

## OPERATIONAL PROFILE CRIPPLE CREEK & VICTOR, UNITED STATES



### Highlights of the year

In 2012, production at CC&V declined to 247,000oz, equivalent to 6% of total group production (2011: 6%) and 26% of the Americas' regional production (2011: 30%). CC&V had an average of 692 employees for the year, with a productivity rate of 37.46oz/total employee costed (TEC) (2011: 44.31oz/TEC), making them among the most productive employees in the group.

Capital expenditure at CC&V in 2012 was \$100m, an increase of 49% on the \$67m spent in 2011. This brings total capital expenditure for the five years from 2008 to 2012 to \$353m.

At 31 December 2012, AngloGold Ashanti had a total Mineral Resource in the United States of 12.90Moz (2011: 13.98Moz) and a total Ore Reserve of 5.88Moz (2011: 6.25Moz), equivalent to 5% and 8% respectively of group resources and reserves.

### DESCRIPTION

Cripple Creek & Victor (CC&V), wholly owned by AngloGold Ashanti and the company's sole operation in the United States, is a surface mining operation which began production in 1994. CC&V is included in the group's Americas region. The operation exploits the gold-bearing ore in the Precambrian rocks located between the towns of Cripple Creek and Victor in the state of Colorado.

Ore mined is supplied to a crusher and valley-leach facility, one of the largest in the world. Production from the mine life extension (MLE1) project, which involved expanding capacity at the heap-leach pad, began in 2011 and is expected to continue until 2016 at current mining rates. Further life extension and production expansion projects are planned.

### PERFORMANCE IN 2012

#### Operational performance

The 7% decline in production in 2012 was due to the phasing in of the valley-leach facility. Areas for stacking ore close to the liner with faster recovery times were less available in 2012 than in 2011.

The 13% increase in cash costs to \$638/oz was driven mainly by higher costs of lime, diesel, explosives, chemicals and maintenance supplies combined with lower placed grades. The slight decrease in the number of ounces placed in the pad was due to the lower grade.

The availability of water remained a key challenge as the drought throughout the central United States and in the Colorado River Basin persisted. CC&V was able to purchase sufficient water for its needs, although irrigation of the side slopes of the valley-leach facility was constrained.

#### Growth and improvement

The Mine Life Extension 2 Project (MLE2) at CC&V was approved in May 2012. Production at the mine is expected to increase to more than 375,000oz annually, starting in 2015 (commissioning of the mill is scheduled for 2014), with an accompanying cash cost of around \$800/oz anticipated.

Project capital of \$557m (in 2012 real terms) is expected to be spent from 2012 to 2017 on construction of a second valley-leach facility, a flotation plant to process higher-grade ore and a second gold recovery plant.

## Contribution to production of the Americas region (%)



Initial earthworks started in the first half of 2012. The flotation plant will be commissioned in 2014 with 2015 being the first full year of mill production. The second valley-leach facility will be commissioned in 2016 as stacking transitions from the current facility to the new one. A further mine life extension project is envisaged toward the end of the decade, and it is expected that the mine will produce at an annual rate exceeding 375,000oz from about 2017 until at least 2025, with a further decade of production at around 350,000oz a year.

In September 2012, the project's mining and reclamation, and land use permits were received from the Colorado Mined Land Reclamation Board and the Teller County Board of County Commissioners, respectively.

Engineering for the MLE2 flotation plant was 84% complete at year-end, with completion planned for the first quarter of 2013. Plant platform earthwork was in progress at year-end, and is also scheduled for completion by March 2013. Mill construction will start in the second quarter of 2013.

## Exploration

A total of three exploration programmes were conducted around the CC&V concession area during 2012. These were designed to increase the Ore Reserve; improve the definition of the high-grade portion within the Mineral Resource area; and to test with surface drilling, high-grade targets that could possibly be mined from underground.

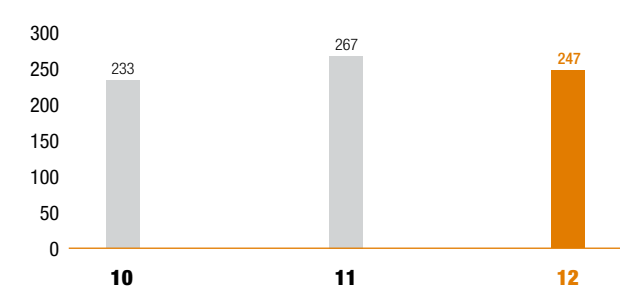
Results from these three programmes were successful as the Ore Reserve increased by approximately 0.13Moz. The level of confidence continues to increase in the high-grade zones inside the design pit shells. High-grade underground targets were validated by surface drilling.

