



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. AngloGold Ashanti's South Africa region includes all its operations located within the country.

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 South Africa

AngloGold Ashanti's six deep level South African mines and surface operations are divided into two regions, Vaal River and West Wits.

Vaal River

The Vaal River mining operations, comprising three mines and the surface operations, are located roughly 180km from Johannesburg in the vicinity of Orkney and Klerksdorp, near the Vaal River on the Free State-North West Province border. The three mines share a milling and treatment circuit. The operations are:

- **Great Noligwa**, a mature operation, adjoins Kopanang (in the Free State) and Moab Khotsong. The Vaal Reef, the primary reef, and the Crystalkop Reef, a secondary reef, are mined from a twin-shaft system over eight main levels at an average depth of 2,400m. Given the geological complexity of the orebody, pillar mining is employed.
- **Kopanang** is located to the west of Great Noligwa and bound to the south by the Jersey Fault. Gold is the primary output. Uranium oxide is produced as a by-product, from a single shaft system to a depth of 2,600m. It exploits the Vaal Reef almost exclusively, although minor amounts of gold are also extracted from the secondary Crystalkop Reef. Given the geological complexity of the orebody, scattered mining is used.
- **Moab Khotsong** is AngloGold Ashanti's newest gold mine in South Africa. Stopping operations began in November 2003, with the mine expected to reach full production in 2013. Given the geological complexity of the Vaal Reef, scattered mining is employed. The Zaaiplaats orebody in

the Moab Khotsong lease area presents a significant growth opportunity and capital has been allocated to support its phased development.

- **Surface operations** (metallurgy) extracts gold from marginal ore dumps and tailings storage facilities on surface at various Vaal River and West Wits operations where there is excess metallurgical capacity. Uranium is produced as a by-product, as is backfill for use as support in mining operations. Surface Operations includes rail transport infrastructure, the Vaal River and West Wits Laboratories and tailings management facilities. Although there is more than one surface operation they are reported as one entity. Surface Operations is estimated to have an operating life in excess of 30 years.

In July 2012, AngloGold Ashanti acquired **Mine Waste Solutions** (MWS), a long-life surface tailings retreatment operation.

West Wits

The West Wits operations, comprising three mines, are situated southwest of Johannesburg, near the town of Carletonville, on the Gauteng-North West Province border. They are:

- **Mponeng**, South Africa's flagship operation and the world's deepest gold mine, exploits the Ventersdorp Contact Reef (VCR) at depths of between 2,400m and 3,900m. The mine uses sequential-grid mining and has a twin-shaft system housing two surface shafts and two sub-shafts. Ore is treated and smelted at the mine's gold plant.
- **TauTona** lies on the West Wits Line. Mining takes place at depths of between 1,850m and 3,450m. A three-shaft system is supported by secondary and tertiary shafts. Mining is in the process of converting from longwall to scattered-grid mining, a change necessitated by the increasingly complex geology encountered and unsuitability of the current method for mining through the Pretorius fault. This change is also expected to lead to improved safety.
- **Savuka** exploits the Carbon Leader Reef (CLR) at depths of between 3,137m and 3,457m and the VCR at a depth of 1,808m. It shares a processing plant with neighbouring mine, TauTona. Following an investigation into the optimal incorporation of Savuka which is nearing the end of its working life into either TauTona or Mponeng, it was concluded that the optimal, most efficient solution to accessing Savuka's remaining Ore Reserve would be via TauTona's infrastructure.

The South Africa operations accounted for 1.2Moz of gold production in total, 48% from Vaal River and 52% from West Wits. Combined, this was equivalent to 31% of group production. In addition, the Vaal River operations produced 1.21Mlb of uranium as a by-product.

An average total of 34,186 people were employed at the South African operations for the year (2011: 32,082), of whom 29,740 were permanent employees and 4,446 were contractors (2011: 28,176 and 3,906 respectively). This represents some 52% of all people employed by the group.

Capital expenditure in the South Africa region totalled \$583m, an increase of 9.6% on the \$532m spent in 2011, the bulk of which was spent at Mponeng (\$194m), Moab Khotsong (\$159m), Kopanang (\$93m) and TauTona (\$73m). AngloGold Ashanti has invested \$2.27bn in South Africa in the past five years. Forecast capital expenditure for 2013 is around \$506m.

