



DESCRIPTION

The Tropicana Gold Project, a joint venture between AngloGold Ashanti Australia Ltd (70%) and Independence Group NL (30%), is located 330km east-northeast of Kalgoorlie in Western Australia. The project is managed by AngloGold Ashanti on behalf of the joint venture partners.

Development of the Tropicana Gold Project was approved by the boards of the joint venture partners in November 2010.

Project status

The joint venture's first mover advantage has enabled it to peg the bulk of what is now recognised as a major new gold field.

Construction of a 220km-long new road linking the site to an established road was completed by early 2012 enabling construction of site infrastructure and the processing plant to begin. By the end of 2012, construction was 56% complete. Tropicana remains on track to pour its first gold in the fourth quarter of 2013.

Since approval, Tropicana's Mineral Resource (100% project) has grown by 2.8Mt to 118Mt, grading 2.08g/t for 7.89Moz of contained gold (as at 31 December 2012). This compared to contained gold of 6.41Moz at 31 December 2011. Annual gold

Salient features*

Board approval	November 2010
Estimated annual gold production (100%)	330,000 – 350,000oz (3.6Moz over mine life)
Estimated total cash costs	A\$710 – A\$730/oz (average over LOM)
Average head grade	2.01 g/t
Estimated capital expenditure – project (100%)	\$849m (A\$820m – A\$845m)
Estimated annual throughput	5.8Mt
Annual metallurgical plant capacity	5.8Mt and 5.5Mt on fresh material.
Metallurgical plant first gold pour	December quarter 2013
Estimated life-of-mine	+11 years

* 100% project

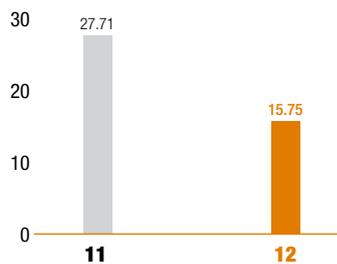
production in the first three years of operation (2014 – 2016) is estimated to be between 470,000oz and 490,000oz (100%) at a cash cost of A\$4,590/oz – A\$630/oz. This is slightly higher than originally forecast owing to higher fuel prices which have also been affected by the reduction in fuel rebates associated with the carbon tax introduced in Australia in 2012.

Based on the current Mineral Resource estimate, the expected life of Tropicana has been increased to more than 11 years with estimated life-of-mine (LOM) production of 3.6Moz. As more of the Mineral Resource is converted to Ore Reserve in the second half of 2013, forecast LOM production is expected to increase. LOM cash costs currently remain unchanged at an estimated A\$710/oz – A\$730/oz.

As at 31 December 2012, Tropicana had an Ore Reserve of 3.91Moz (2011: 3.41Moz). Ore Reserves will be updated on completion of a prefeasibility study on mining of the Havana Deeps Mineral Resource.

The Tropicana, Havana and Boston Shaker deposits will be mined by open cut method, while surface infrastructure will include a processing plant, accommodation facilities, a sealed airstrip and telecommunications services. There is the potential for future underground mining.

Tropicana – AIFR (per million hours worked)



Construction of the Tropicana project was 56% complete by year-end with engineering design and procurement having been completed and all major equipment delivered to site. This progress was made despite a competitive construction sector in Western Australia, resulting in increased competition for skilled labour and capital. The resulting skills shortage impacted productivity and consequently costs. The focus is on diligent management of the site-based contractors to ensure delivery of work in line with project expectations and specifications.

All major contracts, including the structural, mechanical and piping, and electrical and instrumentation contracts were completed by year-end, locking in committed costs. The project's capital cost was revised accordingly to between A\$820m – A\$845m, an increase of 11% on the original forecast.

The Tropicana management team is in place and systems and processes have been established. The first recruitment phase focused on mining, geology, sustainability and business support functions while the second phase covered processing and maintenance. Certain personnel were transferred from AngloGold Ashanti's nearby Sunrise Dam, which was also used for training purposes.

The first phase of mining fleet mobilisation was completed and mining began ahead of schedule, with more than 3.3 million bank cubic metres mined by the end of 2012. The fleet will expand to three excavators and 15 CAT793 dump trucks by mid-2013. Pre-commissioning will begin in the third quarter of 2013 leading to the start of production and production ramp-up in the fourth quarter.

Detailed mining, metallurgical and other investigations are underway and will be completed during 2013 along with a potential ore reserve upgrade. Work will continue on the Havana Deeps prefeasibility study which is examining the trade-off between open-pit and underground mining options, with the aim of providing a recommendation as to the optimal mining approach.

