



ANGLOGOLD ASHANTI – A CORPORATE PROFILE

AngloGold Ashanti, one of the foremost gold exploration, mining and marketing companies, has 21 operations and five projects in 12 countries as well as extensive brownfield, greenfield and marine exploration programmes in both established and new gold-producing regions. We have an interest in Rand Refinery (Pty) Limited, a gold refining and smelting complex in South Africa, and own and manage the Queiroz refinery in Brazil.

Group activities are managed in four regions: South Africa, Continental Africa, Australasia and the Americas. The countries making up the Americas region are Argentina, Brazil, Colombia and the United States

AngloGold Ashanti employed 65,822 people, including contractors, in 2012 (2011: 61,242) and produced 3.94Moz of gold (2011: 4.33Moz), generating \$6.4bn in gold income, excluding joint ventures (2011: \$6.6bn). Capital expenditure amounted to \$1.9bn (2011: \$1.4bn).

As at 31 December 2012, AngloGold Ashanti had a total inclusive attributable Mineral Resource of 241.5Moz (2011: 230.9Moz) and total attributable Ore Reserve of 74.1Moz (2011: 75.6Moz). AngloGold Ashanti is listed on the Johannesburg

Stock Exchange (JSE) – its primary listing – and the New York, London, Australia and Ghana stock exchanges. As at 31 December 2012, there were 383.3 million ordinary shares in issue and the company had a market capitalisation of \$12.0bn (2011: \$16.2bn). Shareholders are scattered around the world, with the largest proportion (44%) in the United States.

AngloGold Ashanti in the Argentina

AngloGold Ashanti has a single operation in Argentina, the **Cerro Vanguardia** mine. The operation is a joint venture with Fomicruz (the province of Santa Cruz), which owns 7.5%. AngloGold Ashanti owns the remaining 92.5%.

Underground mining is being developed to supplement current open-pit production. Tonnage from the open pits is expected to decrease to an average of 800,000tpa as the highest stripping ratio open pits are replaced by underground operations. The underground mine is expected to increase annual production to 230,000t.

In 2012, Cerro Vanguardia's total attributable gold production rose 12% to 219,000oz of gold (2011: 196,000oz), equivalent to 23% of the Americas region's production and 6% of group production. Production of silver, a significant by-product, totalled 2.4Moz (2011: 2.7Moz). Cerro Vanguardia employed an average of 1,884 people in 2012, of which 1,126 were permanent employees and 759 contractors.

As at 31 December 2011, Cerro Vanguardia had an inclusive Mineral Resource of 4.72Moz of gold, of which the Ore Reserve amounted to 2.03Moz. This was equivalent to 2% and 3% respectively of group resources and reserves.

Attributable capital expenditure at Cerro Vanguardia totalled \$70m for the year (2011:73m), 4% less than that of the previous year and bringing to \$213m the amount AngloGold Ashanti has invested in Cerro Vanguardia over the past five years. Capital expenditure of \$70m is forecast for 2013.

Operational performance

The additional ounces produced by the heap leaching operation contributed to the year-on-year increase in production. Silver production declined, however, because, owing to delays in the heap leaching project, the production plan was modified to prioritise high-gold grade areas which had lower silver grades.

Significant challenges in 2012 related to inflationary cost pressures on input and restrictions on equipment imported into Argentina. This caused long delays in the sourcing of some items manufactured outside of Argentina, affecting supply of a variety of spare parts, consumables and capital items.

Despite the fact that more than 80% of Cerro Vanguardia's total expenditure (including labour) is spent within Argentina, these increasingly strict import regulations necessitated an aggressive plan to substitute imported equipment with domestically sourced items. However, the development of a local manufacturing industry for many products will take time, and the availability of several equipment items remains severely affected.

While the sharply accelerating rate of inflation drove cash costs higher, it also led to conflict in labour relations in Argentina, particularly among construction workers and truck drivers. These labour relations problems may spread to the mining sector in 2013, placing further pressure on industry-wide input costs which are running ahead of the increase in metal prices.

Cerro Vanguardia is to discuss the increase in royalties, which could place further pressure on the mine's cost structures, with the provincial government in 2013.

Bad weather and difficulties in sourcing certain equipment items delayed the commissioning of the new heap-leach plant to March 2012. The heap-leach facility will enable the inclusion of low-grade resources into the process pipeline and is expected to contribute additional heap-leaching ounces in 2013. Production from the heap-leach facility, which stabilised during the last quarter of 2012, is expected to be 33,000oz in 2013, double that of 2012.

