

# BRAZIL

## COUNTRY FACT SHEET

2013



### ANGLOGOLD ASHANTI – A CORPORATE PROFILE

AngloGold Ashanti Limited (AngloGold Ashanti), a global gold mining and exploration company, has a diverse portfolio of 21 mining operations in 11 countries, on four continents. More than 96% of the company's revenue is derived from the sale of gold produced at its operations.

Working across the full spectrum of the mining value chain, safety and the sustainability of the company's operating activities remain core focuses for management.

Following a strategic review of its asset portfolio at the start of 2013, particularly that pertaining to its development and exploration projects, the company embarked on significant restructuring in response to current challenges in the gold sector, including increasing costs of production and sustained lower gold prices.

AngloGold Ashanti employed 66,434 people, including contractors, in 2013 and produced 4.11Moz of gold, generating \$5.5bn in gold income, excluding joint ventures. Group capital expenditure in 2013 amounted to \$1.6bn.

As at 31 December 2013, AngloGold Ashanti had a total inclusive attributable Mineral Resource of 233Moz and a total attributable Ore Reserve of 67.9Moz.

AngloGold Ashanti is headquartered in Johannesburg, South Africa, and has its primary listing on the Johannesburg Stock Exchange (JSE) with secondary listings on the New York, London, Australia and Ghana exchanges.

As at 31 December 2013, there were 403.3 million ordinary shares in issue and the company had a market capitalisation of \$4.73bn (2012: \$12.02bn). This had increased to \$7.65bn as at 18 March 2014. Shareholders are scattered around the world, with almost half in the United States.



### ANGLOGOLD ASHANTI IN BRAZIL

AngloGold Ashanti has two wholly-owned operations in Brazil.

- **AngloGold Ashanti Córrego do Sítio Mineração (AGA Mineração)**, which is wholly owned, comprises two operational units located in the state of Minas Gerais, close to the city of Belo Horizonte:
  - The Cuiabá operation includes the Cuiabá and Lamego mines and the Cuiabá and Queiroz plant complexes. Cuiabá has been in operation for 26 years while Lamego is a recently developed underground mine. Ore from the Cuiabá and Lamego mines is processed at the Cuiabá gold plant. The concentrate produced is then transported 15km by aerial ropeway to the Queiroz plant where milling, flotation, roasting, leaching, precipitation and refining occur. Total annual capacity of the complete Cuiabá circuit is 1.7Mt and recoveries of 93% are achieved.
  - The Córrego do Sítio operation comprises one surface (oxide) and two underground (sulphide) mines, as well as a heap-leach pad and sulphide plant.

- **Serra Grande**, which is wholly owned, is located in central Brazil in the state of Goiás, about 5km from the city of Crixás. Serra Grande comprises three mechanised underground mines: Mina III, Mina Nova (which includes the Pequizão orebody) and Palmeiras – and an open pit on the outcrop of the Mina III orebody. One dedicated metallurgical plant treats all ore mined. Annual plant capacity, which has grinding, leaching, filtration, precipitation and smelting facilities, is 1.15Mt.

Total production from the Brazilian operations increased 9% to 529,000oz in 2013, equivalent to 13% of group production. In all, these two operations employed an average of 5,846 people in 2013, of which 4,321 were permanent employees and 1,525 contractors.

As at 31 December 2013, Brazil had an inclusive Mineral Resource of 14.95Moz of gold, of which the Ore Reserve amounted to 2.54Moz, equivalent to 6% and 4% respectively of group resources and reserves.

Capital expenditure in Brazil totalled \$163m for the year, 16% less than that of the previous year and bringing to \$926m the amount AngloGold Ashanti has invested in the country over the past five years. Capital expenditure of \$177m to \$191m is forecast for 2014.

## PERFORMANCE IN 2013

### Operational performance

**AGA Mineração:** AGA Mineração delivered a strong performance with increased tonnage and feed grades at both the Cuiabá and Córrego do Sítio complexes, particularly in the second half of the year. At Córrego do Sítio, full production rates were achieved at the underground Mine I while the mining method at underground Mine II has been revised. Plant throughput was increased to design capacity and the pressure-oxidation circuit was fully operational by year-end. Grade remains key for the sulphide operation given the orebody's complexity. Thorough technical reviews of geology, grade control, mining methods, and metallurgy were carried out and the performance since start-up has continued to improve.

An initiative to better align the asset's exploration strategy and budget with its mine plan led to cost savings of more than \$20m for the year. The focus of capital expenditure in 2014 will be on resource development.

**Serra Grande:** 2013 was the first full year of 100% ownership and this together with greater level of volumes treated and improved recoveries contributed to an increase in production in excess of 40%. Measures were implemented during the year to ensure sustained increases in production. The milling process was automated and a mobile crusher is to be commissioned early in 2014 to deliver a 5% increase in annual throughput to approximately 1.3Mt.

