



ANGLOGOLD ASHANTI – A CORPORATE PROFILE

AngloGold Ashanti, one of 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 the Tanzania

AngloGold Ashanti operates one, wholly owned mine in Tanzania. The **Geita** mine, a multiple open pit operation, is located in Tanzania's Geita region, in the Lake Victoria goldfields, about 4km east of the town of Geita. The mine, which has potential for an underground operation, has surface processing infrastructure comprising a 5.2Mtpa carbon-in-leach (CIL) processing plant.

Geita's production increased 7.5% to 531,000oz, equivalent to 13.5% of group production. Geita employed an average of 3,594 people in 2012, of which 1,688 were permanent employees and 1,906 contractors.

As at 31 December 2011, Geita had an inclusive Mineral Resource of 12.28Moz of gold, of which the Ore Reserve amounted to 5.42Moz, equivalent to 5% and 7% respectively of group resources and reserves.

Attributable capital expenditure at Geita totalled \$81m for the year, 4% less than that of the previous year and bringing to \$249m the amount AngloGold Ashanti has invested in Tanzania over the past five years. Capital expenditure of \$82m is forecast for 2013.

Operational performance

Geita was the first of AngloGold Ashanti's operations to implement the Business Process Framework (BPF) component of Project ONE. The profound impact of this initiative is evident in increased throughput and production control as well as a marked improvement in costs and earnings. Mill run time improved and the variability of tonnage throughput declined. This was despite a cracked plate in the semi-autogenous

grinding (SAG) mill and the 1MW power restriction on the mill to limit the risk of further damage or catastrophic failure before the installation of a new mill. In addition, automated cyanide control resulted in greatly reduced variation. Plans are in place to replace the semi-autogenous grinding (SAG) mill plate in the first quarter of 2013.

The increase in mining costs incurred in 2012 was due to the funding demands of the deeper pits, increases in mining contract rates and fuel costs, as well as accounting adjustments (deferred stripping).

The focus in 2012 was on progressing two growth projects: the Nyankanga underground expansion and the Kukuluma and Matandani refractory ore project. Combined with potential open pit production from exploration findings, these projects should deliver 450,000oz to 500,000oz of gold annually from 2018 onwards, once current known open-pit ore sources are depleted.

The underground project was at prefeasibility stage at year-end. Construction of a decline for underground exploration is expected to begin in 2013.

The refractory ore project is at conceptual stage and will focus on metallurgical test work to investigate different ore treatment options. Step-out drilling tested the extent of the refractory orebodies at Matandani and Kukuluma. Given the significant intercept widths and grades, preliminary results for the Matandani deposit are encouraging.

Exploration

The Mineral Resource upgrade and extension drilling was completed at the Geita Hill, Nyankanga and Star & Comet operations. Limited pre-resource drilling programmes were undertaken to test exploration targets. The infill drilling campaigns were aimed at increasing confidence in the resource base and to allow for Mineral Resource to Ore Reserve conversion.

A total of 440 holes for 85,221m was completed, with 67,738 samples submitted for gold assay. Drilling of down-dip extensions outside of the existing Nyankanga pit shell continues to support and extend underground potential at Geita. Pit-scale structural mapping was completed at Nyankanga, Geita Hill and Star & Comet.

Greenfield exploration drilling continued at the Mkurumu project, a joint venture with the Mafulira Village Mining Company, in which AngloGold Ashanti has a 92% stake, and 30,800m were drilled in 2012. Drilling involved testing for coincident geochemical and magnetic anomalies in a high-grade metamorphic terrain.

An additional 802m of diamond drilling were completed at the Lusahunga project in which AngloGold Ashanti has a 60% stake. The Lusahunga licences are the subject of a heads of agreement concluded with Oryx Mining and Exploration Ltd in 2010. This project is situated 150km west of Geita in the Nyakahura belt.

Sustainability performance

A new long-term sustainability strategy was implemented at Geita, in line with those for the group and the Continental Africa region. Geita's strategy is aligned with the United Nations

Millennium Development Goals. Initiatives were undertaken to improve stakeholder engagement by using better communication methods, community projects that deliver sustainable value and by joining with government on issues such as the formalisation of artisanal and small-scale mining (ASM).

