



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. In addition, 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 AngloGold Ashanti's 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 in 2012 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 Colombia

In 2002, AngloGold Ashanti began active greenfield exploration in Colombia and to date has spent in excess of \$250m. This exploration has resulted in two major discoveries, one at La Colosa in the Tolima province and the other at Gramalote in the Antioquia province.

- **Gramalote project**, situated 110km northeast of Medellin in the municipality of San Roque in the department of Antioquia, is a joint venture between AngloGold Ashanti (51%) and Vancouver-based B2Gold (49%). This advanced exploration project is expected to be the first major gold mine development in Colombia and will enable AngloGold Ashanti to establish its responsible mining and operating credentials in the host community and among the broader Colombian population.
- **La Colosa project**, located 14km from the town of Cajamarca in the district of Tolima, with exploration rights being wholly held by AngloGold Ashanti, is the largest greenfields discovery made by the company.

As at 31 December 2012, these two projects together had a total inclusive Mineral Resource of 29.39Moz, equivalent to 12% of the group's total mineral resource. The Mineral Reserve at these projects has yet to be defined.

In all, the average number of employees in Colombia was in excess of 1,200, including contractors (2011: 796).

Total expenditure in Colombia for the year was \$151m (2011: \$92m), bringing the total AngloGold Ashanti has invested in Colombia to date to more than \$250m. Total expenditure of approximately \$107m is forecast to be spent on the Colombian projects in 2013.

Project review

Gramalote: The project prefeasibility study was concluded in the fourth quarter of 2012. While the results of this work demonstrated the social, environment and technical viability of the project, several identified optimisations regarding capital and operating aspects of the project remain to be validated. Accordingly, the project team launched an enhanced engineering phase which continues to validate project enhancement opportunities and now envisions the Gramalote project as a 70Mtpa open-pit mine with a 20Mtpa flotation and concentrate leaching process plant producing in excess of 450,000oz annually over the first five years of mine life with efforts presently underway to sustain that production level over the remaining life-of-mine.

La Colosa: The project is at the prefeasibility stage, currently evaluating alternative mining methods, plant locations and related infrastructure. The drilling programme is progressing to define the size and extent of the Mineral Resource that has not been constrained in the northwest and is partially open at depth.

Key decisions related to ore transportation and the relocation of infrastructure facilities out of the forest reserve area have dramatically changed the definition of the project's direct and indirect area of influence, and the scope of the environmental and social studies. Additional trade-off studies were necessary to optimise estimates of capital and operating expenditure, resulting in a suite of alternatives that have enhanced the project profile and are expected to positively address the key social issues of project footprint and water consumption and quality.

Technical evaluations also continued with the collection and analysis of geotechnical and hydrogeological information required for mine definition, trade-off studies on mining methods and alternatives, metallurgical test work and process definition, and infrastructure design.

Exploration

AngloGold Ashanti believes that there are opportunities for further discoveries in Colombia and consequently has an on-going greenfields exploration programme.

A total of 23,000m of drilling was completed at **Gramalote** in 2012. The Mineral Resource increased from 2.0Moz to 2.6Moz. Exploration potential in the district is considered high, with a large tenement position of which less than 10% has been explored to date. A comprehensive exploration programme is being advanced and geophysical and geochemical surveys will assist in defining exploration targets that are expected to confirm the mining district's (and project's) estimated endowment.

La Colosa: A land use permit was obtained for exploration drilling in 2010 and most of the Mineral Resource has been defined under that permit. Additional land use permits are presently being sought to expand mineral potential, perform condemnation drilling, and perform key infrastructure geotechnical and hydrogeological investigations. These permits are expected to be granted by the National Environmental Authority in 2013.

Sustainability performance

AngloGold Ashanti's sustainability strategy in Colombia is focused on an array of programmes that benefit direct and

indirect employment, sustainable agriculture, growth in local supplied commerce, and engagement in general service provision such as water supply and sanitation.