As at 31 December 2012, the South African operations had a total Mineral Resource of 98.60Moz and an Ore Reserve of 31.56Moz, equivalent to 41% and 43% respectively of group resources and reserves.

Operational performance

The South Africa operations milled 22.3Mt of ore in 2012, up by 36% on the previous year, primarily due to the acquisition of Mine Waste Solutions.

Total cash costs for the South Africa region were \$873/oz, compared with \$694/oz in 2011. Mponeng, with a cash cost of \$639/oz, was the lowest cost producer in the region and Great Noligwa, which is approaching the end of its operating life, was the highest at \$1,226/oz. Cost increases were largely influenced by reduced production, and higher wages and input prices (energy and fuel). The primary cost components in 2012 were: labour \$363/oz; consumables \$253/oz; services \$68/oz; and other inputs \$189/oz.

The operating environment in South Africa remained challenging, with safety-related stoppages continued to be disruptive, especially in the first half of the year. An industry-wide strike halted all mines and plants in South Africa for about six weeks. The total loss of production as a result of the strike and the slow ramp-up to full production, necessitated by geotechnical concerns resulting from the stoppage, was about 235,000oz.

Seismic activity at the West Wits operations was also problematic and geological limitations, coupled with lower mining grades at the Vaal River operations and above-inflation cost pressure, presented an ongoing challenge.

Productivity per employee for the year was 4.19oz/TEC (2011: 5.85oz/TEC) – the lowest in the group – a function of work stoppages, decreasing grades and the increasing labour intensity of deep level underground mining operations in South Africa.

Roll-out of the Simunye safety and productivity training programme, which began in May 2011, continued. Simunye, which was designed for production crews and supervisors, aims to promote cohesive team work in support of business objectives. By year-end, 67% of all stopping crews and 5% of all development crews in the region had received Simunye team training. Crew performance is monitored continuously to determine the efficacy of the programme. Indications are that the Simunye programme has resulted in improved safety performance, face advancement, volumes mined and sweepings.

The current two-year wage agreement expires in June 2013. New wage negotiations are expected to begin in mid-2013. Given that there is a new and significant union in place, the

Key statistics – South Africa

	Units	2012	2011	2010
Operation				
Volume treated/milled	Mt	22.3	16.4	17.0
Gold production	000oz	1,212	1,624	1,785
Total cash costs	\$/oz	873	694	598
Capital expenditure	\$m	583	532	424
Productivity	oz/TEC	4.19	5.85	5.63
Safety*				
No. of fatal accidents*		11	9	10
All injury frequency rate (AIFR)	per million hours worked	13.24	15.57	16.69
People				
Total average no. of employees		34,186	32,082	35,660
– permanent		29,740	28,176	31,723
– contractors		4,446	3,906	3,937
Training and development expenditure		63.36	49.64	43.08
Environment				
Total water usage*	MI	23,833	18,821	20,896
Water usage intensity	MI/oz	0.0197	0.0116	0.0117
Total energy usage*	million GJ	11.64	11.68	12.37
Energy usage intensity	GJ/oz	9.60	7.19	6.93
Total greenhouse gas (GHG) emissions (CO ₂ e)*	000t	3,132	3,079	3,419
Total GHG emissions per ounce of gold produced*	tCO ₂ e/oz	2.58	1.90	1.92
Cyanide used	t	6,129	3,913	4,575
No. of reportable environmental incidents*		10	12	10
Total rehabilitation liabilities	\$m	148.8	154.8	184.4
– restoration	\$m	43.7	73.7	90.6
– decommissioning	\$m	105.1	81.1	93.8
Socio-economic				
Community investment ^{(1) (2)}	\$m	7.7	3.7	3.2
Payments to governments	\$m	251	313	199
– dividends paid to governments ⁽³⁾	\$m	–	–	–
– taxation paid	\$m	81	102	38
– withholding tax (STC, royalties etc)	\$m	29	71	35
– other indirect taxes and duties	\$m	1	–	–
– employee taxes and other contributions ⁽⁴⁾	\$m	131	132	117
– property tax	\$m	3	3	3
– other (includes tax on exports)	\$m	6	5	6
Local procurement spend ⁽¹⁾ within country	% of total spend	85	99	98

⁽¹⁾ Aggregate for all South African operations.