Safety

It is with regret that management reported one fatality, a result of a light vehicle incident, following which a review of current light vehicles standards was undertaken across the Continental Africa region. A detailed action plan incorporating defensive driver training and upgraded vehicle standard was implemented. A safety equipment provider from Brisbane, Australia, is working with Geita to ensure all vehicles meet required safety standards. This is in addition to measures implemented to enhance vehicle monitoring by means of vehicle tracking systems.

An AIFR of 1.62 per million hours worked was recorded, at Geita for 2012, an improvement on the 3.60 recorded in 2011.

Fatigue has been recognised as a critical safety factor. The fatigue management and training programme begun in 2009 continued in 2012. An employee assistance programme was implemented in 2012 to provide additional support to employees and offer 24-hour services such as counselling and life skills training.

Health

Geita's medical facilities are in the process of being upgraded to enable us to deliver improved healthcare and more efficient services to employees across the region. Emergency response (ER) has also been upgraded and additional equipment purchased to ensure emergency preparedness; rescue equipment and two new fire engines were purchased. The ER team now has a 24/7 response capability.

The integrated malaria plan currently being implemented at Geita is based on the very effective programme applied to combat malaria at Obuasi and includes indoor residual spraying of homes in nearby communities and beyond. Malaria remains of vital concern with 138 cases of malaria reported in 2012 (2011: 141; 2010: 218; 2009: 447) to give a malaria frequency rate 15.9 (2011: 15.3; 2012: 26.1). Anti-retroviral treatment (ART) was provided to 23 Geita employees in 2012 (2011: 21).

Stakeholder engagement

The initial stages of a comprehensive stakeholder mapping and analysis were initiated at Geita with the support of Wharton University. The focus of the full stakeholder engagement strategy, which will be ready for implementation by the end of July 2013, is on establishing work plans and building skills and internal capacity. The overall aim of the stakeholder engagement strategy is to establish a positive long-term relationship with the stakeholders and to fulfil mutual business performance objectives.

Community

AngloGold Ashanti has long been involved in the broader economic development of the Geita region. Particular community initiatives include:

Key statistics – Tanzania

	Units	2012	2011	2010
Operation				
Volume treated/milled	Mt	4.8	3.9	4.7
Gold production	000oz	531	494	357
Total cash costs	\$/oz	660	536	777
Capital expenditure	\$m	81	58	38
Productivity	oz/TEC	19.20	18.11	14.14
Safety				
No. of fatal accidents		1	–	1
All injury frequency rate (AIFR)	per million hours worked	1.62	3.60	5.38
People				
Total average no. of employees		3,594	3,541	3,265
– permanent		1,688	1,721	1,874
– contractors		1,906	1,820	1,391
Training and development expenditure ⁽¹⁾	\$000	2.67	2.30	1.95
Environment				
Total water consumption	MI	3,675	3,970	3,101
Water usage intensity	MI/oz	0.007	0.008	0.009
Total energy usage	million GJ	3.43	3.35	3.46
Energy usage intensity	GJ/oz	6.46	6.78	9.69
Total greenhouse gas (GHG) emissions (CO ₂ e)	000t	254	253	261
Total GHG emissions per ounce of gold produced	tCO ₂ e/oz	0.478	0.512	0.731
Cyanide used	t	2,047	1,746	2,471
No. of reportable environmental incidents		1	–	1
Total rehabilitation liabilities	\$m	61.3	58.6	45.7
– restoration	\$m	36.4	36.0	–
– decommissioning	\$m	24.9	22.6	–
Socio-economic				
Community investment ⁽²⁾	\$000	4,834	4,302	1,016
Payments to governments	\$000	213,849	101,134	44,994
– dividends paid to government	\$000	–	–	–
– taxation paid	\$000	128,304	57,264	–
– withholding tax (STC, royalties etc)	\$000	61,065	26,144	15,509
– other indirect taxes and duties	\$000	4,105	2,206	14,567
– employee taxes and other contributions ⁽¹⁾	\$000	15,960	12,344	12,060
– property tax	\$000	–	–	–
– other (includes tax on exports, severance tax and mine tax)	\$000	4,415	3,176	2,585
Local procurement spend ⁽³⁾ within country	% of total spend	59	56	75

⁽¹⁾ Includes labour costs.

⁽²⁾ Includes remittance made to government but borne by employees as individual taxation (for example, PAYE and UIF).

