

OPERATIONAL PROFILE CÓRREGO DO SÍTIO MINERAÇÃO, BRAZIL



Highlights of the year

In 2012, production at AGA Mineração rose 7% to 388,000oz, equivalent to 10% of total group production. There was an average of 4,239 employees for the year at AGA Mineração, with a productivity rate of 14.22oz/total employee costed (TEC) (2011: 17.41oz/TEC). Total cash costs rose by 33% due largely to inflationary pressures.

Capital expenditure decreased by 37% to \$162m in 2012, bringing total capital expenditure for the five years from 2008 – 2012 to \$716m.

At 31 December 2012, AngloGold Ashanti had a total Mineral Resource in Brazil of 14.58Moz (2011: 12.65Moz) and a total Ore Reserve of 3.1Moz (2011: 2.42Moz), equivalent to 6% and 4% respectively of group resources and reserves. AGA Mineração accounted for 11.79Moz of the Mineral Resource and 2.33Moz of the Ore Reserve.

DESCRIPTION

AngloGold Ashanti's wholly owned AGA Córrego do Sítio Mineração (AGA Mineração) is one of the two group operations in Brazil and is included in the Americas region. AGA Mineração comprises two operational units, namely the Cuiabá and Córrego do Sítio complexes.

The Cuiabá complex includes the Cuiabá and Lamego mines and the Cuiabá and Queiroz plants. In operation since 1986, the Cuiabá mine is a cut-and-fill and sub-level bench mine accessed by ramp and shaft. Lamego is also an underground mine exploiting sulphide ore. Ore from the Cuiabá and Lamego mines is processed initially at the Cuiabá gold plant from where the concentrate produced is transported 15km by aerial ropeway to the Queiroz plant where roasting, leaching, precipitation and refining occur. Total annual capacity of the complete circuit is 1.70Mt and recoveries of 93% are achieved.

The Córrego do Sítio complex comprises one surface mine (oxide open-pit) and two underground sulphide mines, as well as a heap-leach pad and sulphide plant. The plant, acquired from Eldorado Gold in 2008, was refurbished and brought into operation in January 2012.

PERFORMANCE IN 2012

Operational performance

Production in 2012 was boosted by the start-up of the Córrego do Sítio Sulphide Project in January that year, although delays with the project, metallurgical challenges and the increasing complexity in the orebody geometry and grade reduction resulted in the increase in production being less than initially expected. Challenges at the plant have been addressed and a stabilisation plan developed for and implemented at the underground mine. Higher-than-expected production from the Cuiabá complex helped to limit the shortfall.

Total cash costs increased by 33% to \$696/oz, due largely to inflationary pressures, stockpile movements on the start of the sulphide project as well as increases in both wages and the number of employees.

The annual collective wage agreement was concluded in August 2012, granting a wage increase of 6.4%. Operational problems encountered at the start of the Córrego do Sítio Sulphide Project also affected costs.

Contribution to production of the Americas region (%)



The cost and availability of specialised mining skills remain key challenges in Brazil, where a plethora of mining and engineering projects are competing with a tight labour market and inflated salaries. Preparations for the FIFA World Cup in 2014 and the Olympic Games in Rio de Janeiro in 2016 are likely to further impact labour issues.

Given the change in mining method at the Cuiabá mine from cut-and-fill to sub-level open stoping, stabilisation was a priority. This change in mining method was based on the successful trial mining of the sub-level bench method last year. This was extended to other parts of the mine and helped to address the geomechanical instability issue.

At Córrego do Sítio, the underground operation was at full production by year-end. However, the grade being mined was lower than anticipated, mainly as a result of increase complexity of the orebody geometry. Additional drilling is being undertaken to increase orebody information and improve reconciliation of geological models and grades mined. Once the secondary mobile crusher ahead of the mill had been commissioned, the plant reached 90% of design capacity in the third quarter of the year.

Despite some early teething issues, the pressure oxidation circuit is fully operational and there are plans to increase its output in 2013. AngloGold Ashanti plans to reach full stabilisation of the sulphide operation in 2013.

