

## PROJECT PROFILE KIBALI, DEMOCRATIC REPUBLIC OF THE CONGO



### DESCRIPTION

The Kibali project in the Democratic Republic of the Congo (DRC) was approved for development by the AngloGold Ashanti Limited board in May 2012. This project is based on a concession covering an area of 5,487km<sup>2</sup>, adjacent to the northeastern DRC town of Doko and 180km from Arua on the Ugandan border. When completed, the Kibali mine will be one of the largest of its kind in Africa.

The project is co-owned by AngloGold Ashanti (45%), Randgold Resources (45%) and Société des Mines d'Or de Kilo-Moto (SOKIMO) (10%), a state-owned gold mining company. Kibali was acquired in 2009 with the purchase of Moto Goldmines. Randgold Resources manages and operates the project.

### Project status

Currently, the Kibali project is in the development and construction phase (pre-development work started in early 2011). First gold production is scheduled for the beginning of 2014 and the project is expected to reach steady state production by 2015.

### Salient features

Board approval	May 2012
Estimated annual gold production	600,000oz (8.7Moz over mine life)
Estimated life of project	18 years
Average operating cost	\$763/t
Average head grade	4.04g/t
Estimated capital expenditure – project	\$1,963m
Estimated capital expenditure – project (LOM)	\$2,249m
Metallurgical plant first gold pour – oxide	Q1 2014
Metallurgical plant first gold pour – sulphide	2014

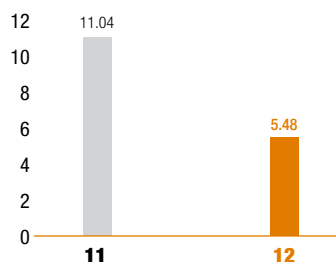
The Kibali project entails development of a gold mining and processing operation that will comprise an integrated open-pit and underground mine feeding a 6Mt a year processing plant. The plant will have a full flotation section for treating sulphide ore.

The complex will ultimately be supplied by four hydropower stations supported by a thermal power station for low rainfall periods and back-up. The project also includes the building of tailings storage facilities (TSFs) and other associated infrastructure, such as a construction camp to accommodate 900 people and a village for 400 employees as well as contractors, offices, workshops, internal mine roads and an extension to the existing airstrip.

The development and construction of Kibali has been divided into two phases:

- Phase 1, which runs from the beginning of 2012 to the end of 2013, includes development of the initial open-pit operation, metallurgical plant, the first phase of the TSF, the first of the hydropower stations, the back-up power plant, and all shared infrastructure.
- Phase 2, which extends over the entire four-year period, focuses on development of the underground mine, including a twin decline and vertical shaft system.

## Kibali – AIFR (per million hours worked)



## Progress in 2012

The year in review was key in the development of Kibali, and was marked by a significant ramp-up in construction activity. Mining in the open pit began in July 2012 and significant progress was made on the box cut for the project's underground twin-decline system. The mill and hydro-turbine manufacture were also completed by the first quarter of 2013. Development of twin-declines and the sinking of the vertical shaft for the underground mine fell behind schedule, while additional open-cut satellite ore could offset risk of delay.

Two 7MW mills were delivered to the Kibali mine in November 2012 and were to be set on their foundations during the first quarter of 2013. In parallel with the construction of the metallurgical plant, which began in August 2012, construction of the steelwork for the carbon-in-leach (CIL) plant and the primary crusher and conveyor facilities progressed according to plan. Additional earthwork capability was mobilised to address site-establishment delays caused by torrential downpours and poor fleet availability.

A review to better understand the likely impacts of the wet season on development was conducted. To address the effects of delays caused by the rains, changes are being made to the way work is done and daily working hours increased during the dry season.

The remoteness of the project resulted in some logistical challenges and delayed delivery times, which were further exacerbated by the bad road conditions. Workshops are being conducted with logistics companies to identify ways of optimising and addressing these concerns. In tandem with mine construction, the road network in the vicinity of Kibali is being rehabilitated. Already, improvements have rendered hundreds of kilometres of roads navigable.

Capital expenditure was \$265m (attributable) (\$588m – 100%) during the year and increased significantly in the fourth quarter with the start of decline activities and mobilisation of the shaft and metallurgical infrastructure. The core capital programme of \$1,721m (100%), as at January 2013, is scheduled to continue over the next four years.

## Exploration

As part of the resource review, new block models were generated for Mengu Hill, Mengu Village, Megi, Kombokolo and the KCD deposits. While more work remains to be done at certain prospects, results from exploration activities carried out at KCD, Mengu Hill and the Pakaka Complex have indicated positive mineralisation.

The grade control drilling programme continued during the year at the KCD deposit, with 91,734m completed. Results confirmed areas of high-grade shoots.