⁽³⁾ Local procurement spend is defined as spend undertaken within the country (currently includes indirect imports as well as locally produced goods).

- Following receipt of environmental approval, a \$4.5m potable water project in Geita town was initiated. The Geita mine's portion of the project will be completed by end April 2013, with that of government (and so the entire project) by the end of 2013.
- Construction of the Nyankumbu Secondary School for girls at a cost of \$1.25m. This project will be completed in December 2013.
- Installation of both a hand pump and a solar system to power equipment at the Nyakakabale Dispensary. A total of \$66,200 was spent on the drilling of a borehole and installation.
- Expansion of the Moyo wa Huruma Orphanage with funds raised through the Kilimanjaro Challenge. A multipurpose dining hall was built and equipped at a cost of approximately \$200,000.
- The rehabilitation of the 57km Geita-Bukoli-Ilogi road to standard gravel is being undertaken, to which \$1.1m was allocated. So far, 28km have been rehabilitated. Heavy rainfall and contractual matters are hindering progress somewhat.
- Sponsorship of 18 cleft palate operations for patients from the Geita community at a total cost of \$9,729.
- Partnership with the Millennium Villages project to strengthen the government's local development plans in the area and, potentially, to implement a project to contribute to attain the Millennium Development Goals. The related planning should be complete by June 2013.

Environment

The operation's special mining licence (SML) is 196km² of which 151km² lies within the Geita Forest Reserve. The mine's prospecting licences outside the SML cover 59km² of the Geita Forest Reserve.

Environmental damage caused by artisanal and small-scale miners (ASM) and other third parties on the mine's working areas has been identified as one of the key risks for the business and the local community. These activities impact the work done on rehabilitated waste dumps, the walls of tailings storage facilities (TSF) and the greater mining licence area, some distance from the Geita mine. A strategy to address ASM issues is currently being developed.

Water management: Phase one of the groundwater study (screening level risk assessment) was completed. The second phase will focus on the study of contaminants from waste rock, tailing facilities and open pits, including Kukuluma and Matandani, with a view to obtaining suitable closure options and reasonable cost estimates for these open-pits.

Dust: The management of dust is an important issue. Water mixed with molasses is used as a dust suppressant on the roads. On tailings operations, dust is controlled by the frequent rotation of discharge points along the tailings wall which maintain damp conditions on the tailings beach surface.

Cyanide: Implementation of the cyanide code continued during the year and most of the gaps identified during the previous audit were closed. The operation was registered for certification with the International Cyanide Management Institute (ICMI) in early 2013. Compliance and certification are scheduled for 2016. There were no bird mortalities at the TSF during the year.

Planning for mine closure: During the course of the year, Geita's mine closure plan was updated to comply with the Tanzanian Mining Act 2010 and with AngloGold Ashanti's standards. Technical studies on the closure of open-pits, waste rock dumps and TSF are ongoing. Progressive rehabilitation was done during the year, with a total of 150,000 indigenous tree seedlings planted on disturbed areas including the TSF embankment and waste rock dumps.

Provisions made during the year for restoration amounted to \$36.4m (2011: \$36m) and the decommissioning to \$24.9m (2011: \$22.6m).

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. It shares the EITI ethos that transparency and sound governance are essential in promoting sustainable economic development. All payments made to governments are disclosed. Tanzania is a candidate member of the EITI. AngloGold Ashanti's payments to the Tanzanian government in 2012 increased to \$213m (2011: \$101m), owing to the increase in production.

Community: Total community investment by AngloGold Ashanti in Tanzania increased to \$4.8m in 2012 (2011: \$4.3m), as a consequence of a renewed focus on community investment.

Local procurement: Of Geita's total procurement in 2012, 59% was spent locally within Tanzania.

Other

Labour relations: The Tanzanian Investment Act stipulates that a maximum of five expatriates may work in Tanzania in support of the business. To support the company's localisation programme, recruitment at our Geita mine in Tanzania is undertaken locally before external searches are carried out. In 2012, 96% of our workforce and 17% of our senior management were deemed to be local.

Minimum wages for the mining industry are set by the Tanzanian government. Although employees are free to join unions and management liaises regularly with unions represented, no single union has reached the minimum number of members required to be officially recognised as representative for the purposes of collective bargaining.