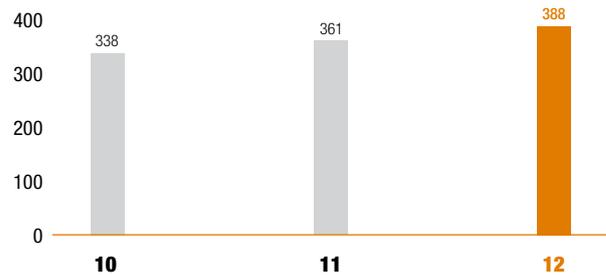
Growth and improvement

Implementation of Project ONE's Business Process Framework continued with the roll-out completed at all nine operational areas within AGA Mineração. The last two to be done were power generation and Córrego do Sítio's metallurgical plants. The project progressed to the next stage of analysis and improvement. This involved some 30 projects which contributed to improved sulphur recovery, truck availability, mine development performance and jumbo MTBF (mean time between failures). The focus in 2013 will be on the Cuiabá and Lamego operations and the exploration programme.

Exploration

Brownfields exploration at AGA Mineração is aimed at increasing and sustaining production in accordance with the growth strategy for each operation. The three projects currently under way are:

AGA Mineração – annual attributable production (000oz)



- The Cuiabá Queiroz brownfields exploration project which covers the Cuiabá, Lamego and Nova Lima region. For this project, a new structure is being implemented at the Cuiabá mine to investigate the down plunge continuity of the main and satellite orebodies;
- Córrego do Sítio brownfields exploration which covers the near-mine areas. Sangue de Boi and Anomaly I are the main targets for sulphide and oxide ores respectively; and
- Regional brownfields which explores regional tenements to generate new targets. Pari has been the main target with interesting results regarding sulphide ore.

During 2012, a total of 82,500m were drilled at several targets around the main production centres (Cuiabá, Lamego and Córrego do Sítio) with \$22 million being spent on brownfields exploration works at Iron Quadrangle targets. This resulted in an addition of 763,000oz to the mineral resource.

Sustainability performance

Safety

Safety performance deteriorated slightly with an all injury frequency rate (AIFR) of 4.64 per million hours worked recorded for the year (2011: 4.05). In terms of numbers of actual lost-time injuries, there was a significant improvement of 44% at AGA Mineração as a whole, in comparison with 2011 (2011: 27; 2012: 15), and most notably at the Córrego do Sítio mine there were no lost-time injuries in 2012.

Following a detailed evaluation of the company's safety performance in 2011, a safety behaviour plan, called the 'Attitude Programme' was launched at all AngloGold Ashanti's Brazilian operations, following which there was a significant improvement in terms of risk perception and attitude of employees towards safety behaviour. Every single employee participated in the programme's risk perception workshop.

Another positive safety aspect was the improved communication of information on and management of incidents in operational areas. All incidents are reported immediately and investigated, allowing all consequences such as material damage, halts to production, near misses, lost-time injuries and medical requirements, to be managed judiciously.

A Contractor Management Committee, co-ordinated by the AGA Mineração Safety Team, has been established to co-operate with the devising of improved safety strategies in terms of contractor safety performance.

AGA Mineração – key statistics

	Units	2012	2011	2010
Operational performance				
Volume treated/milled	Mt	2.2	1.7	1.6
Pay limit	oz/t	0.13	0.13	0.13
	g/t	4.58	4.41	4.40
Recovered grade	oz/t	0.177	0.217	0.210
	g/t	6.07	7.47	7.21
Gold production	000oz	388	361	338
Total cash costs	\$/oz	696	525	407
Total production costs	\$/oz	1,036	823	651
Capital expenditure	\$m	162	259	142
Productivity	oz/TEC	14.22	17.41	18.32
Safety				
No. of fatal accidents		0	1	0
All injury frequency rate (AIFR)	per million hours worked	4.64	4.05	2.62
People				
Total average no. of employees:		4,239	3,825	3,426
– permanent employees		3,079	2,715	2,486
– contractors		1,161	1,110	940
Employee turnover	%	4.39	2.39	3.67
Training and development expenditure	\$m	3,131	2,993	1,931
Environment				
Total water consumption	ML	4,213	3,174	2,691
Water usage intensity	ML/oz	0.011	0.009	0.008
Total energy usage	million GJ	1.35	1.18	1.04
Energy usage intensity	GJ/oz	3.48	3.27	3.08
Total greenhouse gas (GHG) emissions (CO ₂ e)	000t	29	25	23
GHG emissions per ounce	tCO ₂ e/oz	0.074	0.069	0.068
Cyanide used	t	440	331	305
No. of reportable environmental incidents		0	0	0
Rehabilitation liabilities	\$m	86.7	81.9	57.3
– restoration	\$m	68.7	63.0	38.1
– decommissioning	\$m	18.0	18.9	19.2