Costs declined at both operations in 2013 compared with 2012, largely due to the higher level of production, various cost-management initiatives and the depreciation of the Brazilian real. Significant cost savings have been identified in terms of the group-wide savings initiative, Project 500.

### Exploration

Development drilling programmes (89,322m) continued at the Cuiabá and Lamego mines in support of long-term planning

and Mineral Resource definition. Surface drilling programmes at Córrego do Sítio continued to expand the oxide Mineral Resource, while underground drilling focused on developing the Sangue do Boi and São Bento Mineral Resource for production. Regional exploration programmes were conducted to test various near-mine satellite projects.

A total of 14,247m of development drilling was completed in 2013, compared to 11,461m in 2012, improving reliability at the operation. At Serra Grande, drilling totalled 62,310m with exploration focusing on the newly-identified Inga mineralised structure below the Pequizão ore body.

## Sustainability performance

### Safety

Safety is our first value and at AngloGold Ashanti we place people first. The safety of people associated with our company, directly and indirectly, is a priority on which we will not compromise. While it is our responsibility to protect our people and our assets, we will seek to do no harm to people, by minimising conflict and confrontation.

No fatalities were reported in the Americas and the all injury frequency rate (AIFR) for the region was 3.58 per million hours worked in 2013.

### Health

Occupational health and medical surveillance systems across the American region continue to be effective, with only minor exposure non-conformances identified. There were no reported occurrences of occupational disease in the region; however the burden of non-occupational diseases is increasing. Operations within the region continue to address their specific challenges, and the focus over the next year will be on the consistent application of guidelines in the execution of site specific health plans. Beyond the regional consolidation of health data, each site continues to monitor and report on metrics relevant to its particular operations.

Non-work related illness remains the main challenge and is being addressed through the 'Mais Viver' programme which continues to generate active participation within the workforce.

Health initiatives continue to reach beyond the workplace and into communities through the off-site accident prevention campaign, community partnerships, and various health-promotion lectures dealing with prevalent community issues.

Occupational lung disease (OLD) in Brazil has virtually been eradicated, as a consequence of mechanisation of mining, improved ventilation, dust suppression, personal preventative measures and statutory limitations on the length of service of underground employees.

### Communities and stakeholder engagement

Our sustainability performance is underpinned by stakeholder engagement.

Engaging with communities throughout the life cycle of our operations is the first step in creating shared value and contributes to our ability to create a positive and enduring legacy. To truly provide long-term community benefits we work in partnership with communities, governments and local NGOs.

We aim to create and share value with the communities in which we operate by addressing their needs and challenges, and by expanding, where possible, the pool of economic and social value. Community development programmes are conducted in partnership with communities and external parties wherever possible. We have developed a set of community standards (based on international best practice) which have been rolled out across the group for implementation. Work to assess the level of compliance at each operation with these standards will begin in 2014 and is expected to be completed in 2015.

Our community strategy is based on investments that aim to promote jobs, generate income, and improve the quality of health and education in the communities that surround our operations. Since 2010, the annual 'Public Call for Projects' has helped to align AngloGold Ashanti's sustainability and economic development projects with the needs of the community. Since then, these public calls have resulted in the approval of 98 projects which have directly benefited 18,000 people.

In line with the obligation to provide effective access to remedies as prescribed by the Guiding Principles, during the course of the year we prioritised the development of grievance mechanisms at our operations where none existed and, where they exist, to ensure that they align with international standards.

At each site, there was significant community involvement in the process, resulting in mechanisms that were co-created and specific to the context of each community. Grievance mechanisms are now available at the Brazil operations.

### **Supplier Training Programme**

AngloGold Ashanti is committed to generating jobs and income in the communities in which it operates. One way of achieving this goal is to increase the skills levels and competitiveness of local suppliers and we are currently busy completing a Supplier Training Programme, which has been developed in partnership with the Brazilian Micro and Small Business Support Service (Sebrae) and the Economic and Social Development Agency of Sabará.

The project, which began in November 2011, involved a detailed analysis of the individual management models, opportunities for improvement and qualification needs of various small and micro businesses in Sabará and Caeté so as to facilitate the development of a custom-designed qualification. In all, 21 businesses from a variety of sectors including construction, mechanical, electronics, earthworks, machinery, transportation and information technology were interviewed.

The training programme developed as a result of this process covers six important aspects of business: management, finance, marketing, credit, human resources and innovation.

Individuals from these businesses are now nearing completion of the training phase. The final step involves certification when the participating companies will be visited by Sebrae consultants to check on the evolution of their management model. Those that satisfy the programme's requirements will receive a Supplier Training Programme certificate.

### **Human rights**

During 2013, the board approved a human-rights policy for the company in terms of which we respect all internationally recognised human rights as expressed in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The policy reaffirms our commitment to effective stakeholder engagement and to identifying and addressing all human rights which are salient to our business, including those which relate to labour, access to land, security, the environment, livelihoods, vulnerable persons, indigenous people and the values, traditions and cultures of local communities among others. The policy was communicated extensively internally and externally.