Safety

There was a significant improvement in safety performance in Colombia with the implementation of an array of strategies focused on safe work practices owing to the implementation of a range of safety programmes that focused on work planning and execution, task training, prevention of accidents and risks, and road safety. Safety targets have been set for 2013 and the programme on the implementation of the group's 22 safety standards, aimed achieving zero incidents group wide, will continue.

An AIFR of 4.43 per million hours worked was recorded for 2012, a vast improvement on 2011. There were no fatalities in 2012.

The role of public security in our areas of operation is to maintain law and order. Our role is to protect our people and facilities. The use of military or police support remains a last resort and will only be deployed if the risk profile requires it. At the end of 2012, we had a military presence at our projects in Colombia.

Health

Work continued all year on the project area health baseline study which will help to ensure that data is available for the design and submission of a thorough health impact assessment within the environmental impact assessment. This study is being undertaken by Cendex, the public health institute of the Javeriana University and initial baseline data will be available around mid-2013.

Development of an occupational health surveillance system was undertaken in the fourth quarter of 2012.

Stakeholder engagement

Gramalote: Stakeholder engagement has focused primarily on education about modern gold mining and its benefits as well as mitigation and compensation of any possible negative impacts. Secondly, engagement has focused on improving the livelihood of the local inhabitants through investment projects in health, education and infrastructure, and strengthening existent economic activities. The project will be developed in an impoverished rural area of Antioquia Department and both the direct and indirect employment opportunities will benefit the region substantially.

La Colosa: The management team has developed extensive stakeholder maps locally, regionally, and nationally and is fully engaged in establishing solid relationships. Local and regional government engagement was a priority in 2012.

Community

The successful development of Gramalote and La Colosa offers an opportunity for AngloGold Ashanti to establish its project development credentials to the host communities and to the broader Colombian population.

During the year, resettlements took place at La Colosa and Gramalote. At Gramalote, consultation was undertaken through elected representatives and 153 households economically resettled and 10 households physically resettled. La Colosa began negotiations with families in 2009 and is in the process

Key statistics – Colombia

	Units	2012	2011	2010
Operation				
Total expenditure	\$m	151	92	34
Total average no. of employees (including contractors)		+1,200	+800	+300
Safety				
No. of fatal accidents		–	1	–
All injury frequency rate (AIFR)	per million hours worked	4.43	16.84	10.83
Socio-economic				
Community investment	\$000	1,188	1,210	1,557
Payments to governments	\$000	23,303	10,921	14,561
– dividends paid to government	\$000	–	–	–
– taxation paid	\$000	252	125	379
– withholding tax (STC, royalties etc)	\$000	5,053	1,488	915
– other indirect taxes and duties	\$000	216	4	15
– employee taxes and other contributions ⁽¹⁾	\$000	8,868	4,707	4,326
– property tax	\$000	9	16	4
– other (includes tax on exports)	\$000	8,905	4,581	8,922

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

of resettling families from Diamante; 30 of 35 families have been resettled to date.

Gramalote: Much of Gramalote's support stems from the promise of the economic development it will provide for a community where 35% of inhabitants live in poverty, 12% in extreme poverty and 14% of San Roque's inhabitants are unemployed. The project has established a community investment programme which includes supporting existing activities and social infrastructure. The Gramalote project team has designed and implemented an extensive strategy of identifying and engaging stakeholders at the local and regional level.

La Colosa: Community relations in Cajamarca have been built on a social investment strategy, as well as on on-going stakeholder engagement. The biggest challenge now lies with the extension of the project into new areas, as new infrastructure sites are being analysed. This has required corresponding stakeholder engagement and will necessitate a solid and consistent community risk analysis and investment strategy to mitigate impacts and allow for the work to be advanced without delays. Specific projects focus primarily on areas of agriculture, health and social infrastructure sector aimed at strengthening existing economic activities and improving levels of poverty.

Environment

AngloGold Ashanti is operating in an environment in Colombia where large-scale open cast gold mining has not yet been undertaken and debate is on-going on the extent and nature of the country's participation in the sector. While the projects in Colombia are currently at an advanced stage of economic evaluation, AngloGold Ashanti is keenly aware of the potential impact of these and as development proceeds, the effects of these projects and their activities are being taken into account.