⁽²⁾ Includes corporate social investment expenditure.

⁽³⁾ The payments to government as reflected above are the aggregate of payments made by all operations in that country.

⁽⁴⁾ Includes remittance made to government but borne by employees as individual taxation (for example, PAYE and UIF).

Associated Miners and Construction Union (AMCU), AngloGold Ashanti expects a challenging set of negotiations. AngloGold Ashanti has committed to working with all representatives and employee associations to build relationships.

Growth

Notable progress was made with the **Mponeng below 120 level deepening project** which will extend Mponeng's life of mine. The first phase of this project, which accesses the VCR, is on track to begin production in April 2014. Phase 2, which will access the CLR below the 120 level, was approved by the AngloGold Ashanti board in March 2012. Infrastructure development is under way with production from the second phase scheduled to begin in 2016.

The **Moab Khotsong** business plan, without growth projects, is expected to produce some 3Moz of gold until 2023. **Project Zaaiplaats** will provide an additional approximate 4.8Moz, extending the mine's life and serving as a gateway for opportunities beyond the initial target block. Phase 1 of the Zaaiplaats project, approved in July 2010 and currently in implementation, is dedicated to establishing the infrastructure for Phase 2, which will create a drilling platform to increase geological confidence within the greater Zaaiplaats orebody while providing some initial gold production. Phase 2 will realise approximately 558,000oz of gold. Phase 3 is currently in prefeasibility study phase. A full feasibility study, to begin in the first quarter of 2013 and to run for about a year, includes various options of accessing the orebody through either Moab Khotsong or Kopanang, while accessing other mining blocks adjacent and contiguous to Project Zaaiplaats.

Sustainability performance

In line with the group's sustainability strategy, a comprehensive and transformative sustainability strategy has been compiled for the South African operations to enable them to fulfil their potential for growth while contributing to broader regional social and economic development.

Socio-economic development is an essential aspect of the business strategy in South Africa, 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 the labour force over the medium term.

AngloGold Ashanti's sustainability review panel engaged with executive and regional management in the South Africa region. Members focused on understanding the challenges faced by the region given declining gold deposits and an extensive labour force. The panel's mandate was to evaluate the region's socio-economic development strategy and provide comment on how South Africa seeks to address impacts arising from its transition from a highly labour-intensive industry to a technology-focused model.

Safety

Regrettably, there were 11 fatalities in 2012 (2011: 9). The number of fatalities remains of serious concern to the company. TauTona achieved 4 million fall-of-ground fatality free shifts in

November 2012 and Kopanang achieved 1 million fatality free shifts in December 2012, both notable achievements. For the region as a whole, the AIFR improved to 13.24 per million hours worked (2011: 15.57).

For every individual, in every part of the organisation, the aim is to eliminate fatalities and injuries at the group's operations. AngloGold Ashanti's three-pillar safety strategy – based on behaviour interventions, work systems and technological interventions – was implemented.

The Simunye safety and productivity training programme is also being implemented. This programme, part of the roll-out of Project ONE to production crews, focuses on safety and the reduction of injury rates, the elimination of disruptive stoppages, improved compliance with mining cycles and blast frequency. The programme began around two years ago and by year-end 2012 almost two-thirds of work crews at the South Africa operations had undergone Simunye training. A component on personal finance training was introduced to help shield employees from predatory lending practices in the private sector and to assist them in creating a sound, personal finance platform.

The company has invested large amounts into researching and developing better technology to mine safely to greater depths without endangering employees. Much of the technology introduced at the underground operations is specifically aimed at improving safety and health.

AngloGold Ashanti is managing the global move towards mechanised mining at its South Africa operations with a sensitive yet progressive safety plan. Technological interventions are in various stages of implementation across the region. Short to medium-term interventions include technology which is in line with Mining Industry Occupational Safety & Health (MOSH) leading practice as well as "off-the-shelf" systems. In the longer term, the AngloGold Ashanti Technology Innovation Consortium is developing mine designs which use automated equipment in the stopes.

There was substantial increase in the number of Department of Mineral Resources (DMR) inspections during 2012 and these will continue. The company engages consistently with the DMR to ensure that all internal and external standards are adequate.