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 that include competitive remuneration, career development opportunities and partnerships with government institutions.

Small-scale artisanal mining (ASM): AngloGold Ashanti has exclusive mineral rights to its concessions in Tanzania, so the question of how to engage with ASM miners is complex. Over the past few years, we have been engaging increasingly and actively working with government and those involved in ASM to reach workable and sustainable solutions. An ASM strategy is in place to address the challenge. A broad range of stakeholders is involved and real progress is being made.

A recent survey of ASM in and around the Geita gold mine confirmed that ASM around Geita is both regulated and significantly unregulated. This paradox is explained as follows:

- An estimated 1,500 work people in regulated mining and another estimated 4,000 people are involved in mineral processing in the area around Geita;
- Unregulated activities include rudimentary open pit and underground mining and the collection of gold-bearing material from the Geita concession area. Processing is done using simple mechanical crushers and sluice boxes, and there is widespread use of mercury in the final extraction of gold. These activities are estimated to produce around 28kg of gold a month; and
- Formal, regulated ASM activities include the processing of artisanal tailings through cyanidation, and by licensed processors. Regulated activity is well established, although it is estimated from a recently conducted survey that some 60% of the gold processed in the area surveyed originates in the Geita concession area.

AngloGold Ashanti acknowledges that ASM is an important economic driver in the community and has therefore embarked on a two-pronged strategy for tackling ASM. We are currently finalising a formal partnership with the government of Tanzania and the World Bank to support efforts to increase formalisation of the ASM sector.

The government has a long and successful history in this area, but the initiative needs to be expanded. Formalisation requires ASM operations to be licensed by the Ministry of Energy and Mines and to abide by all government regulations for the mining, processing and trading of gold, as well as environment, health and safety management guidelines. This would minimise the negative environmental, health and social impacts of ASM, and reduce the illegal gold trade (thereby improving government revenue).

A specialist ASM manager has been appointed in the Continental Africa region to develop site-specific strategies, and progress has been made in Tanzania. A multi-stakeholder partnership meeting was held in Tanzania in November 2012 to plot the process for establishing the mechanisms for ASM in the country. A follow-up meeting was held with the Deputy Minister for Mines to confirm this. A committee comprising membership groups has been established and its terms of reference are being drafted.

Human rights and security: Although AngloGold Ashanti has made good progress in the past few years, an increase in the number of incidents related to the Voluntary Principles was notable in 2012, owing to increased and more complex ASM illegal mining challenges.

Good progress has been made with the implementation of AngloGold Ashanti’s revised pilot security plan at Geita. Phase 1 of the plan has been fully implemented at Geita with full implementation scheduled for 2015. The focus of the security plan is to

- **remove people from risk, reducing the potential for conflict:** the primary means of preventing injuries to employees, security personnel and community members is to reduce the potential for conflict.
- **partner more effectively with public security providers:** in order to prevent injuries to employees, security personnel and community members, the potential for conflict must be reduced.
- **improve technology application and reduce manpower:** our aim is to increase the use of technology and reduce the number of security personnel potentially at risk.

Initial indications are that there has been a decrease in the incidence of conflict, despite an increase in the apprehension of intruders.

An NGO called “Search for Common Ground” was engaged to assist with the training of our people, private, public security and community in conflict prevention/resolution including sexual harassment at Geita. We also undertook work through the University of Stellenbosch in South Africa on conflict prevention in a security context, which will continue in 2013.

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. The police provide a 'permanent service' at Geita in Tanzania.

Responsible gold: AngloGold Ashanti engaged with the United States government, together with host African governments, in the debate around the consequences – whether intended and unintended – of the Dodd-Frank Act, with the specific objective of ensuring that this legislation is implemented in a way that

is not damaging to African economies. The Dodd-Frank Act is aimed at ensuring supply-chain transparency regarding product sourced from the DRC and its neighbours which include Tanzania.

During 2012, AngloGold Ashanti took an active role in the development of four complementary standards – those of the World Gold Council, the Responsible Jewellery Council, the London Bullion Market Association and the Organization for Economic Co-operation and Development – which underpin the need for gold mining companies to demonstrate that they can operate responsibly in conflict-affected areas and that they do not contribute to armed conflict.

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Forward-looking statements

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