## Sustainability performance

### Safety

CC&V maintained its long-term fatality-free record, while also improving its overall safety performance. The all injury frequency rate (AIFR) of 12.75 per million hours worked improved when compared with the 19.80 recorded in 2011. The improved safety record was driven primarily by a greater emphasis on

## CC&V – annual production (000oz)



workforce engagement on the subject of safety. Regular, scheduled meetings were held by top mine management with the workforce to address and solve key safety issues. This process resulted in improved safety awareness throughout the operation.

In October 2012, a third party auditor recommended CC&V for continued certification to ISO 14001:2004 standards, based on a recertification audit.

## Community

An information centre has been set up in Cripple Creek to provide information to the public on the mine, including tours and the MLE2 project. Spring school tours were held and an outreach co-ordinator was hired to manage tours and their safety.

CC&V completed a memorandum of understanding with the city of Cripple Creek regarding the mitigation of impacts of the mining operation on city resources and revenues.

For 2012, the Colorado Mining Association created a new category "Best of the Best Award" – and awarded the first ever such award to CC&V for its pollution prevention programme and community-related activities. The award recognised CC&V's state-of-the-art environmental and recycling programmes. CC&V also worked with the local community to create the Victor Community Garden on a vacant lot within the limits of the town of Victor. CC&V and employees provided labour and support for the covered raised bed garden, using wood pallets and locally salvaged soil from the mine. This resulted in a harvest of tomatoes, carrots, chard, lettuce, and other vegetables for local residents.

During the year, Jane Mannon, Community Relations Manager of CC&V received the individual Dr. James A. Pendleton Award from the State of Colorado Division of Reclamation, Mining & Safety. This award is given annually to recognise outstanding individuals for their significant contributions to the reclamation of mined lands. Jane received the award for her engagement with state, county, and community officials along with local organisations related to CC&V reclamation and preservation projects that highlight the social and historic fabric of this historic mining area.

## Cripple Creek & Victor – key statistics

	Units	2012	2011	2010
<b>Operational performance</b>				
Volume treated/milled	Mt	20.9	20.3	20.6
Pay limit	oz/t	0.006	0.007	0.007
	g/t	0.20	0.24	0.23
Recovered grade	oz/t	0.012	0.011	0.013
	g/t	0.40	0.39	0.43
Gold production	000oz	247	267	233
Total cash costs	\$/oz	638	564	493
Total production costs	\$/oz	804	720	610
Capital expenditure	\$m	100	67	73
Productivity	oz/TEC	37.46	44.31	42.40
<b>Safety</b>				
No. of fatal accidents		0	0	0
All injury frequency rate (AIFR)	per million hours worked	12.75	19.80	12.26
<b>People</b>				
Total average no. of employees		692	581	646
– permanent		485	454	403
– contractors		207	127	243
Employee turnover	%	11.20	19.80	12.26
Training and development expenditure	\$	242	542	452
<b>Environment</b>				
Reportable environmental incidents		0	0	0
Total water consumption	ML	1,860	2,207	1,676
Water usage intensity	ML/oz	0.0075	0.0083	0.0072
Total energy usage	million GJ	2.46	2.13	1.83
Energy usage intensity	GJ/oz	9.96	7.98	7.85
Total greenhouse gas (GHG) emissions (CO <sub>2</sub> e)	000t	235	207	181
GHG emissions per ounce	tCO <sub>2</sub> e/oz	0.95	0.78	0.78
Cyanide used	t	4,124	3,476	3,188
Total rehabilitation liabilities	\$m	91.1	81.1	46.0
– restoration	\$m	87.1	77.0	42.9
– decommissioning	\$m	4.0	4.1	3.1

### Environment

CC&V, had an internal audit in terms of the Community and Environmental Review Programme (CERP) compliance assessment phase – compliance was assessed against five management standards – air quality, chemicals, land use, waste and water. Excellent levels of compliance were reported in all instances and no major gaps were identified.