Health

In the area of health, we continue to manage several key areas of concern in South Africa, including:

- occupational illnesses, particularly occupational lung disease (OLD), primarily silicosis and occupational tuberculosis (TB), and noise-induced hearing loss (NIHL); and
- HIV/AIDS

We have committed to the following objectives:

- progressing towards the industry milestone of no new cases of silicosis among previously unexposed (2008 onwards) employees at our South African operations after December 2013;

- maintaining occupational TB incidence at less than 2.25% among South African employees, reducing to below 1.5% by 2029 and successfully curing 85% of new cases; and
- meeting the industry milestone of no deterioration in hearing greater than 10%, from a 2008 baseline, among occupationally-exposed individuals at our South African operations

Reducing occupational exposure to dust at our South African operations requires a combination of engineering and administrative controls. Our rigorous dust sampling programmes show consistently reduced dust exposure since 2006. Only 0.94% of samples of respirable crystalline silica exceeded the Occupational Exposure Limit (OEL) of 0.1mg/m³ (2011: 0.74%), which is well below the industry target of 5%.

Two major initiatives designed to reduce dust exposure were the introduction of centralised blasting at our Vaal River operations and the introduction of sidewall treatment for dust (an extension of existing footwall treatment measures) in both South Africa regions. Centralised blasting has been practised in the West Wits for a number of years.

In 2012, a total of 168 cases of silicosis were identified as submitted to the Medical Board for Occupational Diseases of South Africa (2011: 263 cases). The latency period of the disease is typically 10 to 15 years, which means that it is too early to assess the success of the industry initiative of eliminating new cases of silicosis among employees unexposed to dust prior to 2008.

Legacy issues on silicosis remain a challenge in South Africa as we continue to work through the legal cases brought against the company. We are committed to co-operating with industry partners and government to find a holistic approach to this issue. As a company, we are also working hard to manage the work environment with programmes for dust control, improved drilling and blasting methods, and in-house support for our employees.

Occupational tuberculosis is a compensable disease in the South African mining industry and is linked both to silica dust exposure and to the HIV/AIDS epidemic. In 2012, 446 new cases of TB were identified and submitted for compensation (2011: 541 cases). The incidence of occupational TB among employees in South Africa in 2012 was 1.4% (2011: 1.8%), below our 2015 target of 2.25%. Our cure rate for occupational TB was 94%, against a World Health Organization target of 85%. Employees are being exposed to less dust as a result of interventions such as foot wall and side wall treatments, foggers and centralised blasting, among others.

Regarding occupational lung disease litigation, as of 31 December 2012, 31 individual claims had been received. AngloGold Ashanti has filed a notice of intention to oppose the claims. It is possible that additional class actions and/or individual claims relating to silicosis and/or other occupational lung disease (OLD) will be filed against AngloGold Ashanti in the future. AngloGold Ashanti will defend these and any other future claims, if and when filed, on their merits.

Intensive and sustained dust control measures, HIV testing

and counselling programmes accompanied by antiretroviral therapy (ART), and the monitoring and early treatment of TB. Successful housing and accommodation strategies over the last five years have contributed too. These strategies aim to eliminate communal housing by 2013 and place all workers residing on site in private accommodation.

In 2012, 4,483 employees participated in our wellness programme (about 20% of the South African workforce) and around 3,000 people on ART (around 12% of our South African workforce). Our ART programmes continue and, despite the incidence of AIDS-defining illnesses increasing slightly to 0.75 cases per 1,000 employees during the year (2011: 0.66 cases per 1,000), they still receive much support. While we have had significant successes in our disease management programmes, we recognise that we have been less successful in preventing new cases of HIV infection.

Although there has been significant investment by the company in the silencing of equipment over the years, the incidence of NIHL has remained static. There were 13 cases of NIHL in excess of 10% of the 2008/9 baseline in 2012. Each mine has a comprehensive silencing programme in place and all major noise sources have been identified and silenced as per the group strategy.

Awareness of NIHL is actively promoted and a programme to issue personalised hearing protection to all underground and surface employees working in noisy areas is in place. This programme will be completed in the first quarter of 2013. We have committed to meeting the industry milestone of no deterioration in hearing greater than 10%, from a 2008 baseline, among occupationally-exposed individuals at our South African operations.

