



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

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 Guinea

AngloGold Ashanti holds an 85% interest in **Siguri**, with the government of Guinea holding the remaining 15%. Siguri is situated in northeast Guinea, 850km from Conakry, the capital, and covers a total area of 1,495km<sup>2</sup>. Siguri, which comprises multiple open pits containing oxide gold, is mined by contractors using conventional open-pit techniques.

Attributable production decreased fractionally to 247,000oz, equivalent to 6.3% of group production. Siguri employed an average of 3,643 people in 2012, of whom 1,920 were permanent employees and 1,723 contractors.

As at 31 December 2012, Siguri had an inclusive Mineral Resource of 5.17Moz of gold, of which the Ore Reserve amounted to 2.20Moz, equivalent to 2% and 3% respectively of group resources and reserves.

Attributable capital expenditure totalled \$28m for the year, significantly more than the previous year and bringing to \$93m the amount AngloGold Ashanti has invested in Guinea over the past five years. Capital expenditure of \$30m is forecast for 2013.

### Operational performance

Performance was steady during 2012, despite difficulties regarding dwindling plant feed grades. Key to this performance was a substantial improvement in monthly plant throughput which was maintained at close to 1Mt.

Total cash costs for the year were \$908/oz, a 5% increase on the prior year (2011: 34% increase to \$862/oz), mainly a result of: 31% increase in labour costs; 20% increase in the cost of services; 34% increase in aircraft transport expenses (given the unrest in Mali, employees and contractors travelled via Dakar in Senegal rather than Bamako in Mali), 49% increase in gold refining costs and 8% in fuel and power costs.

The integration of Project ONE into all aspects of the operation, so as to improve productivity, has been very effective and resulted in a 1Mt increase in annual throughput. Another valuable enhancement was the fitting of a modular mining fleet-management system on all trucks and primary loaders to improve productivity and cut costs. Previous mining flexibility problems have largely been resolved.

In the area of labour relations, meaningful strides were made with the implementation of early engagement channels and by providing assistance with capacity building within the labour union. What was previously a fairly adversarial relationship has matured into one which is more constructive and collaborative.

Current annual milling capacity is 11.8Mt and work is underway to test the viability of increasing this to 14Mt by 2022. Enhanced mill capacity will facilitate an increase in production from current levels to approximately 400,000oz. Related studies are expected to be completed by the end of 2016. Exploration work to find new reserves in this highly prospective area is underway.

## Exploration

Siguiri's expansion strategy is supported by exploration activities aimed at upgrading the Mineral Resource and increasing the Ore Reserve. Total drilling of 144,907m was completed in 2012. The ore reserve development programme aims to have an Ore Reserve of more than 4Moz by 2016.

## Sustainability performance

### Safety

Safety is of the highest priority at Siguiri and safety awareness training is compulsory for all employees. AngloGold Ashanti has a long-term goal of achieving zero occupational injuries and illnesses. Siguiri maintained its safety record of zero fatalities in 2012.

A series of safety programmes aimed at promoting awareness that is conducive to safe operations and implementing measures to reduce mining related injuries contributed to an improved AIFR of 1.09 per million hours worked. Ownership of key performance areas at all levels is designed to improve safety thought processes and result in more frequent 'safe' behaviour.

### Health

An inter-departmental voluntary counselling and testing (VCT) competition resulted in a 90% increase in voluntary testing, bringing the total number of tests done on the mine to 4,300. An additional 101 individuals currently receive antiretroviral treatment (ART). Four individuals were diagnosed with tuberculosis (TB) in the past year.

AngloGold Ashanti has committed to the rolling out integrated malaria programmes, based on the highly successful model implemented at Siguiri.

The malaria programme is currently being reviewed and will resume in 2013. Siguiri currently has its OHSAS 18001 certification.

AngloGold Ashanti recently embarked on an upgrade of the medical facilities at Siguiri.

## Stakeholder engagement

Considering the frailty of the political and institutional environment in Guinea, the success of Siguiri's expansion strategy will be governed largely by its ability to optimally manage stakeholder relations, particularly those with the authorities.

Following publication of AngloGold Ashanti's blue-print on stakeholder engagement in 2011, a rapid assessment of key stakeholders was undertaken early in 2012. This led to greater understanding across the mine regarding the importance of structured engagement with key stakeholders and systems being devised to regularly monitor engagement.