Growth and improvement

Growth in the Mineral Resource primarily reflects additional drilling carried out as part of this work, which targeted the down plunge and along strike extensions of the Havana ore-body outside the Havana open-pit design. Drilling results indicate that cutbacks on current pit designs at Havana, Tropicana and Boston Shaker are potentially economically viable. This study

is due to be completed in the second half of 2013. Meanwhile mineralisation at depth beneath the planned Tropicana and Boston Shaker pits is data-constrained and will be the subject of future drilling programmes.

Exploration

In addition to the construction and development of the mine and associated infrastructure, AngloGold Ashanti conducts greenfield exploration in a vast area, covering 13,500km² along a strike length of 600km. This exploration aims to make new discoveries in the underexplored Tropicana Belt.

Also during 2012, 10 early-stage prospects were located within 50km of the Tropicana project and 20 new conceptual targets identified by the Albany-Fraser metallogenic study.

Encouraging results received from 12,068m diamond and aircore drilling carried out at the Voodoo Child Prospect, Wild Voodoo, Mojito, Monsoon, Ninja, Don King, Tailspin and Beetle Juice sites indicate potential for a long-life asset.

By year-end, near-mine exploration had returned encouraging results at Boston Shaker and Springbok. The down-dip extensions of Boston Shaker and Tropicana, along with other nearby targets, will be tested during 2013. Regional exploration will continue to assess the prospectivity of the joint venture's large tenement holding in the Tropicana Belt, and numerous targets have been identified for follow up drill-testing during the coming year.

Greenfields exploration outside of the Tropicana project was also conducted during 2012. Drilling and exploration activities at the Viking Project (100% AngloGold Ashanti), which comprises approximately 12,600km² of granted tenements on the southern end of the Tropicana Belt, have identified five early stage prospects: Beaker, Mordicus, Animal, Fenceline and Gonzo. The drilling programme at the Beaker prospect was completed by year-end and encouraging results have been returned from the first-pass aircore drilling.

Sustainability performance

Safety

The Tropicana 2012 safety management plan has established the management systems, personnel, training and equipment required to effectively and safely operate a mine. The plan was reviewed late in 2012 and OSHAS 18001 certification of the Tropicana Gold Mine's ONE Management System will be sought in 2014, once the elements of the system have been developed and effective implementation of the management system can be demonstrated.

Environment

Baseline work in the form of fauna assessments has been completed in preparation for the implementation of the International Cyanide Management Code. Artificial ponds have been installed to monitor fauna interaction with fresh and saline water. First monitoring is scheduled to take place in April 2013.

An increase in environmental incidents – there were three reportable environmental events during the year – is being addressed. The three events involved:

Tropicana – key statistics

		2012	2011	2010
Operational performance				
Capital expenditure – 100%	\$m	315	73	10
Safety				
No. of fatal accidents		0	0	0
All injury frequency rate (AIFR)	per million hours worked			
– Tropicana gold mine		15.75	27.72	n/a
– Tropicana project		3.03	5.5	n/a
People				
Total average no. of employees		479		
– permanent		98	87	
– contractors		381	n/a	
Employee turnover	%	13.04	16.86	
Training and development expenditure	\$000	363	226	
No. of people trained		381	87	

- a saline water release at the Kamikaze prospect due to faulty valves;
- a saline water release in the process water supply pipeline corridor due to a pipeline failure; and
- a hydrocarbon spill in the exploration camp due to human error.

Corrective action was taken to ensure that there was no re-occurrence of these incidents.

Cyanide: The processing plant at Tropicana is being constructed to comply with Cyanide Code requirements. Certification is scheduled for 2014, once the plant has been commissioned.

Matters of concern

The strong Western Australian construction market raised challenges in 2012 with respect to the increased price of inputs, competent skilled labour and industrial relations issues. A drop in spot iron ore prices and the deferral of some major projects, however, mitigated some of these issues.

Forward-looking statements

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Environmental legislation: Tropicana regulatory approvals remain on track. Australia has, in recent years, taken a firmer stance on environmental legislation, due in part to climate change, and has imposed stricter emission limits and carbon pricing mechanisms.

The Clean Energy Future Scheme, which came into effect from 1 July 2012, introduced a carbon pricing scheme that will be used to regulate carbon emissions. AngloGold Ashanti will be required to pay A\$23/t of carbon dioxide generated. This is due to increase by A\$2.5/t annually until 2015, from when it will be controlled by a market trading scheme.

Outlook for 2013

Tropicana is on track to begin gold production in the fourth quarter of 2013. Until then the emphasis will be on project completion and the build-up of ore stockpiles for plant commissioning.

An exploration budget of A\$20m has been approved by the Tropicana joint venture partners for near-mine and regional exploration in 2013.

Additional information from a country perspective can be obtained from the Australia country fact sheet, which is available at www.aga-reports.com.