The Vaal River mines have formal heat stress management programmes in place and all work places are measured and monitored for compliance. Best practice, guidelines and industry norms are taken into account when designing the working environment. The mines performed constantly within the set design parameters and targets throughout the year and remedial actions were immediately initiated in instances where set benchmarks were not met. Regular audit programmes ensure quality improvement. These include audits from DMR, the National Nuclear Regulator and DQS for OHSAS 18001, ISO 14001, and various private consultants.

All the South African operations have been awarded their OHSAS 18001 certification.

Stakeholder engagement

Following extensive stakeholder engagement, a framework to integrate community development into core business activities has been designed, which will also support national and international development policies and objectives, particularly those addressing youth unemployment. Once approved, the Socio-economic Development Framework (SEDF) and AngloGold Ashanti's Social and Labour Plans (SLPs) were communicated to all key stakeholders, such as local economic formations, non-governmental organisations and the North West provincial government, as well as to those in the host

communities of Merafong and Matlosana and the OR Tambo District Municipality in the Eastern Cape, a region from which many AngloGold Ashanti employees in South Africa originate. The process of developing a stakeholder management strategy to support the SEDF has also begun.

Communities

Several significant community projects are underway under the auspices of Vaal River and West Wits management.

AngloGold Ashanti continues to meet the targets set in its Social and Labour Plans (SLPs). The region has developed a framework to address the socio-economic focus areas within and outside of the business over a three-year period. This involves partnerships with government as well as with social and industry stakeholders to address economic gaps created as the operations mature and production declines. A Future Forum for each area has been established to promote good relations with labour unions as part of the SLP compliance requirements. The forum comprises union representatives and personnel from AngloGold Ashanti's sustainability department.

The Social and Institutional (SI) Fund Committee was established to approve projects and allocate and distribute the annual budget of R15m set aside for such projects within host and labour-sending areas in the South Africa region. Sponsorship guidelines were approved by the committee. Guidelines for existing local area committees were reviewed and revised in line with the new socio-economic development framework. The SI Fund Committee approved projects requesting investment of more than R75,000.

An employee-giving initiative, Hearts of Gold, encourages employees to donate money or volunteer their time for the benefit of non-profit, charitable organisations or to undertake philanthropic initiatives. All Hearts of Gold donations are matched by the company by way of contributions paid on a "Rand for Rand" basis to the chosen Hearts of Gold initiative.

Infrastructure development in labour-sending areas:

Projects involving the construction and provision of five classrooms, an administration block and toilets to replace the dilapidated mud school in Libode and a laboratory in Lusikisiki, both in the OR Tambo district in the Eastern Cape, were completed by year-end.

Community Human Resources Development Programme:

This initiative is aimed at supporting the State Intervention in Mining Sector (SIMS) and is backed by municipalities, non-governmental organisation (NGOs) and the DMR for inclusion in the SLPs. The focus of the SIMS initiative is youth development in host and labour-sending areas.

Other community-oriented initiatives include those aimed at enterprise, social and institutional development. Enterprise development initiatives embrace the establishment of an enterprise development park in the OR Tambo District Municipality, the strategy and implementation plan which will provide a benchmark for the development of similar projects in the South Africa region, where stakeholder consultation

indicates strong support, and a waste recycling project. Enterprise development initiatives are aligned with procurement so as to ensure a coherent approach to the long-term economic development and sustainability of local communities.

Housing: This strategy encompasses three aspects, namely, privacy room conversions, family unit redevelopment and the home ownership scheme. The conversion of communal accommodation to create 6,487 single rooms was undertaken at a cost of R193m. Redundant residences were converted into 430 family units at an estimated cost of R76m and a new plan was approved for the creation of an additional 42 family units. A home ownership scheme, developed in conjunction with recognised unions, is being established to create affordable home ownership for all employees. The aim is build 200 houses. The board has approved R70m for a pilot project. Conversion of all housing units to single or family accommodation is expected to be completed in 2013.

Environment

The number of reportable environmental incidents declined to 10 in 2012, despite seven of these having taken place at the newly acquired MWS operations. Since taking ownership of MWS in July 2012, considerable resources have been dedicated to ensuring this long-life asset meets AngloGold Ashanti's rigorous environmental operating standards. The potential for inter-mine flooding and water legacy issues continued to be environmental challenges.