In 2013, all significant expansion projects will be accompanied by a dedicated stakeholder engagement plan and more comprehensive mapping of all key stakeholders is to be undertaken in April 2013. Furthermore, a new grievance mechanism was developed in 2012, as per the requirements set out in the relevant blue-print. The mechanism will be deployed across Block 1 during 2013.

## Community

In 2012, Siguiri entered into a strategic partnership with the Millennium Promise Alliance to assist the local authorities in updating their local development plans and aligning these with measurable Millennium Development Goals.

During the process, the focus shifted from infrastructure development to service delivery, and from building schools and health centres to providing better education and health services to a growing share of the population. Agriculture, small and medium enterprise development, utilities and local government capacity will all be considered in this light, as will artisanal mining.

Following this planning process, Siguiri will be in a better position to channel its contributions to local development towards strategic projects supported by the wider community, to leverage these contributions with other development partners and third parties, and to measure their impact upon livelihoods and living conditions in the local community – thereby demonstrating that the communities are better off for AngloGold Ashanti having been there.

## Key statistics – Guinea

	Units	2012	2011	2010
<b>Operation</b>				
Volume treated/milled – 100%	Mt	11.9	10.5	10.1
– attributable	Mt	10.1	9.7	8.8
Gold production – 100%	000oz	290	293	321
– attributable	000oz	247	249	273
Total cash costs	\$/oz	908	862	643
Capital expenditure – attributable	\$m	28	15	10
Productivity	oz/TEC	12.10	12.03	14.75
<b>Safety</b>				
No. of fatal accidents		–	–	1
All injury frequency rate (AIFR)	per million hours worked	1.09	1.27	6.15
<b>People</b>				
Total average no. of employees		3,643	3,666	3,170
– permanent		1,920	1,718	1,531
– contractors		1,723	1,948	1,639
Training and development expenditure	\$000	632	736	371
<b>Environment</b>				
Total water usage	MI	4,650	6,097	5,265
Water usage intensity	MI/oz	0.016	0.021	0.016
Total energy usage	million GJ	2.34	2.43	2.37
Energy usage intensity	GJ/oz	8.07	8.29	7.38
Total greenhouse gas (GHG) emissions (CO <sub>2</sub> e)	000t	177	184	179
Total GHG emissions per ounce of gold produced	tCO <sub>2</sub> e/oz	0.610	0.628	0.558
Cyanide used	t	2,736	2,993	1,550
No. of reportable environmental incidents		–	–	3
Total rehabilitation liabilities	\$m	70.7	53.1	28.2
– restoration	\$m	33.2	23.7	
– decommissioning	\$m	37.5	29.4	
<b>Socio-economic</b>				
Community investment	\$000	1,083	772	556
Payments to governments	\$000	101,409	98,454	96,344
– dividends paid to government	\$000	6,000	13,500	13,500
– taxation paid	\$000	55,033	50,297	49,306
– withholding tax (STC, royalties etc)	\$000	30,624	29,710	25,622
– other indirect taxes and duties	\$000	1,601	–	339
– employee taxes and other contributions <sup>(1)</sup>	\$000	5,359	4,947	7,570
– property tax	\$000	–	–	–
– other (includes tax on exports)	\$000	2,792	–	7
Local procurement spend <sup>(2)</sup> within country	% of total spend	73	67	74

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

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

AngloGold Ashanti and its Siguiiri operation have worked closely to assist financially and advise and support the Government of Guinea with the Bouré electrification project. This project, which began in 2006, has contributed to the development of many businesses in Siguiiri town and the creation of numerous jobs. Once completed, the project will effectively serve a population of 80,000 to 100,000, or 40% to 50% of the Siguiiri prefecture's population.

## Environment

Environmental management remains a critical area of focus and on-going initiatives are in place to control dust and emissions and also to ensure compliance with all relevant legislation.

A pipeline from the tailings facility, which had previously contributed to the bulk of spillage incidents reported on the mine, was replaced in 2012. The frequent pipe bursts resulted in the spillage of tailings material but the replacement ended such spillages and in 2012, no such incidents were reported. Siguiiri has had no reportable environmental incidents since 2010.

In a sustained effort to optimise waste rock disposal and minimise closure liabilities, pit backfilling at Siguiiri continued during the year. However, the government's request that all dormant pits be backfilled is being disputed by AngloGold Ashanti. Further studies will be conducted in 2013, with a view to reviewing and refining Siguiiri's closure strategy, including backfilling and flooding.