We respect fundamental labour rights, including the right to organise and collective bargaining. All employees at the Brazilian operations either have union representation or are covered by collective bargaining agreements.

### **Environment**

Many issues facing us today relating to our environmental performance have been handed down to us from the past, are a function of broader societal, regulatory and systemic issues, or result from new knowledge and/or research that has influenced best practice. We recognise the need to address these issues – for our employees and our communities and are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

There were no significant environmental incidents during the year. All operations in the Americas region are ISO 14001 compliant and all have been certified as being in compliance with the international cyanide management code.

### **Water**

Due to the high levels of rainfall a water-treatment systems has been installed to manage effluents to meet applicable discharge standards. Making sure all the water we return to the natural environment is treated to the desired quality is crucial, using regulatory requirements as a minimum.

## Key statistics – Brazil

	Units	2013	2012	2011
<b>Operational performance</b>				
Volume treated/milled	Mt	3.6	3.4	2.9
Gold production	000oz	529	486	428
Gold income	\$m	758	797	666
All-in sustaining costs	\$/oz sold	1,009	1,128	–
Capital expenditure	\$m	163	195	283
Productivity	oz/TEC	12.45	13.55	16.52
<b>Safety</b>				
No. of fatalities		0	0	1
All injury frequency rate (AIFR)	per million hours worked	4.14	4.64	3.93
<b>People</b>				
Total average no. of employees		5,846	5,320	5,164
– Permanent		4,321	3,899	3,754
– Contractors		1,525	1,421	1,410
<b>Environment</b>				
Total water usage	ML	7,726	4,672	3,603
Total water usage per tonne treated	kL/t	3.87	2.27	2.24
Total energy usage	PJ	1.92	1.83	1.63
Total energy usage per tonne treated	GJ/t	1.02	1.00	1.08
Total greenhouse gas (GHG) emissions	000t (CO <sub>2</sub> e)	47	53	38
Total GHG emissions per tonne treated	t CO <sub>2</sub> e/t	0.01	0.01	0.01
Cyanide used	t	936	1,055	875
No. of reportable environmental incidents		0	0	0
Total rehabilitation liabilities	\$m	108.9	110.5	109.5
<b>Community and government</b>				
Community investment	\$000	1,769	1,532	1,059
Payments to government	\$000	140,924	143,755	138,157
– Dividends	\$000	–	–	–
– Taxation	\$000	66,098	68,244	63,784
– Withholding tax (STC, royalties, etc)	\$000	2,966	754	146
– Other indirect taxes and duties	\$000	3,178	5,755	7,468
– Employee taxes and other contributions	\$000	57,161	54,416	53,060
– Property tax	\$000	1,508	2,021	2,091
– Other (includes tax on exports)	\$000	10,013	12,565	11,608
Local procurement spend within country	%	93	98	93

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### Forward-looking statements

Certain statements contained in this document, other than statements of historical fact, including, without limitation, those concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs, cost savings and other operating results, return on equity, productivity improvements, growth prospects and outlook of AngloGold Ashanti's operations, individually or in the aggregate, including the achievement of project milestones, commencement and completion of commercial operations of certain of AngloGold Ashanti's exploration and production projects and the completion of acquisitions and dispositions, AngloGold Ashanti's liquidity and capital resources and capital expenditures and the outcome and consequence of any potential or pending litigation or regulatory proceedings or environmental, health and safety issues, are forward-looking statements regarding AngloGold Ashanti's operations, economic performance and financial condition. These forward-looking statements or forecasts involve known and unknown risks, uncertainties and other factors that may cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these forward-looking statements. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements and forecasts are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic, social and political and market conditions, the success of business and operating initiatives, changes in the regulatory environment and other government actions, including environmental approvals and requirements, fluctuations in gold prices and exchange rates, the outcome of pending or future litigation proceedings, and business and operational risk management.

For a discussion of such risk factors, refer to the prospectus supplement to AngloGold Ashanti's prospectus dated 17 July 2012 that was filed with the United States SEC on 26 July 2013 and to our annual reports on Form 20-F and any prospectus supplement filed with the United States SEC subsequent to the date of this report. These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Consequently, readers are cautioned not to place undue reliance on forward-looking statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Integrated Report or to reflect the occurrence of unanticipated events, except to the extent required by applicable law. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein. This communication may contain certain "Non-GAAP" financial measures. AngloGold Ashanti utilises certain Non-GAAP performance measures and ratios in managing its business. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any other measures of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies may use. AngloGold Ashanti posts information that is important to investors on the main page of its website at www.anglogoldashanti.com and under the "Investors & media" tab on the main page. This information is updated regularly. Investors should visit this website to obtain important information about AngloGold Ashanti.