Water: In South Africa, the environmental management focus remained on integrated water management, closure planning, knowledge management, local compliance, mitigation of dust from tailings storage facilities (TSF) and waste management. Potential inter-mine flooding continued to be a primary concern, with a focus on the sustainability of neighbouring mines' ability to continue pumping underground water and prevent flooding of AngloGold Ashanti operations.

Our new approach to integrated water management is being piloted in the South Africa Region, given the complexity of its water circuits. The two water circuits in the South Africa region comprise multiple processing plants, deep underground shafts, multiple points for water discharge into the environment, differing requirements for process and potable water quality, as well as water storage and evaporation challenges.

The implementation of our revised integrated water management strategy is aimed at:

- reducing water consumption;
- optimising the efficiency of our water circuits;
- minimising the potential for discharge of contaminated water into the environment, either directly or indirectly, as a result of seepage from TSFs; and
- preventing the contamination of land beyond current mining boundaries as a result of planned or unplanned discharges.

South Africa accounted for approximately 40% of the group's total water consumption. The integrated water management strategy also addresses issues such as potential mine flooding; groundwater and stormwater management; and the potential impact of mining activities on the water supply to neighbouring

areas. Mitigation measures include the development of regional mine flooding models, and plans and technical remediation options for seepage from TSFs.

AngloGold Ashanti's integrated water management plans are based on the need to minimise consumption of clean water, reduce pollution from mining activities and maximise the reuse of process water to ensure compliance with the strict water quality objectives stated in environmental legislation. This approach is fully aligned with the best practice guidelines of the Department of Water Affairs and Forestry, which is the custodian of South Africa's water resources and, as part of its duties, promotes effective and efficient water resource management as part of a sustainable economic and social development strategy. AngloGold Ashanti recognises water as an essential commodity that is shared with the vulnerable communities in the areas where we operate.

The pollution of groundwater resulting from tailings storage facilities poses one of AngloGold Ashanti's major challenges in ensuring adequate and sustainable mine closure. Source interception mechanisms are continuously explored and installed to capture potential polluted water from tailings storage facilities and affected areas. This water is then reused in the mining process to reduce dependence on the already stressed local river systems. An impact investigation process was followed to assess the current situation, identify risks and develop suitable groundwater remediation plans.

Dust: Roll-out of the TSF Dust Mitigation Plan continued in 2012; the aim remains an 80% reduction in dust fallout from TSFs over the five years to 2016. This project resulted from the collaborative efforts of both the environmental and metallurgical teams, supplemented by on-going engagement with relevant communities adjacent to the operations.

Energy: Much of our energy usage (38%) was in South Africa, where our deep underground mines are particularly energy intensive. Reducing energy consumption is an area of focus of our Technology Innovation Consortium which is addressing future technical challenges in deep underground mining. Rising electricity costs in South Africa have contributed to this. This ratio is expected to escalate rapidly as global energy constraints continue to affect prices. South Africa consumes 38% of all energy consumed by the group and, given the country's reliance on electrical energy sourced from coal-based power stations, a significant portion of our GHG emissions (68%) in 2012. AngloGold Ashanti has demonstrated its commitment to sustainability by implementing energy-efficient projects that have reduced the power consumption of its South Africa operations by a significant 18% since signing the Energy Accord in 2005.

Climate change: The corporate office continued to support the South Africa region's input into the national climate change debate through both the Industry Task Team on Climate Change and Business Unity South Africa. The details of a carbon tax were set out in the February 2013 budget papers and the tax is expected to take effect on 1 January 2015. AngloGold Ashanti has engaged intensively with National Treasury to persuade it to adopt a tax that will

minimise the impact on business while promoting efforts to reduce greenhouse gas emissions.

Cyanide: All six gold plants falling within Surface Operations have been awarded their certification for compliance with the International Cyanide Code and are due for recertification during the course of 2013. MWS is to be certified according to ICMM code of Practice for Cyanide Handling.

Mine closure: AngloGold Ashanti, like many other South African mining companies, has been working hard to rehabilitate historically impacted land and associated water systems. A recent success was the rehabilitation initiated of the so-called Varkenslaagte drainage area within the West Wits area. Effective remediation of this area is critical in ensuring compliance with the quality requirements for discharge water. The first phase of this project focused on removing historic tailings spills as these presented a major source of pollution in the Varkenslaagte drainage area. Once this had been done, work began on re-establishing the wetland in collaboration with our phyto-remediation research partners at the University of the Witwatersrand. We are confident that the seepage and downstream water quality will significantly improve over the next few years as a result of this project. To date some 76,000m³ of tailings spillage have been removed from the Varkenslaagte area and 40ha of indigenous woodland species have been planted to kick-start rehabilitation.