Exploration

The drilling programme to extend the Mineral Resource continued in 2012. Follow-up drilling for vein extensions laterally and at depth was successful, identifying bonanza zones in different veins such as Fortuna and Lucy. The exploration campaign is focused on determining low-grade resources.

Sustainability performance

In Argentina, AngloGold Ashanti has embarked on a multi-pronged approach to sustainability. Considerable progress has been made in promoting the preservation of the region's biodiversity. A solid relationship based on mutual trust has developed between the mine and the local host community, employment opportunities have been welcomed and the joint corporate social investment and development initiatives promise to be sustainable long after the mine closes.

Safety

Work continued in 2012 on the mine's safety transformation programme with the implementation of four standards:

- Health, wellness and fitness for work;
- Safe work practices;
- Change management; and
- Emergency response, crisis management and continuity of operations.

Cerro Vanguardia's AIFR remains among the lowest in the group. This performance was overshadowed by a fatal accident at the Mangas underground operation on 20 January 2012. Several recommendations were applied after this accident, including the formalisation of pre-work safety assessment and authorisation procedures; enhanced risk identification and underground safety resources; a review of safety procedures and support standards; and the development of a set of mandatory safety rules which will be incorporated in the conditions of employment. An AIFR of 1.72 per million hours worked was recorded as compared to 1.59 in 2011.

Cerro Vanguardia has developed control measures to mitigate critical risks which were, in turn, integrated with specific safety training in the 2012 annual safety plan. Safe work procedures for all operations in the underground mine are being retrained and incorporated into training materials for all workers. A card system has been developed for the effective roll-out of a formal risk assessment and evaluation process.

Cerro Vanguardia received certification to ISO 14001:2004 standards in 2002. Our framework complements and builds upon the internationally recognised OHSAS 18001-certified safety management system. Cerro Vanguardia maintained its compliance with OHSAS 18001.

Health

Occupational health, surveillance programmes are in place and there were no reported incidences of occupational disease. Training campaigns concerning respiratory protection, skin protection, UV rays and fatigue were undertaken during the year. Additionally, annual health monitoring was conducted as well as pre-employment and occupational medical examinations.

Stakeholder engagement

Given its association with the provincial government via Fomicruz and its sustainability policies regarding investments to extend the life of the operation, environmental practices, community engagement and contributions to sustainable development in Puerto San Julián (PSJ), Cerro Vanguardia is seen as an example of responsible mining in Argentina and as a model that the national government seeks to support and see replicated. Good progress has been made with local development programmes.

Cerro Vanguardia continues to build productive relationships with local governments in an effort to align plans for social and economic development. These are manifested through the PSJ Development Agency and the implementation of its development plan for 2007 to 2020. Cerro Vanguardia continues to implement the strategies outlined by the plan in different areas. This plan encompasses wind energy; aquaculture and port development to promote the use of the bay and fisheries; support and training for local entrepreneurs; and tourism projects. During the year, two Cerro Vanguardia suppliers also contributed monetarily to the agency.

Community

Regular monthly meetings with the mayor of the town and local government were part of the 2012 plan. These meetings are