AGA Mineração maintained its OHSAS 18001 (occupational health and safety) certification.

Health

There are three aspects to the monitoring of health at AngloGold Ashanti's Brazilian operations. These are:

- Regarding occupational health management, various occupational examinations are conducted in terms of legislation as well as formal assessments of employee physical fitness, the management of sick leave, health campaigns and educational lectures. In-house medical facilities such as electrocardiogram, electroencephalogram, chest x-ray and spirometry, are increasingly available for the convenience of employees. Active participation in simulated medical emergency exercises is encouraged;
- Legal documentation and a biological programme, which involves the preparation and review of legal documentation to monitor occupational health, a hearing programme, and a respiratory programme. Biological monitoring is conducted every six months to maintain employees exposed to toxic chemicals products (cyanide, arsenic, metal fumes like lead, nickel and manganese); and

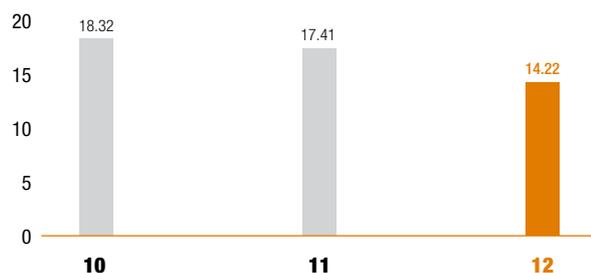
- The Quality of Life programme, 'Mais Viver' (which means 'living better in a healthy way'), focuses on assessments and nutritional assistance, jogging and walking groups and gymnastics on the job. For 2013, a new programme will be implemented focusing on stress management. In 2012, 965 employees participated in this programme.

Community

Both AngloGold Ashanti's Brazilian operations have long-running community environmental education and social investment programmes. At AGA Mineração, the major community initiatives during the year were CPP (roughly translated as the 'Public Social Projects Competition') and environmental education programmes.

AGA Mineração has adopted a novel approach to identifying and supporting local community development projects. The CCP initiative seeks to engage local communities, near our operations in Brazil, in decision-making regarding social investment. This innovative project was initiated so as to minimise the communities' dependency on the company in

AGA Mineração – productivity (oz/TEC)



the long term and to determine those areas in which social investment is most needed. The first cycle took place in 2010, with a further two cycles following in 2011 and 2012. The 2013 cycle has begun.

During the operation's annual Safety Week, a simulation exercise of an accident involving the transport of cyanide was successfully enacted. The exercise involved the local community, its representatives as well as the nearby school, alongside AngloGold Ashanti professionals from all disciplines concerned.

In April, the operation responded swiftly to subsidence measuring 6m in diameter and 12m in depth on the Nova Lima road to Rio Acima, which runs above an old, disused Morro Velho mine, the 'Faria Mine'. This rupture occurred due to damage to the structure of Faria Mine, a 124 year old underground mine that runs under the road and was closed by Morro Velho Company in 1996. The company took immediate action to resolve the problem, to communicate with the local community and to assist with the provision of detour routes and to repair the road. The original road was completed in June.