Annual closure liability assessments were concluded – external audits are on-going and submissions to the DMR will follow in the second quarter of 2013, pending final sign-off of financial statements. AngloGold Ashanti's total rehabilitation liability for the South Africa operations in 2012 was \$148.8m (2011: \$154.8m) of which \$43.7m was for restoration and \$105.1m for decommissioning. As at year-end, 996ha of land had been rehabilitated.

Socio-economic contributions

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 South African government in 2012 totalled \$251m (2011: \$313m). The decline was a function of both reduced production and a decline in revenue.

Community: Total community investment by AngloGold Ashanti in South Africa was \$7.7m in 2012 (2011: \$3.7m).

Local procurement: Of total procurement spend by the South African operations in 2012, 85% was spent locally (2011: 99%).

AngloGold Ashanti recognises the need to contribute to the transformation of South Africa from a socio-economic perspective by transacting with black economic empowered (BEE) suppliers, where black ownership is greater than 25% plus one vote. The spend value with BEE suppliers was approximately \$359m (2011: \$315.4m) of the total \$797m (2011: \$731.5m) measurable procurement expenditure.

AngloGold Ashanti also continues to measure its performance based on the Department of Trade and Industry's (DTI) "Codes of Good Practice" where it achieved a score of 19.42 (2011: 19.5) out of a possible 20 points, representing 98% compliance on the Broad-Based Black Economic Empowerment (BBBEE) basis. By the end of 2012, the South Africa region had spent \$359m (approximately R3.03bn) with qualifying BEE entities. This represents 45% of procurement expenditure of \$797m (approximately R6.7bn).

To support emerging SMMEs, a supplier development centre is being established in the labour-sending area of Mthatha, Eastern Cape. In our host communities of Merafong, Gauteng, and Matlosana, North West Province, a survey was conducted to establish the business profile of SMMEs in these communities to enable us to begin the development of a customised SMME strategy for each area.

Other matters of concern

Employees and skills shortages: AngloGold Ashanti and the broader mining industry face a severe skills shortage, particularly in the fields of mining engineering, geology and metallurgy as well as post-graduate mining related specialisations. Implicit in achieving AngloGold Ashanti's mission is the attraction, retention and development of people. Various initiatives have been developed to address the skills shortage including talent identification and talent pool management, mentoring, a skills retention programme, performance management and a bursary scheme, all aimed at promoting identified scarce skills.

Employment equity: In South Africa the Mining Charter specifies that 40% of management should be made up of historically disadvantaged South Africans (HDSAs). As

at 31 December 2012, HDSAs made up 32% of senior management and 40% of top management for our South African management team. In 2012, 79% of our workforce was deemed to be local and 31% of our senior management were local hires. In 2012, the South African regional workforce senior management team was comprised of 100% local hires, with 74% of the remainder of the total South African regional workforce sourced locally.

Product responsibility and beneficiation: Auditions, a global gold jewellery design competition, was launched by AngloGold Ashanti in 1999. It is the largest gold design competition in the world, with competitions in several countries including South Africa. The competition aims to increase gold's desirability and promote gold jewellery design. The 2011/2012 South African gold couture collection was launched in Johannesburg in July 2012.

Other value-add activities include strategic investments in the Rand Refinery (Pty) Limited in South Africa, which produces semi-finished products to feed into the jewellery supply chain and gold investment markets. The refinery is an important link between the gold mining activity and the end refined product, illustrating our role in the gold market beyond exploration and mining activities. The refinery are members of the LBMA and are required to comply with its Responsible Gold Guidance, which is closely aligned to the OECD Due Diligence Guidance.

We also have a strategic investment in Oro Africa, a jewellery manufacturing company in South Africa. This creates and supports jobs in the gold manufacturing industry as well as supporting skills development.

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Forward-looking statements

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More detailed information on operational performance in South Africa is available in the profiles on Vaal River and West Wits which are available at www.aga-reports.com.