New regulations regarding water discharge standards are currently being developed in close collaboration with AngloGold Ashanti and the mining industry.

Gramalote: AngloGold Ashanti has been engaged in an environmental baseline study of the project for over two years. The study will provide a full scope analysis of the project area as it is today and potential environmental impacts. There are no unique environments or threatened and endangered flora or fauna within the project area but as the project is located in an area of moderately high rainfall this will necessitate good water management practices to mitigate the effects of surface storm water.

Steps are being taken to conclude all the technical work required for the submission of the environmental impact assessment during 2013.

La Colosa: A strict environmental plan has been developed to minimise the area disturbed by exploration. Buadua bamboo elevated platforms and eco-trails have been built. Three public universities are developing the biological and hydrogeological monitoring programmes for exploration stage activities so as to independently verify the effectiveness of control measures used.

A watershed reforestation programme has been developed with communities around the project and using trees from a plant/tree nursery programme developed by students from some schools in Cajamarca.

Social and environmental baseline studies are being conducted to comply with national and international standards. Permitting delays relating to drilling activities in the forest reserve resulted in project delays. These have now all largely been resolved.

The Cajamarca municipality obtained national certification as an “area free of brucellosis and tuberculosis”, which was the first time this award had been made to a region in Colombia. This certification ensures a better price and better market access for livestock, milk and meat. The genetic improvement process was highly effective, with a pregnancy level of over 80%. Another result was the high level of co-operation and collaboration achieved between the stock-breeders, and those within the value chain.

The initiative has also been adopted by Colombian institutions who intend to replicate it in other parts of the country.

Biodiversity: Issues of land use and biodiversity are closely linked to water and communities especially with Colombia being one of the world’s most biodiverse countries as determined by the number of species per hectare. AngloGold Ashanti entered into partnerships with NGOs on our approach to environmental management in Colombia, including investigating establishing biodiversity offsets. A practical outcome of this process has been the way in which we have approached exploration drilling. Our exploration teams have developed low-impact drilling platforms and a way of building access roads so as to minimise land disturbance and biodiversity impacts. An indigenous nursery has been set up and certain species which were considered to be at risk have either been transplanted or are being propagated.

Water: Water management and permitting continued to be a challenge in this mostly agricultural region. Opposition to mining activity, particularly in the Tolima province which hosts the La Colosa deposit, has centred on the perception that large-scale mining activity will have a detrimental impact on the region’s river systems, based on the claim that the project will use a significant amount of water and will contaminate river systems, impacting on the main input for large-scale agriculture.

Preliminary investigations demonstrate that there will not be a material impact on agricultural or domestic water. However, the in-country team continues to work on a broad awareness and education campaign to show the benefits of responsible mining, and how impacts are mitigated and compensated for to achieve a net positive impact.

Socio-economic contribution

Payments to government: As an organisational supporter of the Extractive Industries Transparency Initiative (EITI), AngloGold Ashanti is committed to fiscal transparency and good governance. All payments made to governments are disclosed, whether or not the country concerned is EITI-compliant. AngloGold Ashanti’s payments to the Colombian government in 2012 totalled \$23.3m (2011: \$10.9m).

Community: Total community investment by AngloGold Ashanti in Colombia was \$1.2m in 2012 (2011: \$1.2m).

Artisanal and small-scale mining

Good progress has been made with the identification of alternative potential livelihoods for ASM miners in Colombia. Social issues arising from heightened community expectations and ASM, as well as on-going fears for security in Colombia are areas of concern for this region.

Gramalote proactively and voluntarily entered into discussion on alternative livelihoods with the miners and a detailed ASM strategy was developed and is being successfully implemented. Positive negotiations with 153 artisanal miners were finalised in July 2012, with a formal agreement that involves recruitment of 40% of their number by the company as well as the setting up of small businesses to provide services to the community and potentially to the company.

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Forward-looking statements

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More information on performance in Colombia at project level is available in the profiles on La Colosa and Gramalote which are available at www.aga-reports.com.