Key statistics – Argentina

| | Units | 2012 | 2011 | 2010 |
|--|--------------------------|---------|---------|--------|
| Operation | | | | |
| Volume treated/milled – 100% | Mt | 1.06 | 1.06 | 1.07 |
| – 92.5% | Mt | 1.7 | 1.0 | 1.0 |
| Gold production – 100% | 000oz | 237 | 212 | 209 |
| – 92.5% | 000oz | 219 | 196 | 194 |
| Silver production – 100% | Moz | 2.6 | 2.9 | 2.8 |
| – 92.5% | Moz | 2.4 | 2.7 | 2.6 |
| Total cash costs | \$/oz | 640 | 393 | 366 |
| Capital expenditure – 92.5% | \$m | 70 | 73 | 38 |
| Productivity | oz/TEC | 18.21 | 17.64 | 20.64 |
| Safety | | | | |
| No. of fatal accidents | | 1 | – | – |
| All injury frequency rate (AIFR) | per million hours worked | 1.72 | 1.59 | 8.08 |
| People | | | | |
| Total average no. of employees | | 1,884 | 1,644 | 1,242 |
| – permanent | | 1,126 | 1,065 | 883 |
| – contractors | | 759 | 579 | 359 |
| Training and development | \$000 | 1,435 | 1,132 | 778 |
| Environment | | | | |
| Total water usage | MI | 923 | 939 | 1,057 |
| Water usage intensity | MI/oz | 0.004 | 0.004 | 0.005 |
| Total energy usage | million GJ | 1.60 | 1.48 | 1.37 |
| Energy usage intensity | GJ/oz | 6.75 | 6.98 | 6.56 |
| Total greenhouse gas (GHG) emissions (CO ₂ e) | 000t | 111 | 103 | 95 |
| Total GHG emissions per ounce of gold produced | tCO ₂ e/oz | 0.468 | 0.486 | 0.454 |
| Cyanide used | t | 628 | 444 | 480 |
| No. of reportable environmental incidents | | – | – | 1 |
| Total rehabilitation liabilities | \$m | 46.2 | 38.9 | 25.7 |
| – restoration | \$m | 35.8 | 29.6 | 19.1 |
| – decommissioning | \$m | 10.4 | 9.3 | 6.6 |
| Socio-economic | | | | |
| Community investment | \$000 | 1,520 | 2,067 | 1,602 |
| Payments to governments | \$000 | 147,683 | 133,674 | 62,581 |
| – dividends paid to government | \$000 | 9,917 | 7,360 | 5,682 |
| – taxation paid | \$000 | 59,178 | 57,015 | 9,046 |
| – withholding tax (STC, royalties etc) | \$000 | 38,105 | 30,555 | 22,571 |
| – other indirect taxes and duties | \$000 | 3,673 | 3,300 | 2,197 |
| – employee taxes and other contributions ⁽¹⁾ | \$000 | 14,084 | 12,367 | 8,069 |
| – property tax | \$000 | 7 | 12 | 8 |
| – other (includes tax on exports) | \$000 | 22,718 | 23,065 | 15,008 |
| Local procurement spend ⁽²⁾ within country | % of total spend | 92 | 85 | 85 |

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

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

very important in building trust and obtaining support from local government in different circumstances (eg, union conflict).

During 2012, a Social Investment Plan was implemented in line with the agreement with the Mayor of the town of Puerto San Julián and the PSJ Development Agency (signed in April 2010) which contributes annually to social investment in the community of Puerto San Julián, based on Cerro Vanguardia's financial results. The two main social investments projects for 2012 were the construction of a water bottling plant and the funding of a commercial seaweed venture.

Environment

There were no reportable incidents during 2012. Intensive environmental training was conducted both with employees and among the communities of Puerto Deseado and Puerto San Julián, including local hospitals, fire brigades and law enforcement officials.

Delays in the receipt of certain spare components needed for power generation, resulted in delays in the overhaul of the energy plant and energy shortfalls. Mobile generating equipment had to be rented until the situation normalised.

Major environmental developments in 2012 included the heap-leach area, which uses cyanide, began normal operations in the second half of January 2012. Perimeter fences were constructed around the pregnant solution pools and the contingency pond. In order to comply with Article 22 of the National Environmental Law (No 25.675), and at the request of the Ministry of Mining, a one-year environmental insurance policy was obtained from Prudencia Seguros.

In March, the President of Argentina, Cristina Fernández de Kirchner, accompanied by national ministers, government officials and journalists, visited Cerro Vanguardia. During this, the first ever such visit to a mining company, the President made special mention in her speech of the mine's strong environmental practices, establishing Cerro Vanguardia as an important example to other operations in the country.

A community and environment review programme (CERP) corporate audit was successfully conducted and recommended the application of five new standards for water management, chemical management, waste management, air quality management and soil management.

Water: In terms of Cerro Vanguardia's environmental obligations, the management of water discharges is critical. Several improvements were effected in 2012, including completion of a water treatment plant for water emanating from underground workings. As a result of these improvements, the total amount of solids in water is expected to decline and the hydrocarbons contained in the discharge will be separated and treated. The volume of water consumed has been maintained below the limit imposed by the environmental authorities. The volume of water consumed by Cerro Vanguardia in 2012 was 923,104m³, which was 23% less than the 1,200,000m³ limit imposed by the province's water resource authorities.

To conserve yet more water, various alternatives for injecting excess water extracted including two permeability

methodologies (concentric circles and drainage trenches) have been evaluated for different areas on the east side of the mine. In addition, a process to optimise the water recovered from the tailings management facility and to improve uptake and sedimentation was evaluated and implemented. The fresh water line was changed, allowing a greater flow of fresh water from the pit to the process plant. This enabled the recovery of 293,060m³ of water in 2012, 33% of the water sent to the tailings dam.

Waste: Organic waste is collected for use in a vermicompost project. The organic waste that comes from vegetables used in the kitchen is collected and processed by Californian worms, which generate organic compost that is used in the re-vegetation project at Cerro Vanguardia.