An ISO 14001 external audit recertification was conducted during the year and no significant non-conformances were recorded. The mine's ISO 14001 recertification is valid until July 2015. Environmental baseline assessments were conducted for the operation's water, waste, air quality and rehabilitation management plans, in line with the respective group management standards.

**Water:** A \$430,000 proposed penalty for water abstraction (raw water use) was issued by the National Directorate of Hydrology. Although Siguiiri acknowledged receiving this notice for a fine, the Guinean Chamber of Mines made representation on behalf of mining companies which had received similar notices. Consequently, the National Directorate re-issued a reduced fine of \$17,000.

The demand for water abstraction charges has highlighted the need to maximise the use of all water at the disposal of the

company. It is recognised that there is a need to investigate the possible integration of pit de-watering water into the main water use system, by developing a site-wide water balance model. Such a move would reduce both water intake from the Tinkisso River and future water charges.

**Cyanide:** Post year-end, Siguiiri retained its certification for compliance with the International Cyanide Code following an audit held at the end of January 2013.

**Dust:** There were no official complaints of dust emissions from the ROM1 stockpile, haulage or from access roads during 2012, although dust emissions from these sources remained a challenge.

Siguiiri also contributed to the management of dust on both public and mine access roads by watering the linking roads between villages. These initiatives support the philosophy of good neighbourliness and also reduce third party accidents, caused as a result of poor visibility from dust emissions.

**Land rehabilitation:** After completing resource economy studies on Santchoro and Kozan in 2011, these two mines were found to be economically unviable. Sanu Tinti has been identified as another possibly unfeasible mine and is currently being evaluated. Santchoro was backfilled last year and the re-vegetation process started in July 2012. Rehabilitation was only 25% complete at year-end.

Backfilling of Kozan began during the year and, except for some earthworks (levelling of deposited materials), backfilling of the pit was completed by year-end. Rehabilitation re-vegetation will start in 2013. In terms of the rehabilitation strategy, the remaining open pits will have environ bunds constructed around them to protect humans and animals from accidental falls and drownings in the pits.

Following upon an earlier request from government that dormant pits be backfilled, some backfilling has been undertaken and shown to be economically viable, on a case-by-case basis. Further studies are to be undertaken in 2013 in order to refine the closure strategy with regard to all the pits.

As part of the rehabilitation plan for 2011–2013, detailed earthworks requirements for some six backlog waste dumps have been completed. Once the tenders for this work have been finalised in 2013, re-vegetation will proceed. Initial rehabilitation of Sintroko Central waste dump was completed.

**Planning for mine closure:** A mine closure audit with respect to the group's mine closure standards was conducted at Siguiiri during 2012, following which a series of corrective measures were implemented. The mine closure plan is currently compliant with AngloGold Ashanti's closure standard although there are a number of studies waiting to be conducted to confirm some of the initial assumptions made in the closure plan.

### **Socio-economic contribution**

**Payments to government:** AngloGold Ashanti is an organisational supporter of the Extractive Industries Transparency Initiative (EITI) and is committed to fiscal transparency and good governance. All payments made to governments are disclosed, whether or not the country concerned is EITI-compliant. Guinea is a candidate member of the EITI. AngloGold Ashanti's payments to the Guinean government in 2012 totalled \$101.4m (2011: \$98.5m).

**Community:** Total community investment by AngloGold Ashanti in Guinea was \$1.1m in 2012 (2011: \$0.8m).

**Local procurement:** Of total procurement spend by Siguiiri in 2012, 73% was spent locally within Guinea (2011: 67%).

### **Other matters of concern**

**Labour:** In Guinea, country regulation allows us to employ expatriates only if positions cannot be filled by locals within a reasonable time frame. Currently no local hires could be sourced for senior management, and less than 2% of the workforce is locally hired. Training programmes, career planning and development contribute to the implementation of the localisation plan in order to comply with the new mining code.

**Artisanal and small-scale mining (ASM):** As with the mining industry globally, mining skills in Guinea are at a premium, and AngloGold Ashanti recognises that the livelihoods of many artisanal miners are dependent on ASM. We are involved in developing partnerships at global, national and site level to formalise ASM.

**Security:** 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. National police and/or military units provide security in accordance with specific agreements with the authorities or at the authorities' initiative. 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 Siguiiri.

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### **Forward-looking statements**

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More information on performance in Guinea at an operational level is available in the profile on Siguiiri which is available at [www.aga-reports.com](http://www.aga-reports.com).