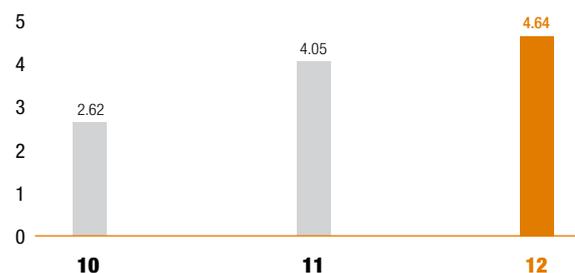
A new model for the Good Neighbour Programme was implemented with the first such meeting taking place with communities surrounding the Queiroz plant. The opportunity was used to encourage community participation in the discussion on the eventual closure of this plant, in line with the closure communication plan.

A highlight of the year was AGA Mineração's being recommended for three-year certification by the Responsible Jewellery Council.

Environment

AGA Mineração has had no reportable environmental incidents for six years. A primary focus this year was on improved processes to ensure timely submissions of environmental permit applications. The operation was granted several different environmental licences including those permitting the use of water in exploration and for the hydropower system. All the necessary documents regarding tailings dam management have been submitted to the Federal Minerals Rights Department.

AGA Mineração – AIFR (per million hours worked)



In compliance with federal law, new legislation was published by the state environmental authorities in Minas Gerais, regarding the need for environmental licences for exploration activities in the Atlantic Forest Biome. In addition, a new Brazilian Forestry Code was published which seeks to balance economic development with forest sustainability and the protection of native vegetation. Importantly, this code recognises mining companies as "public utilities", allowing them to operate in so-called areas of permanent preservation. In addition, two agreements were signed with the relevant authorities which allow exploration at Córrego do Sítio to continue. Consequently a portion of the legal reserve close to this mine will be transferred to AngloGold Ashanti.

The repercussions of heavy rains early in the year were felt for some months. AngloGold Ashanti's Crisis Management Committee was activated to identify risks and mitigation measures. Swollen rivers threatened rocks falls which could have damaged roads and other mining infrastructure. There was added vigilance regarding the transportation of sulphuric acid, employees and ore while the tailings dams were closely monitored. AngloGold Ashanti assisted the communities with repairs to roads, infrastructure and homes.

External audits relating to ISO 14001 were undertaken and AGA Mineração's certification renewed. Following this a Community and Environmental Review audit was conducted confirming the operation's compliance with group environmental standards.

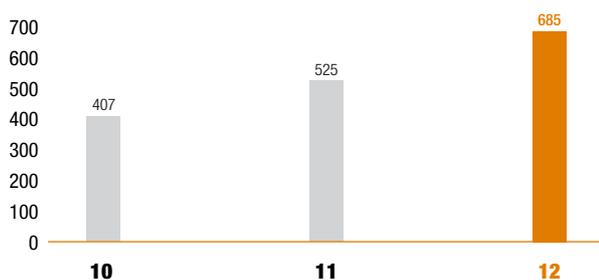
Rehabilitation of the old 'Isolamento' tailings deposit in Nova Lima was also completed.

Environmental and sustainability awareness is promoted in Crixas by means of celebrations such as Tree Day – many such activities involve schools and the local community.

AngloGold Ashanti received a certificate for rehabilitation work undertaken at the Madeiras tailings facility in Nova Lima. This certificate was granted by the Minas Gerais government's environmental foundation. AngloGold Ashanti is the first mining company in Minas Gerais state to receive such recognition from the government for rehabilitation work.

AGA Mineração – total cash costs

(\$/oz)



The Minas Gerais state environmental foundation recognised AngloGold Ashanti as a member of the voluntary public registry for greenhouse gas (GHG) emissions. This registry informs stakeholders of the company's GHG emissions and demonstrates that such emissions have been reduced over the years. Among the benefits to business are discounted environmental licensing fees, as well as an increase of a year for the validity of environmental permits.

AngloGold Ashanti won the government of Minas Gerais' Environmental Management Award. There were 24 judges involved in the analysis, including representatives of all state-level departments of Minas Gerais.

Planning for mine closure: As all mining operations eventually cease, on-going planning for closure, from the start of exploration and mine design onwards, is an integral aspect of operational planning as is the estimation of the associated liability costs and the assurance of adequate financial provisions to cover these costs. AGA Mineração's complies with the group's closure and rehabilitation management standards.

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