Operation of the continuous air quality monitoring system in conjunction with the every-three-days air quality monitoring system has proved to be a valuable and useful tool during periods of abnormally low rainfall, has experienced at CC&V over the past two years.

CC&V, in conjunction with Recycle America, established a successful pilot plastic recycling programme which identified

and shipped over 12,000lbs (2,500kg) of plastic containers for recycling. In the process, polypropylene centrifuge tubes and plastic buckets and lids were diverted from landfill.

More effective means of controlling spills – floor dry and wipes being substituted with oil absorbent pads and wipes will reduce waste to landfill as the absorbent pads can be pressed, and used oil extracted for use in the oil disposal facility. The mine uses portable, collapsible spill containment kits that are supplied on the major mobile equipment and which are used to catch fluids in the event of a fluid leak during operation.

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**Water:** AngloGold Ashanti's operations and CC&V in particular, are heavily dependent upon access to substantial volumes of water. Given the current two-year drought in Colorado, this has been a particular concern. To counter the effects of the drought, CC&V uses a "closed loop" system, recycling all water used at the operation, with additional benefits to cost and reduced environmental impact.

The lack of water reduced percolation through the heap-leach pad, curtailing production and productivity. Despite the lower volumes, cash cost targets were achieved by a team that continues to make significant improvements in order to maintain the competitiveness of one of the gold industry's lowest-grade mines.

**Cyanide:** The use of cyanide by the gold mining industry has been a significant source of stakeholder concern since its introduction and cyanide is carefully managed at AngloGold Ashanti operations. The company is signatory to the International Cyanide Management Code, which supports the responsible use, transportation and disposal of cyanide in gold mining, enhances measures for the protection of human health, and reduces the potential for environmental impacts. CC&V is fully compliant with the international cyanide code and was initially recertified in September 2010. A recertification audit is scheduled for 2013.

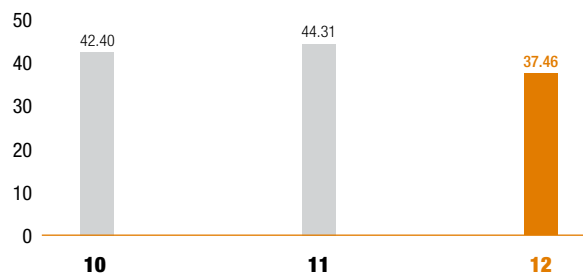
**Closure and rehabilitation:** Given that all mining operations eventually cease, on-going planning for closure, from the start of exploration and mine design onwards, is integral to operational planning, as is the estimation of the associated liability costs and the assurance of adequate financial provisions to cover these costs. A group closure and rehabilitation management standard was completed in 2009, and all operations were required to comply with the standard by December 2011. There were no significant new disturbances associated with MLE2 in 2012.

AngloGold Ashanti's total rehabilitation liability at CC&V in 2012 was \$91m (2011: \$81m) of which \$87m was for restoration and \$4m for decommissioning.

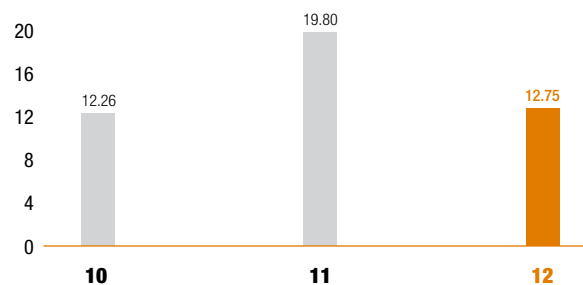
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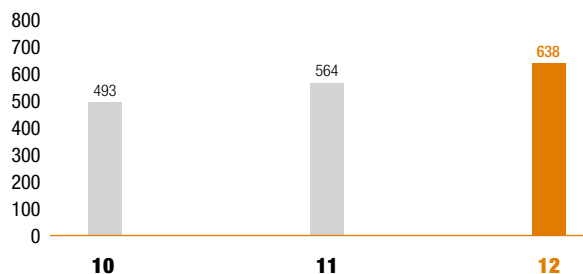
**CC&V – productivity**  
(oz/TEC)



**CC&V – AIFR**  
(per million hours worked)



**CC&V – total cash costs**  
(\$/oz)



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