Hazardous waste is treated off site by certified operators. In order to reduce the volume of hazardous waste generated a, waste management training was given in the operational area.

Cyanide: Management and staff employed in the recently commissioned heap-leach operation were trained in the effective management of the risks associated with cyanide handling and management as per the requirements of the International Cyanide Code. Cerro Vanguardia received its Cyanide Code certification in August 2011.

Following certification, efforts focused on fulfilling the commitments made by the continuous process improvement. This resulted in a change in the feeding of the cyanide recovery plant and a reduction in the amount of cyanide to be destroyed. To enhance the reliability of the detoxification process tanks were installed tanks and lines of sodium hypochlorite and hydrogen peroxide to dose in the last stage of rewash.

Construction of the new heap-leaching plant took into account the Responsible Care Health and Environment criteria in order to be included in the mine's planned recertification in 2014.

Cyanide transportation remains a particular environmental focus. The cyanide storage area was expanded to 190m², with features identical to the original design.

Land management and biodiversity: AngloGold Ashanti has a significant global programme in place to reduce its environmental footprint. Our Argentinian operation has 51,200ha of land under management of which 138ha had been rehabilitated by year-end.

Biodiversity is of particular importance in Argentina and Cerro Vanguardia's biodiversity programme was recognised for its achievements at the group's biennial environmental awards.

In February 2012, the director of fauna for the province of the Santa Cruz, visited Cerro Vanguardia for the second time, together with the provincial director of soil conservation. This visit aimed to investigate the possibility of reintroducing the Patagonian mara, an indigenous hare-like rodent, and to discuss final details regarding animal transfer. The Patagonian mara is a native species once emblematic of the area which has been decimated throughout Santa Cruz. Eight Patagonian maras were transferred to Cerro Vanguardia and released into the natural environment. At the moment, the maras are breeding successfully in the wild.

Closure and rehabilitation: During 2012, the restoration provision totalled \$35.8m and that for decommissioning \$10.4m.

To keep planning current, Cerro Vanguardia's rehabilitation and closure plans were reviewed internally. The rehabilitation plan was considered by an independent external consultant.

Approximately 20ha of degraded land was recovered and a rock waste dump re-vegetated following a reduction in its slope and the remaining topsoil distributed on its surface. A new project for spreading indigenous flora was launched. To this end, a 25m x 6m greenhouse was built with a humidity chamber to allow for plant reproduction. Around 4,500 seedlings of native species have been reproduced from cuttings. An outside courtyard is to be built to house the seedlings in the spring. Once strong, they will be transferred to the reconditioned waste rock dump to start re-vegetation trials.

Socio-economic contribution

Payments to government: AngloGold Ashanti is an organisational supporter of the Extractive Industries Transparency Initiative (EITI) and is committed to supporting its objectives of fiscal transparency and good governance. All payments made to governments by the company are disclosed, whether or not the country concerned is EITI-compliant. AngloGold Ashanti's payments to the Argentinian government in 2012 totalled \$147.7m (2011: \$133.7m).

Community: Total community investment by AngloGold Ashanti in Argentina was \$1.5m in 2012 (2011: \$2.1m).

Local procurement: AngloGold Ashanti plays an active role in sustaining and expanding the local economy by encouraging

the development of local skills and supporting local suppliers. Total local procurement spend in Argentina amounted to 85% of total spend in the country by AngloGold Ashanti.

Other

Awards: Cerro Vanguardia obtained Five-Star certification from Caterpillar for their heavy maintenance workshop. This certification rewards excellence, quality and best management practices in heavy maintenance processes and in caring for the environment. For the past two years, the mine has been working to maintain that certification, with one of the highest levels of excellence awarded globally at 98%. The certification is based on 14 standards of heavy equipment maintenance.

One of the highlights at the mine is the water reuse system in the truck wash facility, which allows the wash water to be separated from the grease and oils so that it can be reused. Cerro Vanguardia is the first AngloGold Ashanti operation to obtain that certification.

Shortage of mining skills: At AngloGold Ashanti we believe that 'people are the business'. Unfortunately AngloGold Ashanti and the broader mining industry face a significant skills shortage. Given the dearth of qualified professionals available for recruitment, AngloGold Ashanti continues to focus on the attraction, retention and development of people with initiatives including competitive remuneration, career development opportunities and partnerships with government institutions.

We have an agreement in place with Fomicruz, our local partner, which makes the hiring of local people a priority. About 98% of employees at Cerro Vanguardia are Argentinean citizens, including all senior managers.

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More information on performance in Argentina at an operational level is available in the profile on Cerro Vanguardia which is available at www.aga-reports.com.