## Sustainability performance

### Safety

Lost-time injuries are receiving unrelenting focus with continuous safety training and awareness initiatives in place driving the safety standards required throughout the development of the project. A total of 26 lost-time injuries were reported for 2012, of which three were due to a single vehicle accident. The majority of reported incidents was related to hand or foot injuries. Congolese safety officers will help monitor and enforce vehicle safety.

### Health

The malaria incidence remains high, with 2,951 cases reported during the year and for the project to date. This equates to an incidence rate of 6.16 per million hours worked. The malaria vector control programme has been updated to include bush clearing and bi-monthly spraying of all accommodation and work sites. A medical outpost facility has been established at the remote Nzoro camp.

### Stakeholder engagement

Engagement with stakeholders is key to Kibali's sustainability strategy, which incorporates aspects relating to communities from the ISO 14001 management system and the ISO 26000 guidelines. Implementing this strategy right from the start of project development allows global best practice to be applied.

Training of local people to assume roles currently held by expatriates is under way.

### Community

The progress and success of the Kibali project relies largely on the successful relocation and resettlement of approximately 1,600 families, making up a total of eight villages located on the existing mine area, to the new Kokiza village. In 2012, 1,208 families were successfully resettled and the mining area has been vacated and secured. The total project scope has increased, with the number of houses required growing to more than 4,000. As a consequence, the scheduled completion date has moved from July to September 2013. Implicit in the relocation exercise is the safety of communities and their schools, along with the relocation of graves. The clearing of bush in the Kokiza extension has continued, and several fields were prepared and handed over to their new owners. Maize has been planted on some 140ha which is being farmed by the local communities.

## Kibali – key statistics

	Units	2012	2011	2010
<b>Operational performance</b>				
Capital expenditure – 100%	\$m	589	162	84
– 45%	\$m	265	73	38
<b>Safety</b> <sup>(1)</sup>				
No. of fatal accidents		<sup>(2)</sup> 0	0	0
All injury frequency rate (AIFR)	per million hours worked	5.48	11.04	n/a
<b>People</b>				
Total average number of employees		4,575	688	
– permanent		170		
– contractors		4,405		
<b>Environment</b>				
Total rehabilitation liabilities	\$m	6	<sup>(3)</sup> 7.9	<sup>(3)</sup> 10.3

<sup>(1)</sup> Data supplied by Randgold Resources Limited.

<sup>(2)</sup> A third party fatality occurred when a 7-year old boy was fatality injured in an accident involving a site vehicle. While AngloGold Ashanti tracks third injuries, these are not recorded as part of the occupational statistics.

<sup>(3)</sup> Data provided by Kilo Goldmines.

Food security in the area received a substantial boost with the handover of vegetable gardens to community structures – 9ha is currently being farmed, with positive input from the community. This initiative aims to reduce community dependence on artisanal and small-scale mining (ASM).

Community engagement is undertaken by Randgold which has been very active in this regard, particularly around the relocation to Kokiza. The cost of the relocation action plan (RAP) is estimated at \$74m and that of the associated social programme at \$13m.

### Environment

Eleven minor environmental incidents were recorded for the year, all of which were non-reportable and for all of which remediation work has been carried out. On 21 August 2012, the Provincial Minister of Environment, Mr Faustin Lokinda, visited Kibali and commended the operation for having met environmental standards.

In order to address environmental concerns regarding the waste area and disposal of old oil and filters, a waste facility, including a waste incinerator, will be built once the project is commissioned.

The plant at the Kibali project has been designed in line with the standards of the International Cyanide Management Institute.

**Closure and rehabilitation:** On-going planning for closure is an integral aspect of project planning and development, as is the estimation of the associated liability costs and the assurance of adequate financial provisions to cover these costs. Although managed by Randgold, the Kibali

project complies with the group closure and rehabilitation management standard.

Closure planning, which begins at exploration and mine design stage and continues throughout the life of mine, takes into account closure and associated costs in a conceptual closure plan. An interim closure plan is prepared within three years of commissioning an operation, or earlier if required by legislation, and is reviewed and updated every three years (annually in the final three years of a mine's life). Such a plan takes into account significant changes, operational conditions, planning and legislative requirements, international protocols, technological developments and advances in practice.

### Other matters of concern

**Security:** The security situation in the country, while not impacting the project fundamentally, is of concern and closely monitored. The trouble spots are located some distance from the Doko area and the Kibali project, and militia activity has been infrequent. CSM, a private security contractor compliant with Voluntary Principles on Security and Human Rights (VPSHR) and whose security personnel are trained according to the UN Human Rights standards, protects the assets. Petty crime exists but is not a major concern. The local police and military look after the community issues.

### Outlook for 2013

Plant commissioning is scheduled for the second half of 2013 with first gold expected from oxide ore in the first quarter of 2014 and that from sulphide ore later in the year. Attributable capital expenditure is expected to be around \$295m at 45% for Kibali.

## Forward-looking statements

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Additional information from a country perspective can be obtained from the DRC country fact sheet, which is available at [www.aga-reports.com](http://www.aga-reports.com).