been a nuisance to the surrounding communities and dust suppression programmes have been maintained. Water and molasses are used to suppress dust on mining roads (haul roads in the pits) and general roads within the mine and in Geita town where vehicle traffic is high.

Permitting and process water management

Following the implementation of the Water Resources Management Act, 2009, during the second quarter of 2011, Geita re-applied to have its right to abstract water from Lake Victoria renewed. These have been granted. Outstanding, however, is a response from the authorities regarding water discharge permits for non-process water from the Star and Comet and Geita Hill pits, for which Geita applied in November and December 2010 respectively. Geita continues to liaise with the relevant authorities.

AngloGold Ashanti is a signatory to the International Cyanide Management Code and Geita's Cyanide Code compliance audit was held in December 2011. Compliance is targeted for mid-2013. A new incinerator for the disposal of hazardous material was procured in 2011 and is expected to be commissioned during 2012. In the meantime, a tailings dilution system is being used to reduce the levels of cyanide at discharge points. Weak acid dissociable (WAD) cyanide at the pool has remained as low as 0.01ppm.

Socio-economic contribution

Payments to government

As a member of the Extractive Industries Transparency Initiative (EITI) AngloGold Ashanti is committed to supporting its objectives of fiscal transparency and good governance and shares the EITI ethos that these are essential in promoting sustainable economic development. Tanzania is currently a candidate member of the EITI. AngloGold Ashanti's payments to the Tanzanian government in 2011 totalled \$101.1m.

Community

Total community investment by AngloGold Ashanti in Tanzania was \$4.3m in 2011, substantially up on that of \$1.0m in 2010. Particular community projects include Phase 7 of Nyankumbu Girls Secondary School which began in September 2011. This school, which has the only girls boarding facility in Geita, currently has 660 students studying for their O levels. On completion in 2013, the school will cater for 900 students with 230 studying for their A levels.

Bus stops to serve the Geita community will be constructed in 2012. The Geita town water project has received environmental approval. Construction has begun with completion due in September. Geita is constructing the bulk water aspect of the project while Government is responsible for the distribution network. Geita has committed to operating the bulk system for 12 months post commissioning, during which period local council operators will be trained to run the system.

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.

Total procurement spend in Tanzania in 2011 amounted to 56% of total procurement spend by Geita.

Other matters of concern:

Skills shortage

Challenges include scarce and critical skills, particularly engineers, geologists and technicians. An internal pipeline of skills has been created, with 15 people a year enrolled in a graduate training programme and 60 people on an Integrated Technical Mining Training (IMTT) programme. Succession planning, talent management and the appointment of Tanzanians in key roles and reducing expatriate recruitments are areas of focus for management.

Labour relations

The company has engaged with local miners' union, Tamico, and the International Chemical Engineering and Mining Union Federation (ICEM) to improve the relationship with the workforce at Geita. The parties concluded there was a need to renegotiate the existing recognition agreement to improve union access to the mine. Access agreement negotiations with Tamico begun in early 2012 have been concluded.

AngloGold Ashanti complies with local employment legislation, including the Tanzania Investment Act, however, the mining industry has been granted special dispensation in certain instances. Recruitment is undertaken locally before external searches for suitable candidates are conducted.

Small-scale artisanal mining (ASM)

AngloGold Ashanti addresses ASM on two levels: strategically at a global level, it collaborates in efforts to identify and develop best practice, and at an operational level locally, it tailors solutions applicable to each situation, which vary by country and region. A global framework and guidelines are necessary to guide and develop local ASM strategies and involve partnerships with governments, community engagement, land negotiations as well as specific community interventions including environmental improvements and the formalisation of ASM activity. AngloGold Ashanti has begun engaging actively with industry participants and relevant international agencies to advance this debate.

In 2011, as a preliminary step in the development of plans to manage the issue of ASM, AngloGold Ashanti conducted a baseline analysis of ASM in and around Geita. This included on-site discussions with affected parties to identify ASM representatives with whom the company can actively engage. Such engagement would aim to promote the long-term development of the area and peaceful co-existence.

Human rights and security

In line with its policy of respecting the human rights of all, AngloGold Ashanti's goal is to apply ongoing human rights due diligence to all operations, as stipulated by the United Nations Guiding Principles. A key component of these principles is to establish grievance mechanisms to ensure that those adversely impacted by our activities have the opportunity to report their complaints, have these examined and, as appropriate, addressed.

Globally, AngloGold Ashanti's security is provided by internal security personnel and private security companies. Security risk assessments in Tanzania categorise threats as being serious, and public security forces are employed to combat illegal trespass and theft.

There was a significant increase in crime levels at Geita, a result of the growing number of illegal miners, attacks by whom became ever more aggressive. There was also increased collusion with employees.

An integrated security plan is being developed for Geita. It will make greater use of technology, especially when security personnel are at risk. This includes electric fences and thermal imaging cameras which will be monitored continuously by CCTV. Rapid reaction units, who are receiving specialised training, will respond to security alerts.

AngloGold Ashanti also continues to implement its global security framework based on embedding the Voluntary Principles on Security and Human Rights (VPSHR) into its security management practices, aimed at both employees and private security providers.

The VPSHR is a set of principle developed to guide businesses on meeting security needs while maintaining respect for human rights and fundamental freedoms.

Responsible gold

With the passing of the Dodd-Frank Act of 2010 in the United States, there have been increased requirements for supply-chain transparency regarding product sourced from the Democratic Republic of the Congo and its neighbours, which includes Tanzania. AngloGold Ashanti has engaged extensively with the Tanzanian government, among others, on the rules and regulations to be issued by the United States Securities Exchange Commission (SEC) under the Dodd-Frank Act to ensure that together they address the core objectives of this legislation without prejudicing the gold which is produced responsibly in the country.

Land compensation

Land compensation is a concern in Tanzania. There is a lot of speculation and people tend to over-claim compensation either by demanding higher rates or cultivating the land overnight, just before valuation.

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 will comply by December 2012.

AngloGold Ashanti's total rehabilitation liability (for restoration) regarding its Tanzanian assets at 2011 year-end was \$58.6m (2010: \$45.7m), of which \$36m was for restoration and \$22.6m for decommissioning.

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